



**IRICO**

**彩虹集團新能源股份有限公司**  
**IRICO GROUP NEW ENERGY COMPANY LIMITED\***

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 0438)

**2021**  
**ANNUAL REPORT**

\* For identification purpose only

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# Results Highlights

## 1. Operating Results

Unit: RMB0'000

Item	2021	2020 (Restated)
Operating revenue	206,706	251,851
Including: Revenue from principal business	204,848	246,179
Revenue from other businesses	1,858	5,672
Gross profit from principal business	43,458	48,070
Total profit (loss is represented by "-")	18,556	17,132
Net profit (net loss is represented by "-")	16,260	20,162
Including: Net profit attributable to the shareholders of the parent company	16,260	21,966
Minority interests	–	-1,804
Total comprehensive income (loss is represented by "-")	17,342	24,976
Including: Total comprehensive income attributable to the shareholders of the parent company	17,342	26,780
Total comprehensive income attributable to minority shareholders	–	-1,804
Earnings per share (RMB/share)	1.2209	1.6493

## 2. Financial Position

Unit: RMB0'000

Item	31 December 2021	31 December 2020 (Restated)
Current Assets	217,287	231,157
Non-current Assets	295,626	297,646
Current Liabilities	266,014	312,598
Non-current Liabilities	54,930	41,577
Equity Attributable to the shareholders of the parent company	191,970	174,628
Minority interests	–	–

## Results Highlights (Continued)

### 3. Key Indicators

Name of indicators	31 December 2021/ 2021	31 December 2020 (Restated)/ 2020 (Restated)
Gearing ratio	62.57%	66.98%
Current ratio	0.82	0.74
Trade receivable turnover (days)	54	57
Inventory turnover (days)	47	31
Return on net assets	8.87%	19.73%

## Chairman's Statement

Dear Shareholders,

Looking back to 2021, under the dual-carbon strategy of taking clean energy as the mainstay of energy consumption structure, as a leading central enterprise in the global photovoltaic glass industry, the Group focused on the solar photovoltaic glass sector, accelerated technological innovation, improved the intelligence level of production lines, optimized product structure, built a digital supply and marketing platform, and actively expanded production capacity with an increasingly prominent position in the industry. The Group fully implemented the core mission of providing strategic advanced material products and solutions to the country, and built an important platform for the new energy material industry, achieving a good start for the Group's development in the "14th Five-Year Plan".

I am pleased to present the results of IRICO Group New Energy Company Limited\* ("IRICO" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "reporting period").

**Chairman**  
Tong Xiaofei



## Chairman's Statement (Continued)

### Business Review

During the reporting period, the photovoltaic glass bases in Hefei and Yan'an showed an overall trend of high-quality development; the IRICO Shangrao ultra-thin and high-transmissivity photovoltaic glass project commenced construction on 1 March 2021; the construction of plant for Xianyang ultra-thin and high-transmissivity photoelectric glass project was accelerated; meanwhile, the Group strengthened technological innovation to increase the proportion of new high value-added products such as thin, large-size and BIPV ones. In addition, by entering into sales agreements with strategic customers, the Group has laid a solid foundation for capturing market trends, ensuring a balance between production and sales, improving operational efficiency and expanding brand effect.

During the reporting period, the Group regarded all-round cultivation, introduction and utilization of talents as the breakthrough point of enterprise transformation and upgrading, actively promoted the construction of talent team, accelerated the construction of research and development team, marketing team and financial management team, resulting in more competitive advantages of the human resources.

During the reporting period, the Group established a photovoltaic glass research and development platform, focused on key research, and made substantial progress in research and development and innovation. As of 2021, the Group has obtained a total of 172 patents, and the technology of key manufacturing equipment for PV glass has been fully self-developed.

During the reporting period, the Group comprehensively carried out the work of improving quality and efficiency, and applied the "CPTe" digital construction system to the construction of digital and intelligent production lines in Hefei Phase III and Shangrao projects and other new construction projects. The Group's cost control and product quality have been significantly improved.

During the reporting period, the Group's application for the initial public offering of A Shares and listing on the Shenzhen Stock Exchange ("SZSE") has been approved by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") and accepted by SZSE. The listing of A Shares will provide financial support for the Group's new photovoltaic glass projects.

### Future Prospects

China's overall goal of achieving carbon peak by 2030 and carbon neutrality by 2060 is to build a clean, low-carbon, safe and efficient energy system, which brings unprecedented development opportunities for the development of the Group's photovoltaic glass industry. In the future, the Group will focus on the development of its principal business of solar photovoltaic glass and expand its production capacity of photovoltaic glass, and will strengthen quality and efficiency enhancement, strengthen cost control and optimize product structure. The first furnace of phase I of the IRICO Shangrao ultra-thin and high-transmissivity photovoltaic glass project is expected to be put into operation in 2022, and the Xianyang ultra-thin and high-transmissivity photoelectric glass project is expected to be put into operation in 2022. With the continuous operation of new projects, the scale effect has gradually emerged, and the core competitiveness of the Group will be further enhanced.

### Acknowledgement

On behalf of the board of directors of the Company (the "Board") and its members (the "Directors"), I would like to express our gratitude to the Company's shareholders (the "Shareholders"), business partners and the community for their care and support. I would also like to express my heartfelt thanks to the management team and all of the employees for their hard work.

IRICO Group New Energy Company Limited\*  
Tong Xiaofei  
Chairman

Xianyang, the People's Republic of China  
29 March 2022

# Management Discussion and Analysis

## (I) Industry Analysis

### 1. Solar Photovoltaic Power Stations

During the reporting period, under the guidance of the dual-carbon strategy, the photovoltaic industry has entered into a high-speed growth track. As many countries around the world put forward the climate targets of “zero carbon” or “carbon neutrality”, the development process of global carbon neutrality has been accelerated. In 2021, the global newly installed PV capacity continued to grow, achieving an increase of approximately 170GW, representing a year-on-year increase of 26%. During the reporting period, the domestic PV installed capacity continued to grow due to the adverse factors of the imbalance between supply and demand in the PV industry chain and the continuous increase in the price of upstream products. The total installed capacity of domestic PV was 54.88GW, representing a year-on-year increase of 13.9%, of which the installed capacity of distributed PV was 29.28GW, accounting for approximately 53.4% of the total newly installed capacity of PV power generations, which exceed 50% for the first time in history. Looking forward to 2022, with the advancement of global carbon neutrality and the improvement of the imbalance between supply and demand in the upstream and downstream of the photovoltaic industry chain, the terminal demand will be more robust. According to the forecast of CPIA, the domestic installed capacity is expected to increase to more than 75GW in 2022 driven by the reserve of large-scale photovoltaic power generation projects. The global PV installed capacity will increase to over 195GW.

### 2. Solar Photovoltaic Glass

During the reporting period, the supply of upstream silicon materials in the photovoltaic industry was tight, which led to the continuous increase in the price of silicon materials, causing the amount of downstream photovoltaic installations to be lower than expected. At the same time, affected by the overseas epidemic, the global demand for installed capacity has not been fully released. In addition, the continuous investment in the new production capacity of PV glass has exerted certain pressure on the price of PV glass. The price of PV glass experienced a sharp decline in the first quarter, and even rebounded in the fourth quarter, it was still lower than the price in the first quarter.

Looking forward to 2022, with the increase in the supply of silicon materials and industrial chain, the price of photovoltaic industry chain will fall back to the normal range, promoting the resumption of photovoltaic module production. The overall domestic and global PV demand will continue to increase to a certain extent, and the growth of PV modules will drive the demand for PV glass. The supply-demand relationship and market price of PV glass will be improved in 2022.

## Management Discussion and Analysis (Continued)

### (II). Business Review

#### 1. Operation Summary

During the reporting period, the Group recorded operating revenue of RMB2,067.06 million, representing a year-on-year decrease of 17.93%, of which the revenue from solar photovoltaic glass business amounted to RMB2,048.48 million, representing a year-on-year increase of 27.22%; the Group recorded total profit of RMB185.56 million, representing a year-on-year increase of 8.31%.

#### 2. Principal Business Review

During the reporting period, the Group seized the new opportunities brought by the “dual carbon” goal, strengthened and expanded the core business of solar photovoltaic glass, continued to promote the stable operation of the photovoltaic glass production bases in Hefei and Yan’ an, fully utilized the existing advantages of large-scale and intelligent production, accelerated the development process of new projects in Shangrao and Xianyang, and at the same time accelerated technological innovation, increased the proportion of new photovoltaic glass products such as thin and large-size ones, built a digital supply and marketing platform, strengthened cost control, and adhered to the strategy of large customers. During the reporting period, the Group achieved an operating revenue of RMB2,067.06 million and a total profit of RMB185.56 million.

During the reporting period, the Hefei base, which was awarded the title of High and New Technology Enterprise in Anhui Province, achieved effective improvement in the annual cumulative output and product yield rate of the first and second phase furnaces through powerful measures such as new product research and development, benchmarking and potential exploration, quality and efficiency improvement, and production and sales coordination, laying a solid foundation for the transformation and upgrading of the Group’s production lines, the construction of industrial segments and the sustainable development in the future; meanwhile, with the continuous promotion of the “dual-carbon” strategy, the Group’s oxygen-fuel combustion green furnace production technology has become more advantageous, which plays a good demonstration role in the development of the photovoltaic glass industry.

The construction project of intelligent factory for solar photovoltaic glass manufacturing undertaken by Yan’ an Base was accepted and passed by the expert group on 12 April 2021. Its key manufacturing process and factory management have reached the national intelligent manufacturing standards, achieving the coordinated design and intelligent scheduling of the photovoltaic glass production process, and greatly improving the production efficiency and product quality. During the reporting period, the cumulative annual production volume of Yan’ an Base increased significantly. With the continuous development of smart plant, the Group’s core competitiveness has been rapidly improved, and its operating efficiency has continued to grow, laying a solid foundation for the in-depth research and development of smart manufacturing in the photovoltaic glass manufacturing industry.

## Management Discussion and Analysis (Continued)

### (II). Business Review (Continued)

#### 2. Principal Business Review (Continued)

IRICO Shangrao ultra-thin and high-transmissivity photovoltaic glass base is an important strategic measure for the Group to deepen cooperation with local government, accelerate the expansion of production capacity and consolidate market share. It is planned to invest in the construction of ten ultra-thin and high-transmissivity photovoltaic glass furnaces and supporting processing production lines in three phases, mainly supporting photovoltaic modules for ground power stations and BIPV modules. The construction of three furnaces and supporting production lines in the first phase has commenced on 1 March 2021.

IRICO Xianyang ultra-thin and high-transmissivity photoelectric glass base invested in the construction of an intelligent, digital and modern glass processing plant, and put into operation five ultra-thin and high-transmissivity photoelectric glass deep processing production lines step by step, mainly supporting the production of photovoltaic glass for double-sided double-glass, large-size and differentiated photovoltaic modules. At present, the construction of the plant is being accelerated.

While accelerating capacity expansion, the Group attaches great importance to independent innovation and production line innovation, and has formed an independent R&D system including large-volume thin photovoltaic glass calendering and tempering technology and large-width calendering and forming technology, which promotes the intelligent, thin and large-scale development of the Group's photovoltaic glass production base. During the reporting period, the Group's thin and large-sized photovoltaic glass has reached a stable supply capacity and the proportion of production and sales of that continued to increase, and the development and mass production of double-layer plating product technology continued to make breakthroughs, achieving mass sales. With the full operation of the ultra-thin and high-transmissivity photovoltaic glass bases in Shangrao and Xianyang, the proportion of new photovoltaic glass products of the Group will increase significantly, the market share will continue to expand, and the leading advantages of enterprises will be further enhanced.

In addition, during the reporting period, the Group completed the construction of a digital supply and marketing platform, carried out centralized procurement and sales, effectively responded to the new changes in the photovoltaic industry, continued to promote the balance between production and sales, successfully established the brand of a state-owned enterprise, and promoted the steady improvement of the Group's operating efficiency. At the same time, the Group adhered to the marketing strategy with large customers as the core, and the strategic cooperation has a strong development momentum. The signing of the strategic sales cooperation agreement has laid a solid marketing foundation for the Group's capacity expansion and further consolidated the Group's top three position in the global PV glass industry.

## Management Discussion and Analysis (Continued)

### (III) Financial Review

#### (1). Results

Profit and loss data for 2017–2021 (RMB0'000)

Item	2021	2020 (Restated)	2019 (Restated)	2018 (Restated)	2017
<b>Operating revenue</b>	<b>206,706</b>	<b>251,851</b>	<b>224,511</b>	<b>233,192</b>	<b>247,147</b>
Including: Revenue from principal business	204,848	246,179	216,966	228,379	236,340
Revenue from other operating businesses	1,858	5,672	7,545	4,813	10,806
<b>Operating costs</b>	<b>161,874</b>	<b>201,502</b>	<b>202,419</b>	<b>213,558</b>	<b>219,380</b>
Including: Costs of principal business	161,390	198,109	197,848	211,178	210,340
Costs of other businesses	484	3,393	4,572	2,380	9,041
<b>Gross operating profits</b>	<b>44,832</b>	<b>50,349</b>	<b>22,092</b>	<b>19,634</b>	<b>27,766</b>
Tax and surcharges	2,116	1,340	1,190	991	1,212
Selling expenses	714	1,245	1,199	1,579	8,076
Administrative expenses	11,013	18,061	12,848	13,030	13,230
Research and development expenses	5,440	6,678	5,046	4,368	2,619
Finance costs	6,944	14,101	10,664	8,704	6,798
Impairment losses on assets (loss is represented by "-")	-1,584	-1,200	-199	-506	-2,462
Credit impairment losses (loss is represented by "-")	-164	132	-405	-1,200	
Other income	2,543	8,197	17,190	5,349	11,990
Investment income	-1,003	5,253	273	13,914	1,215
Gains from changes in fair value (loss is represented by "-")	-3	-16	-1	-10	-
Gains on disposal of assets	59	-5,123	15	6	3,356
Non-operating income	250	970	390	223	1,091
Non-operating expense	147	5	793	43	407
<b>Total profits (total losses are represented by "-")</b>	<b>18,556</b>	<b>17,132</b>	<b>7,616</b>	<b>8,696</b>	<b>10,616</b>
Income tax expense	2,295	-3,029	207	17	587
<b>Net profits (total losses are represented by "-")</b>	<b>16,260</b>	<b>20,162</b>	<b>7,409</b>	<b>8,679</b>	<b>10,028</b>
Including: Net profit attributable to the shareholders of the parent company	16,260	21,966	9,314	8,130	9,001
Minority interests	-	-1,804	-1,906	549	1,027

## Management Discussion and Analysis (Continued)

### (III) Financial Review (Continued)

#### (1). Results (Continued)

Turnover by product category (RMB0' 000)

Item	2021	2020 (Restated)
Operating revenue	206,706	251,851
Including: Solar photovoltaic business	204,848	176,389
New materials business	–	69,790
Other	1,858	5,672

#### 1. Profits and losses

##### (1) Revenue and profit from principal business

During the reporting period, the Group recorded operating revenue from its principal business of RMB2,048.48 million, representing a year-on-year decrease of RMB413.31 million or 16.79%, which was mainly due to the following reasons: the revenue from the photovoltaic glass was RMB2,048.48 million, representing a year-on-year increase of RMB438.27 million; the revenue from sales of IRICO New Material and IRICO Yongneng decreased by RMB851.58 million.

The total profit was RMB185.56 million, representing a year-on-year increase of RMB14.23 million or 8.31%, which was mainly due to the quality improvement and efficiency enhancement of the Company and significant results in cost and fee reduction control for all elements achieved by the Company, especially the year-on-year decrease of RMB71.57 million or 50.76% for financial expenses, under the unfavorable situation of the significant decrease in the average selling price of photovoltaic glass for the year and the increase in the price of raw materials in 2021.

## Management Discussion and Analysis (Continued)

### (III) Financial Review (Continued)

#### (1). Results (Continued)

##### 1. Profits and losses (Continued)

##### (2) Administrative expenses

During the reporting period, the Group's administrative expenses was RMB110.13 million (2020: RMB180.61 million), representing a year-on-year decrease of RMB70.48 million or 39.02%, which was mainly due to the fact that IRICO New Material, IRICO Yongneng and IRICO Green Energy were off-balance sheet and the Company strengthened its cost control.

##### (3) Finance costs

During the reporting period, the Group's finance costs included in profit and loss was RMB69.44 million (2020: RMB141.01 million), representing a year-on-year decrease of RMB71.57 million or 50.76%, which was mainly due to the reduction of finance costs by changing the structure of financing, controlling the scale of financing and carrying out structured deposits by the Company, among others.

##### (4) Selling expenses

During the reporting period, the Group's selling expenses was RMB7.14 million (2020: RMB12.45 million), representing a year-on-year decrease of RMB5.31 million or 42.65%, which was mainly due to the impact of the off-balance sheet of IRICO New Material, IRICO Yongneng and IRICO Green Energy.

##### (5) Research and development expenses

During the reporting period, the Group's research and development expenses was RMB54.40 million (2020: RMB66.78 million), representing a year-on-year decrease of RMB12.38 million or 18.54%, which was mainly due to the impact of the off-balance sheet of IRICO New Material, IRICO Yongneng and IRICO Green Energy.

## Management Discussion and Analysis (Continued)

### (III) Financial Review (Continued)

#### (1). Results (Continued)

##### 2. Capital structure

As at 31 December 2021, the Group will continue to maintain a suitable ratio of share capital to liabilities to ensure an effective capital structure.

As at 31 December 2021, the total assets of the Group amounted to RMB5,129.13 million (31 December 2020: RMB5,288.03 million), including cash and bank balances of RMB702.10 million (31 December 2020: RMB717.91 million).

As at 31 December 2021, the total liabilities of the Group were RMB3,209.43 million (31 December 2020: RMB3,541.75 million), including bank and other borrowings of RMB1,629.41 million (31 December 2020: RMB1,318.04 million).

As at 31 December 2021, the total owners' equity of the Group was RMB1,919.70 million (31 December 2020: RMB1,746.28 million).

As at 31 December 2021, the gearing ratio of the Group was 62.57% (31 December 2020: 66.98%).

During the reporting period, the turnover days for accounts receivable of the Group was 54 days, representing a year-on-year decrease of 3 days, which was mainly due to the strengthened control of trade receivables by the Company.

During the reporting period, the inventory turnover days of the Group was 47 days, representing a year-on-year increase of 16 day, which was mainly due to the increase of price of raw materials and the effect from reserve materials in winter.

## Management Discussion and Analysis (Continued)

### (III) Financial Review (Continued)

#### (1). Results (Continued)

##### 3. *Cash flow*

During the reporting period, the Group's net cash outflow from operating activities was RMB537.9 million (2020 net cash inflow: RMB399.22 million); net cash inflow from financing activities was RMB358.25 million (2020 net cash outflow: RMB222.6 million); net cash inflow from investing activities was RMB197.94 million (2020: RMB72.09 million); the Group paid a total of RMB97.9 million for capital expenditure (2020: RMB213.99 million).

##### 4. *Foreign exchange risk*

The Group's income and most of its expenses were denominated in Renminbi and US dollar. For the year ended 31 December 2021, the net foreign exchange gain of the Group was RMB0.19 million (31 December 2020: net foreign exchange loss of RMB17.84 million) as a result of exchange rate fluctuations. Exchange rate fluctuations had no material effect on the Group's working capital or liquidity.

##### 5. *Commitments*

As at 31 December 2021, the capital expenditure commitments of the Group amounted to RMB3,296.49 million (31 December 2020: RMB223.32 million).

##### 6. *Contingent liabilities*

As at 31 December 2021, the Group had no material contingent liability.

##### 7. *Pledged assets*

As at 31 December 2021, the bank and other borrowings of the Group amounted to approximately RMB264.60 million, which were secured by certain properties, plants, equipment, land use rights of the Group with an aggregate amount of approximately RMB879.55 million. As at 31 December 2020, the bank and other borrowings of the Group amounted to approximately RMB619.04 million, which were secured by certain properties, plants, equipment, land use right of the Group with an aggregate amount of approximately RMB1,127.25 million.

##### 8. *Pension Scheme*

The Company participated in the pension scheme established by the government, under which the annual contribution is approximately 16% of the employee's salary. Under the scheme, the pensions of current and retired employees are protected by the Human Resources and Social Security Bureau of the Company's location.

## Management Discussion and Analysis (Continued)

### (IV) Substantial Acquisition and Disposal

During the reporting period, the Company did not have any other material acquisition or disposal of subsidiaries and associated companies.

### (V) Material Acquisition and Disposal

During the reporting period, save as disclosed in this report, the Company had not made any other significant investment.

### (VI) Other Matters

#### 1. Changes in Information of Directors, Supervisors and Chief Executives

On 18 November 2021, the members of the fifth session of the Board were elected at the extraordinary general meeting of the Company. Mr. Tong Xiaofei and Mr. Jiang Lei were elected as executive Directors, among whom, Mr. Tong Xiaofei was concurrently elected as the chairman. Mr. Ni Huadong and Mr. Huang Weihong were elected as non-executive Directors; and Ms. Wu Xiaoguang, Mr. Li Yong and Ms. Hao Meiping were elected as independent non-executive Directors; the members of the fourth session of the Board, namely Mr. Si Yuncong, Mr. Fan Laiying, Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng, ceased to be Directors of the Company on the same day.

On 21 October 2021, Mr. Zhao Lefei and Ms. Zhang Li were elected as employee representative Supervisors of the fifth session of the Supervisory Committee at the meeting of employee representatives of the Company, with the same term as other Supervisors of the fifth session. On 18 November 2021, the fifth session of non-employee representative Supervisors were elected at the extraordinary general meeting of the Company. Mr. Chen Xiaoning was elected as a shareholder representative Supervisor and the chairman of the Supervisory Committee. Mr. Jiang Ahe and Mr. Huang Zhen were elected as independent Supervisors; Mr. Sun Haiying, Ms. Wu Xiaoguang and Mr. Wu Mingli resigned as supervisors of the Company on the same day.

On 28 January 2021, Mr. Tong Xiaofei was appointed as the general manager (legal representative) of the Company for a term commencing from the date of appointment until the expiry of the fourth session of the Board, and ceased to be the executive deputy general manager of the Company (presiding over work). On 18 November 2021, Mr. Tong Xiaofei was appointed as the general manager of the Company at the first meeting of the fifth session of the Board.

For details, please refer to the announcements of the Company dated 28 January 2021, 21 October 2021, 29 October 2021 and 18 November 2021.

## Management Discussion and Analysis (Continued)

### (VI) Other Matters (Continued)

#### 2. Issue of New H Shares under Specific Mandate

On 28 August 2020, the Company completed the placing of new H shares. An aggregate of 1,294,092,000 new H shares has been successfully placed to not less than six but not more than ten placees at the placing price of HK\$1.12 per share through placing agents. The actual net proceeds from the placing by the Company was approximately HK\$1,440 million, equivalent to approximately RMB1,281.6 million. The Board resolved to change the use of the proceeds from the placing on 11 January 2021. The net proceeds are proposed to be used as follows: (i) approximately RMB500 million will be used for Yan'an Photovoltaic Glass Project; (ii) approximately RMB500 million will be used for Hefei Photovoltaic Glass Project (Phase II); and (iii) approximately RMB281.6 million, after deducting relevant issuance expenses, will be used to supplement the working capital of the Company. As at 31 December 2021, all the proceeds from the placing have been used to replace the initial investment funds in Yan'an Photovoltaic Glass Project and Hefei Photovoltaic Glass Project (Phase II) and to replenish the working capital of the Company in accordance with the aforesaid plan.

For details, please refer to the announcements of the Company dated 28 August 2020 and 11 January 2021.

#### 3. Proposed Initial Public Offering of A Shares

On 19 October 2020, considering the continuous prosperity in the photovoltaic industry, the Board has resolved and approved to authorise the management of the Company to commence the work related to the proposed initial public offering of A shares (the “**Proposed A Share Offering**”) to optimize the capital structure of the Company, build a platform for domestic and overseas financing, and better implement the development plan of the Company to achieve sustainable growth in the revenue and the returns to shareholders of the Company.

On 7 April 2021, in connection with the Proposed A Share Offering, the Company has submitted the registration application for pre-listing tutoring, which has been accepted by the Shaanxi Regulatory Bureau of the China Securities Regulatory Commission.

## Management Discussion and Analysis (Continued)

### (VI) Other Matters (Continued)

#### 3. Proposed Initial Public Offering of A Shares (Continued)

On 6 August 2021, the Board of the Company considered and approved the resolutions regarding the Proposed A Share Offering and related authorisation matters. According to the Proposed A Share Offering plan, the Company intends to apply for an initial public offering of A Shares and listing on the ChiNext of the Shenzhen Stock Exchange to allot and issue not more than 58,780,000 A Shares with a nominal value of RMB1.00 each. On 2 November 2021, the Board and the Supervisory Committee of the Company resolved and approved the resolution on the further plan of the Proposed A Share Offering and related matters. Such resolutions are conditional upon and subject to market conditions and the approval of the Shareholders by way of special resolutions or ordinary resolutions at the extraordinary general meeting and/or the class meetings, as well as the necessary approvals or decisions from the relevant regulatory authorities.

On 29 November 2021, the Company has received the “Approval of the Public Offering of A Shares by IRICO Group New Energy Company Limited” (Guo Zi Chan Quan [2021] No. 582) issued by the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), pursuant to which the SASAC has approved in principle the overall plan of the Company for the public offering of no more than 58,780,000 A Shares and the application for the listing of A Shares.

On 15 December 2021, the relevant resolutions in relation to the consideration and approval of the plan for the Proposed A Share Offering were duly passed by the Shareholders attending the extraordinary general meeting, the H shareholders’ class meeting and the domestic shareholders’ class meeting, respectively.

The Company has submitted application materials including the A share prospectus to the Shenzhen Stock Exchange (the “SZSE”) in relation to the proposed A share offering and received the acceptance notice issued by the SZSE in relation to the Company’s application for the proposed A share offering on 28 December 2021.

For details, please refer to the announcements of the Company dated 19 October 2020, 7 April 2021, 6 August 2021, 2 November 2021, 29 November 2021, 15 December 2021 and 29 December 2021 and the circular dated 19 November 2021.

## Management Discussion and Analysis (Continued)

### (VI) Other Matters (Continued)

#### 4. Proposed Share Consolidation and Capital Reduction and Proposed Change in Board Lot Size

On 11 November 2020, the Board announced its proposal to implement the proposed share consolidation and capital reduction on the basis that (i) every twenty (20) existing shares with a par value of RMB1 each be reduced to one (1) reduced share with a par value of RMB1 each and (ii) the total issued share capital of the Company be reduced from RMB3,526,441,400 to RMB176,322,070. The Board also proposed to change the board lot size for trading on the Stock Exchange from 2,000 existing H shares to 200 reduced H shares conditional upon the proposed share consolidation and capital reduction becoming effective.

On 28 December 2020, the resolution in relation to the proposed share consolidation and capital reduction was duly passed at the extraordinary general meeting, the class meeting of the holders of H shares and the class meeting of the holders of domestic shares by the shareholders attending the respective shareholders' meetings.

All conditions precedent of the proposed share consolidation and capital reduction have been fulfilled. The proposed share consolidation and capital reduction has become effective on 30 March 2021, and the dealings in the reduced H shares on the Stock Exchange has commenced on 30 March 2021 at 9:00 a.m.

For details, please refer to the announcements dated 11 November 2020, 3 December 2020, 28 December 2020 and 30 March 2021, as well as the circular dated 8 December 2020 of the Company.

## Management Discussion and Analysis (Continued)

### (VII) Events After the Reporting Period

#### 1. Disposal of 39% Equity Interest in Hanzhong Jiarunze

On 29 March 2022, the Company entered into the Equity Transfer Agreement with China IRICO Electronics Import & Export Co., Ltd. (“**IRICO Import & Export**”), pursuant to which the Company has agreed to dispose of and IRICO Import & Export has agreed to acquire 39% equity interest in Hanzhong IRICO Jiarunze Mining Company Limited\* (漢中彩虹佳潤澤礦業有限公司) (“**Hanzhong Jiarunze**”) at the consideration of RMB9,149,205 in cash. Upon completion of the Disposal, the Company will no longer hold any equity interest in Hanzhong Jiarunze.

On the above date, IRICO Group Company Limited (“**IRICO Group**”) is the controlling shareholder of the Company. As IRICO Import & Export is directly held as to 100% by IRICO Group and is an associate of IRICO Group, IRICO Import & Export is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the notification and announcement requirements but exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated on 29 March 2022.

# Profiles of Directors, Supervisors and Senior Management

## Directors

### Executive Directors

Si Yuncong	57	Chairman (Retired on 18 November 2021)
Tong Xiaofei	44	Chairman (Appointed on 18 November 2021)
Jiang Lei	39	Executive Director (Appointed on 18 November 2021)

### Non-executive Directors

Fan Laiying	50	Non-executive Director (Retired on 18 November 2021)
Ni Huadong	46	Non-executive Director (Appointed on 18 November 2021)
Huang Weihong	38	Non-executive Director (Appointed on 18 November 2021)

### Independent Non-executive Directors

Feng Bing	54	Independent Non-executive Director (Retired on 18 November 2021)
Wang Jialu	60	Independent Non-executive Director (Retired on 18 November 2021)
Wang Zhicheng	47	Independent Non-executive Director (Retired on 18 November 2021)
Wu Xiaoguang	64	Independent Non-executive Director (Appointed on 18 November 2021)
Li Yong	57	Independent Non-executive Director (Appointed on 18 November 2021)
Hao Meiping	58	Independent Non-executive Director (Appointed on 18 November 2021)

**Mr. Si Yuncong (司雲聰)**, aged 57, is the chairman and an executive director of the Company, and joined the Group in May 2013. Mr. Si graduated from Hehai University majoring in economic management with a PhD. degree and is a senior engineer. Mr. Si currently serves as the chairman, the Party secretary and the legal representative of IRICO Group Company Limited (“**IRICO Group**”), and the chairman of Xianyang Zhongdian IRICO Group Holdings Ltd. Mr. Si successively served as head of the environment monitoring station, director assistant and vice director of the safe technology and environmental protection division, deputy chief and chief of the production safety department, deputy factory manager and manager of East China Electronic Tube Factory\* (華東電子管廠), deputy general manager and general manager of Nanjing Huadong Electronics Group Co., Ltd.\* (南京華東電子集團股份有限公司), executive director and general manager of Nanjing Huadong Electronics Group Limited\* (南京華東電子集團有限公司), the deputy general manager and a member of the Party Committee of IRICO Group from May 2013 to March 2016, and the general manager, a member of the Party Committee and the legal representative of IRICO Group from March 2016 to April 2018. Mr. Si retired to be the chairman and the executive director of the Company on 18 November 2021.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Directors (Continued)

**Mr. Tong Xiaofei (仝小飛)**, aged 44, is the chairman, the executive Director, the general manager, the Party secretary and the legal representative of the Company, an executive director, the general manager and the legal representative of IRICO (Hefei) Photovoltaic Co., Ltd. (“**Hefei Photovoltaic**”), an executive director and the general manager of IRICO (Yan’an) New Energy Company Limited (彩虹(延安)新能源有限公司), an executive director of Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司) and an executive director of Xianyang IRICO Photovoltaic Glass Co., Ltd. (咸陽彩虹光伏玻璃有限公司). He joined the Group in August 2003. Mr. Tong graduated from Shaanxi University of Science & Technology with a bachelor’s degree in inorganic non-metallic materials. He is a senior engineer and a member of the Chinese Communist Party. He successively served as an melting technical engineer at the melting and assembling workshop of IRICO Glass Factory of IRICO, the head of the melting professional group of Photovoltaic Glass Project of IRICO, the head of the melting and assembling workshop of IRICO Photovoltaic Glass Factory, the assistant to the general manager and the deputy general manager of Hefei Photovoltaic, the executive deputy general manager of Hefei IRICO New Energy Co., Ltd., the executive deputy general manager of Hefei Photovoltaic, the assistant to the general manager of the Company, the head of the planning and technology department, the deputy head and office head of the science and technology committee, and the office head of the investment review committee of IRICO Group as well as the executive deputy general manager of the Company (presiding over work). Mr. Tong was appointed to be the chairman and the executive Director of the Company on 18 November 2021.

**Mr. Jiang Lei (蔣磊)**, aged 39, is an executive director of the Company, and joined the Group in November 2021. Mr. Jiang, an auditor, graduated from University of International Business and Economics with a master's degree of economics. He currently serves as the chief accountant of IRICO Group. He had successively served as a staff member of the finance department of the Special Commissioner’s Office for Lanzhou under the National Audit Office, a deputy chief officer, the chief officer, a deputy director of the Department of Enterprise Audit under the National Audit Office, the head and a director assistant of the property management division of Asset Management Department of China Electronics Corporation. He was appointed to be an executive director of the Company on 18 November 2021.

**Mr. Fan Laiying (樊來盈)**, aged 50, is a non-executive director of the Company and joined the Group in October 2018. Mr. Fan graduated from Shaanxi University of Science & Technology with a bachelor’s degree in accounting. He successively served as the manager of the finance department of Kunshan IRICO Yingguang Electronics Company Limited, the chief accountant of the finance department of IRICO Group Sales Company\* (彩虹集團公司銷售公司), the business manager of the finance department of IRICO Display Devices Co., Ltd., the head of finance department of Xianyang IRICO Thermoelectricity Co., Ltd. and Hefei IRICO Epilight Technology Co., Ltd, the financial controller of IRICO (Hefei) Photovoltaic Co., Ltd., Hefei IRICO New Energy Co., Ltd. (part-time), the deputy chief economist, the deputy chief accountant of IRICO Group, the financial controller of IRICO Display Devices Co., Ltd. and the chief accountant of IRICO Group. He ceased to be the non-executive Director of the Company on 18 November 2021.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Directors (Continued)

**Mr. Ni Huadong (倪華東)**, aged 46, is a non-executive director, the deputy general manager and the company secretary to the Company as well as the supervisor of Jiangxi IRICO Photovoltaic Co., Ltd. (江西南虹光伏有限公司) and joined the Group in May 2017. Mr. Ni graduated from Nanjing University of Finance & Economics with a bachelor's degree, majoring in investment economics and a member of the Chinese Communist Party. He had served as investment specialist of the securities department, head of the corporate management center, assistant to the head and deputy head of the securities department of Nanjing Hua Dong Electronics Group Limited (南京華東電子集團有限公司), deputy director of the secretariat of the board of directors and representative of securities affairs of Nanjing Huadong Electronics Information & Technology Co., Ltd. ("**Huadong Technology**") (a company listed on Shenzhen Stock Exchange, stock code: 000727), deputy general manager of Nanjing Tian Xi Investment Co., Ltd. (南京天熙投資有限公司), general manager of Hong Kong Hua Jin Chen Technology Company Limited (香港華金晨科技有限公司), representative of securities affairs, head of the securities department and head of office of the board of directors of Huadong Technology and the secretary to the Board of the Company. He was appointed to be the non-executive Director of the Company on 18 November 2021.

**Mr. Huang Weihong (黃衛宏)**, aged 38, is the non-executive Director, chief financial officer and secretary to the Board of the Company, and joined the Group in December 2019. Mr. Huang, graduated from Northwestern Polytechnical University with a master's degree in business administration, a member of the Chinese Communist Party, senior accountant and a senior auditor. He had served as an auditor of the auditing bureau of the Bureau of Agriculture and Farming of Hainan Province, the audit manager of the China Aero-Polytechnology Establishment, the head of the audit department of Shaanxi Tourism Co. Ltd.\* (陝西旅遊股份有限公司), the manager and representative of securities affairs of securities affairs department of Shaanxi Tourism Culture Industry Holding Co. Ltd.\* (陝西旅遊文化產業股份有限公司), and the head of the audit department of IRICO Group Company Limited\* (彩虹集團有限公司). He was appointed to be the non-executive Director of the Company on 18 November 2021.

**Mr. Feng Bing (馮兵)**, aged 54, is an independent non-executive director of the Company and joined the Group in September 2004, and currently serves as the president and the chief executive officer of Create World Real Estate Inc, located in Washington, USA. Mr. Feng had served as the chief executive officer of HomeLegend, located in Georgia, USA and Power Dekor North America, located in Montreal, Canada. Earlier, he successively served as the president of investment committee and the chief strategy officer of Dare Technologies Global (大亞科技集團), a company listed on Shenzhen Main Board, an executive director and partner of China Financial and Consulting Company\* (中華財務諮詢公司), a senior manager of Deloitte Consulting in New York, USA, and a part-time tutor of the Faculty of Commerce at Syracuse University. Mr. Feng is a member of the Association for Corporate Growth, Pennsylvania (美國企業成長協會賓夕法尼亞州分會), an executive member for China Mergers & Acquisition Association (中國並購公會) and the deputy director for its Jiangsu branch. He obtained his master's degree from Calculation Technology Research Institute of Chinese Academy of Sciences (中國科學院計算技術研究所) majoring in computer architecture and his master's degree in finance from the Faculty of Commerce at Syracuse University, respectively. He ceased to be the independent non-executive Director of the Company on 18 November 2021.

**Mr. Wang Jialu (王家路)**, aged 60, is an independent non-executive director of the Company and joined the Group in September 2004. He completed his course for master's degree in business administration from Guanghua Management College of Peking University and the course for juris doctor from Marburg University of Germany, and received his MBA degree from Peking University and his LLM degree from the Law School of Marburg University of Germany. He is currently a partner of Commerce & Finance Law Office (通商律師事務所), an arbitrator in China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會), an arbitrator in the Beijing Arbitration Commission (北京仲裁委員會)/Beijing International Arbitration Centre (北京國際仲裁中心), an adjunct lecturer for juris master's degree course in the Law Faculty of Peking University and an adjunct professor in School of Juris Master in China University of Political Science and Law. He ceased to be the independent non-executive Director of the Company on 18 November 2021.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Directors (Continued)

**Mr. Wang Zhicheng (王志成)**, aged 47, is an independent non-executive Director of the Company and joined the Group in September 2013. He obtained a PhD degree in management (accounting), a PRC certified public accountant, and he currently served as an associate professor of Beijing National Accounting Institute (北京國家會計學院), a tutor of postgraduates, an independent director of Beijing YJK Building Software Co., Ltd.\* (北京盈建科軟件股份有限公司), an independent director of Duzhe Publishing & Media Corp.\* (讀者傳媒股份有限公司), an independent director of Richinfo Technology Co., Ltd. and an external director of Xinxing Lingyun Pharmaceutical Chemicals Co., Ltd\* (新興凌雲醫藥化工有限公司). He served as the manager of the enterprise risk management services department in one of the four largest international accounting firms and the director of the accounting teaching and research office of North China Electric Power University. Mr. Wang has engaged in the trainings in respect of enterprise risk management and internal control, budget management, and accounting standards for a long period at Beijing National Accounting Institute (北京國家會計學院) and Xiamen National Accounting Institute (廈門國家會計學院). He ceased to be the independent non-executive Director of the Company on 18 November 2021.

**Ms. Wu Xiaoguang (吳曉光)**, aged 64, is an independent non-executive Director of the Company and joined the Group in September 2004. Ms. Wu was awarded a master's degree of business administration upon graduation from the Faculty of Business Administration of The Hong Kong Polytechnic University (香港理工大學). She was an independent director of Qinchuan Machine Tool&Tool Group Share Co., Ltd. ("**Qinchuan Machine Tools**", Nanjing Baose Co., Ltd. ("**Nanjing Baose**"), an associate professor of the School of Management at Xi'an Jiaotong University, the head of the ACCA Project Centre and the director of Finance and Taxation Management Education Center, a mentor of EMBA, MBA, MPAcc and ACCA. She was appointed as the head of the ACCA Project Centre of the Accounting School of Xi'an Eurasia University (西安歐亞學院) in June 2018. She was appointed as the senior advisor of the international committee, the senior advisor of the Business Construction of Xi'an Eurasia University in June 2019, and the expert of the Accounting School and the head of ACCA Project Centre. She ceased to be the independent supervisor of the Company and was appointed to be an independent non-executive Director of the Company on 18 November 2021.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Directors (Continued)

**Mr. Li Yong (李勇)**, aged 57, is an independent non-executive director of the Company and joined the Group in November 2021. Mr. Li graduated from University of Science and Technology Beijing with a doctoral degree. He is currently a professor and doctoral supervisor in the School of Materials Science and Engineering of University of Science and Technology Beijing, independent director of Ruitai Materials Technology Co., Ltd., deputy director in Engineering Materials of China Metallurgical Construction Association, deputy director of the Refractories Branch of the Chinese Ceramic Society, deputy director of Expert Committee of the Association of China Refractories Industry, and editor of journal of the Chinese Ceramic Society. He was the research engineer of Sinosteel Luoyang Institute of Refractories Research Co., Ltd., deputy manager, director of the technical centre, deputy general manager and deputy chairman of the branch of Sinosteel Luonai Materials Technology Corporation, independent director of Zhejiang Jinlei Refractories Co., Ltd. In 2005, he was awarded the honorary title of “National Expert with Outstanding Contribution” with special government allowance. He received 8 scientific and technological progress awards at the provincial and ministerial third class and above levels. He was appointed to be the independent non-executive Director of the Company on 18 November 2021.

**Ms. Hao Meiping (郝梅平)**, aged 58, is an independent non-executive Director of the Company and joined the Group in November 2021. Ms. Hao graduated from Wuhan University of Technology with a Bachelor’s degree in Inorganic Non-metallic Materials Engineering (Glass). She is currently the deputy chief engineer, special assistant to the president and professor-level senior engineer of China Building Materials Industry Planning Institute, vice chairman of the Electronic Glass Branch of the Chinese Ceramic Society, vice chairman of the Photovoltaic Building Committee of China Photovoltaic Industry Association, vice chairman of the Aerogel Branch of China Insulation & Energy Efficiency Materials Association, executive director of China Architectural and Industrial Glass Association, member of the Science and Education Committee of China Building Material Council, member of the Building Renovation and Urban Renewal Committee of Architectural Society of China, a core member of the CSTM PV System Application Technology Standard Committee, an expert in the evaluation (assessment) of major special projects and investment projects, technology centres and engineering technology centres of the National Development and Reform Commission, Ministry of Industry and Information Technology and China Development Bank, and an expert in materials engineering education accreditation of China Engineering Education Accreditation Association. She has won 19 national and provincial awards for excellent engineering consultation achievements and scientific and technological progress. She was appointed to be the independent non-executive director of the Company on 18 November 2021.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Supervisors

Chen Xiaoning	46	Shareholder Supervisor, Chairman of the Supervisory Committee	Appointed on 18 November 2021
Sun Haiying	78	Independent Supervisor	Retired on 18 November 2021
Wu Xiaoguang	64	Independent Supervisor	Retired on 18 November 2021
Jiang Ahe	65	Independent Supervisor	Appointed on 18 November 2021
Huang Zhen	51	Independent Supervisor	Appointed on 18 November 2021
Wu Mingli	59	Staff Supervisor	Retired on 18 November 2021
Zhao Lefei	52	Staff Supervisor	Appointed on 18 November 2021
Zhang Li	39	Staff Supervisor	Appointed on 18 November 2021

**Mr. Chen Xiaoning (陳曉寧)**, aged 46, is the shareholder supervisor and chairman of the supervisory committee of the Company and joined the Group in July 1996. Mr. Chen graduated from China Jiliang University with a bachelor of engineering, majoring in thermal test and Northwest University with an MBA degree, and is a senior engineer, a senior economist and a member of the Chinese Communist Party. He currently serves as the deputy general manager, a member of the Party Committee of IRICO Group and the chairman of IRICO Group (Shaoyang) Special Glass Co., Ltd. (彩虹集團(邵陽)特種玻璃有限公司). He served as the head of administrative office of IRICO Group, a deputy head and the head of the office of the Company, the deputy head and a secretary of discipline inspection commission of IRICO Photovoltaic Glass Factory, a deputy head of the office of Board and office of general manager of the Company, a deputy general manager, an executive director, the general manager and the legal representative of IRICO (Hefei) Photovoltaic Co., Ltd., an executive director, the general manager and the legal representative of IRICO (Yan'an) New Energy Company Limited (彩虹(延安)新能源有限公司), a deputy chief engineer of IRICO Group and a general manager assistant, a deputy general manager, an executive deputy general manager, an executive director, the general manager, the Party secretary and the legal representative of the Company.

**Mr. Sun Haiying (孫海鷹)**, aged 78, is an independent supervisor of the Company and joined the Group in September 2004. Mr. Sun graduated from the Northwest University (西北大學) in geography. He is currently the head and a professor of the Environmental Science and Engineering Centre of Xi'an Jiao Tong University (西安交通大學). He was a director of the Shaanxi Province Meteorological Bureau (陝西省氣象局), the director of Shaanxi Province Science and Technology Department (陝西省科學技術廳). He was a group leader of the Regional Science and Technology Development Group under the State Mid-and Long term Science and Technology Development Planning Team (國家中長期科學和技術發展規劃區域科技發展專題組) in July 2003.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Supervisors (Continued)

**Mr. Jiang Ahe (姜阿合)**, aged 65, is an independent supervisor of the Company and joined the Group in November 2021. Mr. Jiang graduated from the Wuhan Military Academy of the People's Liberation Army with a bachelor's degree of military finance. He is an internationally registered senior accountant and a member of the Chinese Communist Party. He was the deputy battalion level cadre of the General Staff of the PLA General Staff Survey and Mapping Information Technology Station, the chief section officer of the Central Branch of the Shaanxi Provincial Audit Department, a staff member of the Audit Office of the State Audit Office in Xi'an, chief accountant of Hainan Caihong Industrial and Trading Corporation (海南彩虹工貿總公司), financial manager of Zhuhai Colour Pearl Industry Company Limited, the chief accountant of Xi'an IRICO Electronic Industrial Co. Ltd., the financial director of IRICO Display Devices Co., Ltd., director of the Asset and Finance Department and deputy chief accountant of IRICO Group and non-executive Director of the Company.

**Mr. Huang Zhen (黃震)**, aged 51, is an independent supervisor of the Company and joined the Group in November 2021. Mr. Huang graduated from Peking University Law School with a doctoral degree and was a post-doctoral researcher in finance at the Institute of Finance and Banking of the Chinese Academy of Social Sciences. He is currently a professor at the Central University of Finance and Economics, Director of the China Internet Finance Innovation Institute of the Financial Times, and an expert member of the National Committee of Experts on the Internet Financial Security Technology, Senior Researcher of the Chongyang Institute of Financial Studies, Renmin University, and Vice President of the Beijing Internet Finance Law Research Association. He was the director of the Financial Law Research Center and the vice president of the Institute of Defense Economics and Management of Central University of Finance and Economics, and the vice president of the Beijing Blockchain Application Association. He has been awarded as "China Internet Finance Leader", "China Internet Finance Person of the Year" and "New Finance Research Contribution Award".

**Mr. Wu Mingli (武明利)**, aged 59, is a staff supervisor of the Company and joined in the Group in July 1989. Mr. Wu graduated from Northwest University with a bachelor's degree, majoring in organic chemistry. He is a senior engineer and a member of the Chinese Communist Party. Mr. Wu had served as deputy director of the materials technology division of the product technology department of IRICO Group; director of quality assurance division and director of assembly workshop of No. 1 IRICO Color Picture Tube Plant; deputy head of technology and quality department and director of the technology centre of IRICO Group; director and general manager of Xi'an IRICO Information Co., Ltd.\* (西安彩虹資訊有限公司); deputy factory manager of IRICO Electron Gun Factory\* (電子槍廠); director and general manager of Xianyang Caiqin Electronics Device Co., Ltd.\* (咸陽彩秦電子器件有限公司); director, deputy general manager and factory manager of the photovoltaic module factory of IRICO Photovoltaic Technology Company Limited\* (彩虹光伏科技公司), head of the technology and quality department and head of production and operation department of the Company.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Supervisors (Continued)

**Mr. Zhao Lefei (趙樂飛)**, aged 52, is a staff supervisor of the Company and joined the Group in November 1990. Mr. Zhao obtained a bachelor's degree in English from Xianyang Normal University (咸陽師範學院), he is a senior political engineer and a member of the Chinese Communist Party. He currently serves as the deputy secretary of the Party Committee, the secretary of the disciplinary committee, and the chairman of the labor union. He served as a publicity member of the youth league committee of IRICO Group, the human resources manager of Haikou IRICO Hot Spring Hotel (海口彩虹溫泉大酒店), a member of the organisation department of the Party Committee (黨委組織部), a secretary of the Party Committee, and a director assistant of the disciplinary inspection and supervision division (紀檢監察處) of IRICO Group, the secretary of the disciplinary committee, the chairman of the labor union and the director of the office of the party and labor relations of IRICO Spare Parts Factory\* (彩虹零件廠), the secretary of the disciplinary committee, the chairman of the labor union and the director of the integrated management department (綜合管理部) of Xi'an IRICO Zixun Co., Ltd (西安彩虹資訊有限公司), the office director at Xi'an headquarters of IRICO Group and a deputy director and director of the office of the party and labor relations (黨群辦) of the Company.

**Ms. Zhang Li (張莉)**, aged 39, is a staff supervisor of the Company and joined in the Group in July 2004. Ms. Zhang graduated from Shaanxi University of Technology with a bachelor's degree in Electronics and Information Engineering and is an engineer and member of the Chinese Communist Party. She currently serves as the deputy head (presiding over work) of the planning and technology department. She was an assistant engineer in the R&D room of technology center, head of investment project business in the Strategic Planning Department, head of project management business in the Planning and Technology Department, assistant to the head and Technology Department of the Planning of IRICO Group, head of investment project management business, head of the Planning and Technology Department and assistant to the head in Shaanxi, IRICO Group's headquarters.

### Other Senior Management

Ma Zhibin	56	Deputy general manager	Appointed on 18 November 2021
Wu Wenchao	56	Deputy general manager	Appointed on 18 November 2021

**Mr. Ma Zhibin (馬志斌)**, aged 56, is the deputy general manager of the Company and the chairman of Hanzhong IRICO Jiarunze Mining Development Co., Ltd. (漢中彩虹佳潤澤礦業開發有限公司), and joined the Group in July 1987. Mr. Ma graduated from Shanghai Construction Materials College (上海建材學院) majoring in glass with college education background. He is a senior engineer and a member of the Chinese Communist Party. Mr. Ma formerly served as the technician specializing in melting, engineer, assistant to the head of workshop, vice head of the workshop, head of the work shop and Party branch secretary of a glass factory and the vice head of a glass factory of the Company; the vice general manager and Party secretary of IRICO (Zhangjiagang) Flat Panel Display Co., Ltd. (彩虹(張家港)平板顯示有限公司), the vice head, the head and the Party secretary in Photovoltaic Glass Factory of the Company, the general manager of IRICO (Hefei) Photovoltaic Co., Ltd. and other positions.

## Profiles of Directors, Supervisors and Senior Management (Continued)

**Mr. Wu Wenchao (吳文超)**, aged 56, the deputy general manager of the Company, the head of Xianyang IRICO Photovoltaic Glass Factory (咸陽彩虹光伏玻璃廠) and the general manager of Xianyang IRICO Photovoltaic Glass Co., Ltd (咸陽彩虹光伏玻璃有限公司). Mr. Wu joined the Group in July 1989. Mr. Wu graduated from Shaanxi Engineering College with a bachelor degree in machine manufacturing technology and equipment, and is a senior engineer and a member of the Chinese Communist Party. He served as a leader and an engineer of the grinding group of No. 2 drilling workshop, an engineer and an associate chief engineer of the processing technique office of the technical section, the deputy head and the head of the factory office, the head of the technical and quality section, an assistant to the factory director and the deputy factory director of IRICO Glass Factory, an assistant to the factory director and the head of the technical and quality department as well as the deputy factory director and factory director of IRICO Photovoltaic Glass Factory, and the assistant to the general manager of the Company.

## Changes in Directors, Supervisors and Senior Management

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in particulars of Directors, supervisors and senior management during the reporting period are set out below:

Mr. Si Yuncong has ceased to serve as the chairman and executive Director of the Company since 18 November 2021.

Mr. Tong Xiaofei has served as the chairman, executive Director, and the general manager of the Company since 18 November 2021. He has served as the general manager of the Company since 28 January 2021. On the same day, he has ceased to serve as an executive deputy general manager of the Company (presiding over work).

Mr. Jiang Lei has served as an executive Director of the Company since 18 November 2021.

Mr. Fan Laiying has ceased to be a non-executive Director of the Company since 18 November 2021.

Mr. Ni Huadong has served as a non-executive Director and the deputy general manager of the Company since 18 November 2021. He has ceased to serve as the secretary to the Board of the Company since 6 January 2021, and, on the same day, he has served as a deputy general manager and the company secretary of the Company.

Mr. Huang Weihong has served as a non-executive Director, the chief financial officer and the secretary to the Board of the Company since 18 November 2021. He has served as the secretary to the Board of the Company since 6 January 2021.

Mr. Feng Bing has ceased to be an independent non-executive Director of the Company since 18 November 2021.

Mr. Wang Jialu has ceased to be an independent non-executive Director of the Company since 18 November 2021.

## Profiles of Directors, Supervisors and Senior Management (Continued)

### Changes in Directors, Supervisors and Senior Management (Continued)

Mr. Wang Zhicheng has ceased to be an independent non-executive Director of the Company since 18 November 2021.

Ms. Wu Xiaoguang has ceased to be the independent supervisor of the Company since 18 November 2021 and on the same day, served as an independent non-executive director of the Company.

Mr. Li Yong has served as an independent non-executive Director of the Company since 18 November 2021.

Ms. Hao Meiping has served as an independent non-executive Director of the Company since 18 November 2021.

Mr. Chen Xiaoning has served as the shareholder supervisor and chairman of the supervisory committee of the Company since 18 November 2021.

Mr. Sun Haiying has ceased to be an independent supervisor of the Company since 18 November 2021.

Mr. Jiang Ahe has served as an independent supervisor of the Company since 18 November 2021.

Mr. Huang Zhen has served as an independent supervisor of the Company since 18 November 2021.

Mr. Wu Mingli has ceased to be a staff supervisor of the Company since 18 November 2021.

Mr. Zhao Lefei has served as a staff supervisor of the Company since 18 November 2021.

Ms. Zhang Li has served as a staff supervisor of the Company since 18 November 2021.

Mr. Ma Zhibin has served as the deputy general manager of the Company since 18 November 2021.

Mr. Wu Wenchao has served as the deputy general manager of the Company since 18 November 2021.

Mr. Chu Xiaohang has ceased to be the company secretary of the Company since 6 January 2021.

# Report of the Board

The Board hereby presents the report of the Board and the audited financial report of the Group for the year ended 31 December 2021 to the Shareholders.

## Principal operations

During the reporting period, the Group was principally engaged in the research and development, manufacturing and sale of solar photovoltaic glass.

## Business review and future development

During the reporting period, Hefei and Yan'an photovoltaic glass bases of the Group showed an overall trend of high-quality development; the construction of the IRICO Shangrao ultra-thin and high-transmissivity photovoltaic glass project has commenced on 1 March 2021, and it is expected the first furnace of phase I of the project will be put into operation in 2022; Xianyang ultra-thin and high-transmissivity photovoltaic glass project were accelerated, and it is expected to be put into operation in 2022; meanwhile, the output of thin, large size and BIPV glass of the Group increased overall through the upgrading of the existing production lines. In addition, the Group adhered to the "Key Customer" strategy and signed large-amount sales agreements with strategic customers, laying a solid foundation for the Group to grasp the market trend, safeguard the balance of production and sales, enhance operational efficiency and expand the brand effect.

In the future, the Group will continue to strengthen its strategic leadership, concentrate on reform and innovation, and strive to build itself as a world-renowned green new energy service provider.

## Major risks and uncertainties

During the reporting period, although the Group ranked top three in the industry in terms of production capacity scale, the gap between the Group and the top two was relatively large. At the same time, the solar photovoltaic market was complex and volatile. Prices of photovoltaic components started to rise in the first half of the year, resulting in lower-than-expected growth in downstream installed capacity. Meanwhile, the production capacity of photovoltaic glass was increasing, exerting great pressure on the price of photovoltaic glass. However, as the supply of silicon materials and industry chain increases, the price of photovoltaic industry chain will fall back to a normal range, driving the recovery of the production of photovoltaic components, and domestic and global photovoltaic demand as a whole will remain somewhat incremental increase, with the growth of photovoltaic components driving the demand for photovoltaic glass.

## Report of the Board (Continued)

### Major risks and uncertainties (Continued)

Under the guidance of the “dual carbon” (namely, carbon emission peaking and carbon neutrality) strategy, the photovoltaic industry has entered a high-speed growth track. The Group will continue to vigorously develop the solar photovoltaic glass industry by broadening the scale of the industry, improving production efficiency, strengthening cost control and expanding the proportion of new photovoltaic glass products, so as to move forward towards the goal of high-quality and sustainable development and strive to create new and greater value for the country, shareholders, society and the employees, and staff satisfaction keeps growing.

### Environmental protection policy

For the corporate survival and development, the Group seriously performs its corporate social responsibility and strictly comply with the Environmental Protection Law of the People’s Republic of China and relevant laws and regulations. By making the best efforts in environmental protection technological improvement, monitoring and controlling over environmental protection indicators and regulating the management of operation and maintenance of environmental protection facilities, the Group ensures high efficiency operation and achievement of emission standards, thereby building a resources saving and environment friendly enterprise.

### Compliance with relevant laws and regulations

During the reporting period, the Group strictly complied with laws and regulations which have material impacts on the Group.

The Group strictly complied with the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the articles of association of the Company (the “**Articles of Association**”) to improve the Material Decision-making Management Measures while amending, supplementing and formulating the Administrative Measures which formed a governance system with standardized decision making, high efficiency operation and effective supervision. The Group will continue to push forward the improvement of corporate governance standard and the development of its business.

## Report of the Board (Continued)

### Results and dividend

During the reporting period, the Group recorded operating revenue of RMB2,067.06 million, representing a year-on-year decrease of RMB451.45 million or 17.93%, and recorded total profits of RMB185.56 million, representing a year-on-year increase of RMB14.23 million or 8.31%.

For the analysis on the financial indicator of the results of the Company for the year 2021, please see the section headed “Management Discussion and Analysis” in this report.

The annual results of the Group for the year ended 31 December 2021 and its financial position as at the same date prepared in accordance with PRC Accounting Standards for Business Enterprises are set out from page 2 to 3 of this annual report.

The Company has adopted a dividends distribution policy pursuant to relevant regulations, taking into consideration of various elements including but not limited to the Company’s actual and expected financial performance, the production and operation of the Company, etc. When the Company distributes its yearly profits after tax, 10% of the profits shall be withdrawn as legal surplus. When the Company’s legal surplus has accumulated up to the amount of more than 50% of the Company’s registered capital, the withdrawal thereof can be stopped. If the Company’s legal surplus is not sufficient to compensate for the loss of the previous year, the profits of the year shall, prior to the withdrawal for legal surplus, cover the losses first. Profits left after making up for losses and the withdrawal of the legal surplus shall be allocated in accordance with the proportion of shares held by the Shareholders. The Company may distribute the dividends by cash or by stocks.

In light of the absence of accumulated surplus in 2021, the Board has resolved not to distribute any final dividends for the year ended 31 December 2021, which is subject to the approval from shareholders at the forthcoming annual general meeting.

### Five year financial summary

A summary of the published results and assets, liabilities and minority interests of the Group for the last five years, as extracted from the audited and adjusted (if applicable) financial statements, is set out on page 297 of this annual report. This summary does not form part of the audited financial statements.

### Share capital

Details of the Company’s share capital in 2021 and as at 31 December 2021 are set out in note V.(XXXIII) to the financial statements for 2021.

## Report of the Board (Continued)

### Purchase, redemption and sale of shares of the Company

Neither has the Company nor any of its subsidiaries purchased, redeemed or sold any shares of the Company during this reporting period.

### Reserves

Details of the movements of reserves of the Company and of the Group during 2021 are set out in Consolidated Statement of Changes in owner's Equity.

### Distributable Reserves

As at 31 December 2021, the Company had no reserves available for distribution.

### Major customers and suppliers

The percentage of purchases from the major suppliers and sales to the major customers of the Group is set out as follows:

#### Purchase

- The largest supplier accounted for 7% of the total purchase amount
- The five largest suppliers accounted for 31% of the total purchase amount

#### Sales

- The largest customer accounted for 13% of the total sales amount
- The five largest customers accounted for 41% of the total sales amount

To the best knowledge of the Directors, none of the Directors, their respective associates or any Shareholder holding more than 5% of the issued share capital of the Company, had any interest in the above-mentioned major suppliers and customers.

## Report of the Board (Continued)

### Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the Company for the year were as follows:

Name	Positions	Date of appointment/change/resignation during the reporting period
Si Yuncong	Executive Director, Chairman	Resigned on 18 November 2021
Tong Xiaofei	Executive Director, Chairman	Appointed on 18 November 2021
Fan Laiying	Non-executive Director	Resigned on 18 November 2021
Ni Huadong	Non-executive Director	Appointed on 18 November 2021
Feng Bing	Independent Non-executive Director	Resigned on 18 November 2021
Wang Jialu	Independent Non-executive Director	Resigned on 18 November 2021
Wang Zhicheng	Independent Non-executive Director	Resigned on 18 November 2021
Jiang Lei	Executive Director	Appointed on 18 November 2021
Huang Weihong	Non-executive Director	Appointed on 18 November 2021
Wu Xiaoguang	Independent Non-executive Director	Appointed on 18 November 2021
Li Yong	Independent Non-executive Director	Appointed on 18 November 2021
Hao Meiping	Independent Non-executive Director	Appointed on 18 November 2021
Chen Xiaoning	Supervisor, Chairman of Supervisory Committee	Appointed on 18 November 2021
Zhao Lefei	Staff Supervisor	Appointed on 18 November 2021
Wu Mingli	Staff Supervisor	Resigned on 18 November 2021
Sun Haiying	Independent Supervisor	Resigned on 18 November 2021
Wu Xiaoguang	Independent Supervisor	Resigned on 18 November 2021
Jiang Ahe	Independent Supervisor	Appointed on 18 November 2021
Huang Zhen	Independent Supervisor	Appointed on 18 November 2021
Zhang Li	Staff Supervisor	Appointed on 18 November 2021
Tong Xiaofei	General Manager	Served as the general manager of the Company and ceased to be an executive deputy general manager of the Company (presiding over the work) from 28 January 2021; served as the general manager of the Company from 18 November 2021.
Ma Zhibin	Deputy General Manager	Served as the deputy general manager of the Company from 18 November 2021.

## Report of the Board (Continued)

### Directors, Supervisors and Senior Management (Continued)

Name	Positions	Date of appointment/change/resignation during the reporting period
Ni Huadong	Deputy General Manager, Company Secretary	Ceased to be the secretary to the Board of the Company from 6 January 2021, and served as the deputy general manager and company secretary of the Company from the same date; served as the deputy general manager of the Company from 18 November 2021.
Huang Weihong	Chief Financial Officer, Secretary to the Board	Served as the secretary to the Board of the Company from 6 January 2021; served as the chief financial officer and secretary to the Board of the Company from 18 November 2021.
Wu Wenchao	Deputy General Manager	Served as the deputy general manager of the Company from 18 November 2021.
Chu Xiaohang	Company Secretary	Ceased to be the company secretary of the Company from 6 January 2021.

Biographical details of Directors, supervisors and senior management are set out on pages 19 to 28.

Each of the independent non-executive Directors has issued a confirmation in respect of the requirement set out in Rule 3.13 of the Listing Rules concerning his or her independence. The Company considers all of the independent non-executive Directors to be independent.

### Remuneration of Directors and the Five Highest Paid Individuals

Details of the remuneration of Directors and the highest paid individuals of the Group are set out in note X.(V).5 to the financial statements for 2021.

There were no arrangements under which a Director or supervisor of the Company had waived or agreed to waive any remuneration in respect of the year ended 31 December 2021.

## Report of the Board (Continued)

### Remuneration of senior management

According to Code Provision E.1.8 of the Corporate Governance Code, the details of the annual remuneration of the senior management for the year 2021 which are contained in note X.(V).5 to the financial statements for 2021 in this annual report are as follow:

Name	Fees <i>RMB</i>	remuneration and allowance <i>RMB</i>	Pension insurance <i>RMB</i>	Others <i>RMB</i>	Total <i>RMB</i>
Tong Xiaofei	–	633,097.00	34,621.75	52,033.22	719,751.97
Ma Zhibin	–	472,444 .00	34,865.28	39,621.92	546,931.20
Wu Wenchao	–	433,383.00	34,865.28	39,621.92	507,870.20
Ni Huadong	–	457,356.00	38,324.16	72,500.63	568,180.79
Huang Weihong	–	555,699.00	34,865.28	39,621.92	630,186.20

### Directors' and supervisors' interests in contracts

Save as disclosed in this report, no contract of significance in relation to the Company's business to which the Company or its subsidiaries were a party and in which a Director or a supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or anytime during 2021.

### Directors' and supervisors' service contracts

Each of the Directors and supervisors has entered into a service contract with the Company. None of the Directors or supervisors proposed for re-election at the forthcoming general meeting has an unexpired service contract which is not terminable by the Company or its subsidiaries within a year without payment of any compensation (other than statutory compensation).

### Permitted indemnity provision

During the reporting period and as at 31 December 2021, the Company has arranged for liability insurance policies for the Directors and supervisors and to provide adequate protection for the Directors and supervisors.

## Report of the Board (Continued)

### Interests of Directors, supervisors and chief executives in shares of the Company and its associated corporations

As at 31 December 2021, none of the Directors, supervisors or chief executives and their respective associates held an interest and short position in shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were (a) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such directors, supervisors, chief executives or senior management personnel were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

During the reporting period, no Directors, chief executives, supervisors, senior management or their spouses and minor children under 18 was vested by the Company any right to subscribe shares or bonds of the Company or any associated corporation (as defined in the SFO).

### Interests and short positions of substantial Shareholders and other parties

So far as the Directors are aware, each of the following persons, not being a Director, supervisor, chief executive or member of the Company’s senior management, had an interest or short position in the Company’s shares or underlying shares (as the case may be) as at 31 December 2021 and as recorded in the register of members to be kept pursuant to section 336 of the SFO:

China Electronics Corporation\* (中國電子信息產業集團有限公司) (“CEC”), through IRICO Group Company Limited (“IRICO Group”) and its subsidiary, Rui Bou Electronics (HK) Limited, had interests in 53,153,400 domestic shares (representing 66.38% of the domestic share capital of the Company) and 7,556,500 H shares of the Company; CEC, through Xianyang Zhongdian IRICO Group Holdings Ltd.\* (“Zhongdian IRICO”), also had interests in 25,214,300 H shares of the Company; CEC, through CEC Capital Investment Holdings Company Limited\* (中電金投控股有限公司) (“CEC Capital Investment”), had interests in 26,920,000 domestic shares (representing 33.62% of the domestic share capital of the Company) and 19,230,000 H shares of the Company. HKSCC Nominees Limited had interests in 96,150,148 H shares of the Company (representing 99.90% of the H share capital of the Company).

Mr. Si Yuncong acted as a Director of the Company and concurrently acts as the chairman, the secretary of the Communist Party Committee and the legal representative of IRICO Group and chairman of Zhongdian IRICO, and has stepped down as a Director of the Company on 18 November 2021; Mr. Jiang Lei acts as a Director of the Company and concurrently acts as the chief accountant of IRICO Group; Mr. Chen Xiaoning acts as a supervisor and the chairman of the supervisory committee of the Company and concurrently acts as the deputy general manager of IRICO Group.

## Report of the Board (Continued)

### Interests and short positions of substantial Shareholders and other parties (Continued)

#### Notes:

As at 31 December 2021, based on the information available to Directors and so far as the Directors are aware, HKSCC Nominees Limited held 96,150,148 H shares, among which:

Zhongdian IRICO had beneficial interests in 25,214,300 H shares of the Company (representing approximately 26.20% of the issued H shares of the Company).

CEC Capital Investment had beneficial interests in 19,230,000 H shares of the Company (representing approximately 19.98% of the issued H shares of the Company).

Yan'an Dingyuan Investment (Group) Co., Ltd.\* (延安市鼎源投資(集團)有限公司) ("Yan'an Dingyuan"), through HuaAn Funds – Dingyuan QDII Single Asset Management Scheme, had beneficial interests in 2,001,700 H shares of the Company (representing approximately 2.08% of the issued H shares of the Company).

Hefei Xincheng State-owned Assets Management Co., Ltd.\* (合肥鑫城國有資產經營有限公司) ("Hefei Xincheng"), through HuaAn Funds – Xincheng QDII Single Asset Management Scheme, had beneficial interests in 7,336,000 H shares of the Company (representing approximately 7.62% of the issued H shares of the Company).

HuaAn Fund Management Co., Ltd. is the asset manager of HuaAn Funds-Dingyuan QDII Single Asset Management Scheme and HuaAn Funds-Xincheng QDII Single Asset Management Scheme.

### Competing Interests

None of the Directors, the controlling Shareholder or their respective close associates (as defined under the Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group or has or may have any other conflicts of the interest with the Group.

### Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

## Report of the Board (Continued)

### Designated deposit and overdue time deposit

As at 31 December 2021, the Group had no designated deposits in any financial institutions in China. All of the Group's cash deposits are placed with commercial banks in China, and are in compliance with the relevant laws and regulations. There were also no instances where the Group had failed to collect any of the time deposits upon maturity.

### Employees, retirement benefits and other benefits

As at 31 December 2021, the Group had 1,844 incumbent employees, of whom 10.25% were management and administrative personnel, 8.24% were technological personnel, 1.52% were accounting and audit personnel, 0.92% were sales and marketing personnel, and 79.07% were production employees.

The employment and remuneration policy of the Company remained the same as set out in the Company's prospectus dated 8 December 2004. With full enthusiasm in work, the Group's employees are committed to ensuring the high quality and reliability of products and services.

\* Excluding dispatched employees.

### Connected transactions

The connected transactions recorded during the year are as follows:

#### 1. Continuing connected transactions during the year of 2021

For the year ended 31 December 2021, there were various continuing connected transactions (the "Continuing Connected Transactions") between the Group and the following connected persons of the Group (collectively, the "Connected Persons" and each a "connected person" under the Listing Rules).

- (a) IRICO Group is a major Shareholder of the Company and thus a connected person of the Company;
- (b) Zhongdian IRICO is the major Shareholder of the Company and thus a connected person of the Company;
- (c) Nanjing Electronics Information Industrial Corporation ("NEIIC"), a subsidiary and thus an associate of CEC. Therefore, NEIIC is also a connected person of the Company; and

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

- (d) China Elec-Trans Int'l Service Co., Ltd.\* (捷達國際運輸有限公司) (“CETIS”), a subsidiary of CEC, and thus an associate of CEC. Therefore, CETIS is also a connected person of the Company.

For the year ended 31 December 2021, the approved annual caps for each of the continuing connected transactions (the “Annual Caps”) and the actual revenue or expenditure in respect of each of the continuing connected transactions are set out below:

No.	Item	Annual Caps for Connected Transaction of 2021 RMB'000	Amount incurred for Connected Transaction of 2021 RMB'000
(i)	IRICO Group Master Purchase Agreement Purchase of packaging materials and raw materials, electricity and ancillary services from IRICO Group	122,378	56,497
(ii)	Zhongdian IRICO Master Purchase Agreement Purchase of materials and utilities necessary for solar photovoltaic business and new materials business, including materials, water, electricity, gas and other utilities and ancillary services from Zhongdian IRICO	108,510	26,061
(iii)	Zhongdian IRICO Premises Leasing Framework Agreement Zhongdian IRICO shall lease factories and office premises owned by it to the Company with a maximum area of 93,960 square meters	12,966	3,063
(iv)	NEIC Master Sales Agreement Sales of electricity, photovoltaic products and new material products to NEIC	846,585	0
(v)	NEIC Master Sales Agreement Purchase of materials used for production of solar photovoltaic glass, raw materials necessary for new material business and relevant products from NEIC	425,641	11,014
(vi)	Master Transportation Services Agreement Provision of product transportation services by CETIS to the Company	12,000	9,945
(vii)	IRICO Group Master Sales Agreement Sales of the photovoltaic products such as coated and tempered glass to IRICO Group	100,000	25,472

The consideration for each of the continuing connected transactions listed above during the reporting period is set out in the respective agreements with relevant connected persons, details of which were set out in the Company's announcements dated 23 October 2018, 18 December 2018, 16 June 2020 and 9 February 2021 and the circular dated 3 December 2018.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021

##### (i) IRICO Group Master Purchase Agreement

Date:	23 October 2018
Parties:	(i) the Company as the purchaser; and (ii) IRICO Group as the supplier
Term:	1 January 2019 to 31 December 2021, subject to early termination by the Company by giving at least three months' prior written notice to IRICO Group. IRICO Group shall not unilaterally terminate the IRICO Group Master Purchase Agreement without written consent of the Company.
Nature of transactions:	The Company shall purchase packaging materials and raw materials, electricity and ancillary services from IRICO Group.
Pricing policy:	(i) The prices for the packaging materials and raw materials shall be determined in accordance with the Market Price (as defined below):

“Market Price” shall be determined in accordance with the following order: (a) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (b) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### (i) IRICO Group Master Purchase Agreement (Continued)

(ii) The prices for the electricity and ancillary services shall be determined in accordance with the following policies:

- (a) Where there is Government-prescribed Price, the prices for the electricity shall be determined based on arm's length negotiations between the relevant parties with reference to (i) the Government-prescribed Price (as defined below); and (ii) reduction from the government incentives offered by Anhui Provincial Government to IRICO Group. After taking into account the government incentives offered by Anhui Provincial Government to IRICO Group for the building and operation of the electrical transformer substation for the development of the new industrial area in Hefei City, Anhui Province, the overall unit price of electricity supplied by IRICO Group to the Company will be lower than the Government-prescribed Price; or
- (b) Where there is Government-prescribed Price for ancillary services, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to the Government-prescribed Price; or
- (c) Where there is no Government-prescribed Price, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to reasonable costs incurred plus reasonable profit. The reasonable costs primarily include raw materials, labour, taxation, management fee, etc., and the margin generally does not exceed 3%.

"Government-prescribed Price" means the prices of electricity in Anhui Province or Shaanxi Province as prescribed by the State Grid Corporation of China as updated and amended from time to time or the price guidelines for ancillary services stipulated in the notice issued by the price bureau of Anhui Province or Shaanxi Province.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### (ii) *Zhongdian IRICO Master Purchase Agreement*

Date:	23 October 2018
Parties:	(i) the Company as the purchaser; and (ii) Zhongdian IRICO as the supplier
Term:	1 January 2019 to 31 December 2021, subject to early termination by either party by giving at least three months' prior written notice to the other party.
Nature of transactions:	The Company shall purchase materials and utilities necessary for the solar photovoltaic business and the new materials business, including materials, water, electricity, gas and other utilities and ancillary services from Zhongdian IRICO.
Pricing policy:	(i) The prices for the materials necessary for production shall be determined in accordance with the "Market Price" (as defined below).

"Market Price" shall be determined in accordance with the following order: (a) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (b) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### (ii) *Zhongdian IRICO Master Purchase Agreement (Continued)*

- (ii) The prices for the utilities necessary for production, including water, electricity, gas and other utilities and ancillary services, shall be determined in accordance with the following policies:
  - (a) where there is Government-prescribed Price (as defined below), in respect of the utilities necessary for production, including water, gas and other utilities and ancillary services, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to the Government-prescribed Price; or
  - (b) where there is Government-prescribed Price, in respect of electricity necessary for production, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to the Government-prescribed Price for electricity or the management fee on the electricity transformer substation in proportion to the usage of electricity by the Company payable to Xianyang Electric Power Supply Bureau by Zhongdian IRICO; or
  - (c) where there is no Government-prescribed Price, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to reasonable costs incurred plus reasonable profit. The reasonable costs primarily include raw materials, labour, taxation, management fee, etc.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

"Government-prescribed Price" means the guidelines for prices of utilities, which are applicable to water, electricity and natural gas under the Zhongdian IRICO Master Purchase Agreement as prescribed in the notifications published by Shaanxi Provincial Price Bureau, Shaanxi Provincial Development and Reform Commission and other relevant regulatory authorities from time to time, for instance, the Notice on Adjustments to the Prices of Power Grid in Shaanxi Province published by Shaanxi Provincial Price Bureau from time to time, and the Notice on Reducing the City-gate Price for Non-residential Use of Natural Gas and Further Promotion of Price Marketization Reform published by National Development and Reform Commission from time to time.

The pricing policies of cost plus reasonable profit are applicable to other utilities and ancillary services under the Zhongdian IRICO Master Purchase Agreement where there is no Government-prescribed Price, including softened water, chilled water, high pressure air, nitrogen, purified air, etc.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### *(iii) Zhongdian IRICO Premises Leasing Framework Agreement*

Date:	23 October 2018
Parties:	(i) Zhongdian IRICO as the lessor; and (ii) the Company as the lessee
Term:	1 January 2019 to 31 December 2021
Nature of transactions:	Zhongdian IRICO shall lease factories and office premises owned by it to the Company with a maximum area of 93,960 square meters.
Pricing:	Monthly rental is RMB11.5 per square meter, which shall be actually settled according to the actual leased area. The rental payable under the Zhongdian IRICO Premises Leasing Framework Agreement was determined with reference to the prevailing market conditions and the rental levels of similar premises and properties in the vicinity of the leased premises and properties.

The Directors are of the view that the price is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### (iv) NEIIC Master Sales Agreement

Date:	23 October 2018
Parties:	(i) the Company as the supplier; and (ii) NEIIC as the purchaser
Term:	1 January 2019 to 31 December 2021, subject to early termination by either party by giving at least one month prior written notice to the other party.
Nature of transactions:	The Company shall sell electricity, photovoltaic products (photovoltaic modules) and new material products (photoresist) to NEIIC.
Pricing policy:	(i) The prices for the electricity shall be determined based on arm's length negotiations between the relevant parties with reference to the Government-prescribed Price (as defined below).  "Government-prescribed Price" means the prices of electricity in Jiangsu Province as prescribed by the State Grid Corporation of China as updated and amended from time to time.  (ii) The prices for the photovoltaic products (photovoltaic modules) and the new material products (photoresist) shall be determined in accordance with the Market Price (as defined below).  "Market Price" shall be determined in accordance with the following order: (i) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (ii) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.  The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### (v) *NEIIC Master Purchase Agreement*

Date:	23 October 2018
Parties:	(i) the Company as the purchaser; and (ii) NEIIC as the supplier
Term:	1 January 2019 to 31 December 2021, subject to early termination by either party by giving at least three months' prior written notice to the other party.
Nature of transactions:	The Company shall purchase materials used for production of solar photovoltaic glass (including mould proof paper and coating solution), raw materials for new material business (including NixCoyMnz (OH)2) and relevant products from NEIIC.
Pricing policy:	The prices for the materials (including mould proof paper and coating solution) and products (including NixCoyMnz (OH)2) shall be determined in accordance with the Market Price (as defined below).

"Market Price" shall be determined in accordance with the following order: (i) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (ii) the prevailing prices being offered or charged by independent third party in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### (vi) *Master Transportation Services Agreement*

Date:	16 June 2020
Parties:	(i) the Company (as the services recipient); (ii) CETIS (as the services provider)
Term:	1 January 2020 to 31 December 2021, subject to early termination by either party by giving at least three months' prior written notice to the other party.
Nature of transactions:	CETIS shall provide the product transportation services to the Company.
Pricing policy:	The prices for the product transportation services shall be determined in accordance with the market price.

Upon receipt of quotations from CETIS, the investment operating department of the Company and its designated persons will ascertain the prices offered or charged by independent third parties, generally by way of, obtaining quotations for a comparable volume of same or similar type of transportation services from at least two independent third parties via emails, fax, phone or tenders by publishing tender notice via various media resources (for instance, the local newspapers), and take average of such quotations as the market price.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

##### *(vii) IRICO Group Master Sales Agreement*

Date:	9 February 2021
Parties:	(i) the Company (as the supplier); and (ii) IRICO Group (as the purchaser)
Term:	9 February 2021 to 31 December 2021, subject to early termination by either party by giving at least one month's prior written notice to the other party.
Nature of transactions:	The Company shall sell the photovoltaic products such as coated and tempered glass to IRICO Group.
Pricing policy:	The prices for the photovoltaic products such as coated and tempered glass shall be determined in accordance with the Market Price (as defined below).

"Market Price" shall be determined in accordance with the following order: (i) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (ii) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.

Upon receipt of orders from IRICO Group, the marketing department of the Company and its designated persons (namely, the business planning executives, who are primarily responsible for the examination and approval of the sales plans and the execution of sales contracts) will ascertain the prices offered or charged by independent third parties, generally by way of obtaining quotations for a comparable volume of same or similar category of products from at least two independent third parties via emails, fax, phone or tenders by publishing tender notice via various media resources (for instance, the local newspapers), and take average of such quotations as the Market Price. The selling price of each category of products will be submitted to the marketing department of the Company for approval.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

## Report of the Board (Continued)

### Connected transactions (Continued)

#### 1. Continuing connected transactions during the year of 2021 (Continued)

The independent non-executive Directors had reviewed these continuing connected transactions and confirmed to the Board that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the terms of respective agreements governing such transactions which are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditor of the Company had given a letter to the Directors of the Company, which sets out the conclusion on the disclosed continuing connected transactions as follows:

- (1) Nothing has come to the attention of the auditor that causes it to believe that the transactions have not been approved by the board of directors of the Company;
- (2) Nothing has come to the attention of the auditor that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company if the transactions involve the provision of goods or services by the Company;
- (3) Nothing has come to the attention of the auditor that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (4) Nothing has come to the attention of the auditor that causes it to believe that the total amount of the continuing connected transactions has exceeded the annual cap which the Company has entered into.

## **Report of the Board (Continued)**

### **Plan of the Group for material investment and acquisition of capital assets**

During the reporting period, the Group had no plan for material investment and acquisition of capital assets.

### **Bank loans**

As at 31 December 2021, details of bank loans of the Group are set out in note V. (XIX, XXVI, XXVIII, XXX) to the financial statements for 2021.

### **Pre-emptive rights**

There are no provisions for pre-emptive rights under the Articles of Association or relevant laws and regulations which could oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

### **Subsidiaries**

Details of the subsidiaries of the Company are set out in note VII to the financial statements for 2021.

### **External guarantee**

The Group did not have any external guarantee during the year.

### **Material litigation**

During the reporting period, the Group had no material litigation.

### **Contingent liabilities**

As at 31 December 2021, the Group had no significant contingent liabilities.

## Report of the Board (Continued)

### Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. During the financial year ended 31 December 2021, the Company has complied with the Principles and Code Provisions of the CG Code.

### Model Code

As to securities transactions by Directors, the Company has adopted the Model Code as the code for securities transactions by Directors. Having made specific enquiries of all Directors, the Company has confirmed that all Directors have fully complied with all the requirements set out in the Model Code.

### Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Directors believe that the relevant minimum percentage applicable to listed securities was maintained at any time throughout the reporting period.

### Audit committee

The audit committee of the Company has reviewed the Company's consolidated financial statements for the year ended 31 December 2021, including the accounting principles adopted by the Group.

## Report of the Board (Continued)

### Auditor

On 6 November 2017, in view of the change of basis for preparation of overseas financial report of the Company, the Board proposed to cease the re-appointment of PKF Hong Kong Limited (大信梁學濂(香港)會計師事務所有限公司) as the overseas auditor of the Company for the year 2018, and appoint WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) as the auditor of the Company to carry out audit on the financial statements of the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises and discharge the duties as an overseas auditor under the Listing Rules. The resolution in relation to the appointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for 2018 was approved by the Shareholders at the annual general meeting held on 25 May 2018. For details, please refer to the announcements of the Company dated 6 November 2017 and 25 May 2018, respectively.

As the term of WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) for provision of auditing services within the central enterprise systems which the Company pertains to has reached the time limit prescribed by the Ministry of Finance of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council, it resigned as the auditor of the Company after the closing of the 2018 annual general meeting. As approved at the 2018 annual general meeting, the 2019 annual general meeting and the 2020 annual general meeting held on 28 May 2019, 10 June 2020 and 16 June 2021, respectively, BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) was re-appointed as the auditor of the Company for year 2019, 2020 and 2021.

For details, please refer to the announcements of the Company dated 15 May 2019, 28 May 2019, 10 June 2020 and 16 June 2021.

The financial statements of the Company for the year 2021 have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP. For further information of the auditors of the Company, please refer to "External auditor and their remunerations" under Corporate Governance Report of this annual report.

By order of the Board  
**Tong Xiaofei**  
*Chairman*

Xianyang, the People's Republic of China  
29 March 2022

## Report of the Supervisory Committee

In 2021, all members of the supervisory committee of the Company (the “**Supervisory Committee**”) complied with the principle of integrity, were responsible to all Shareholders and sincerely performed the duties of supervision to practically safeguard the interests of the Shareholders in strict compliance with relevant provisions under relevant laws and regulations of China and the Articles of Association. They supervised and examined significant operating activities, the financial status of the Company, performance of duties by the Directors and senior management and the compliance with relevant laws and regulations in 2021. I hereby present the work report of 2021 as follows:

During this year, pursuant to the requirement of the Articles of Association, the Supervisory Committee has reviewed financial reports regularly. The Supervisory Committee held one on-site meetings and passed five written resolutions, and reviewed the following proposals: the 2020 work report of the Supervisory Committee, the audited financial report of 2020, the 2020 report of profit distribution plan of the Company, the reviewed financial report for the first half of 2021, the resolution on the election the shareholder representative supervisors and independent supervisors of the fifth session of the Supervisory Committee, the resolution on remuneration plan of the Company's supervisors, the resolution on the Procedure Rules of the Supervisor Committee of IRICO Group New Energy Company Limited\*, the resolution on election of the chairman of the fifth session of the Supervisory Committee of the Company, the proposal in relation to the confirmation of the Company's initial public offering of RMB ordinary shares (A shares) and the approval of the financial statements, audit reports and other special reports during the listing report period of the ChiNext, the proposal in relation to the consideration of the Prospectus of the Initial Public Offering of Shares and Listing on the ChiNext Market of IRICO Group New Energy Company Limited\* and other declaration files to be submitted for review. The convening of meetings and the voting on written resolutions were in compliance with the relevant requirements of the PRC Company Law and the Articles of Association.

The supervisors of the Company attended Board meetings and general meetings. Pursuant to the PRC Company Law and other applicable laws and regulations and the Articles of Association, the Supervisory Committee performed serious supervision and examination on the procedures of Board meetings, resolutions, the execution by the Board of the resolutions passed in general meetings, the performance of duties by senior management and the establishment, fulfillment and thorough execution of the Company's internal management systems.

The Supervisory Committee is of the opinion that the Directors and senior management of the Company operated strictly in compliance with the PRC Company Law and PRC Securities Law, the Articles of Association and other relevant regulations and rules of Hong Kong, performed their duties with integrity and diligence, and executed various resolutions and authorization passed in general meetings, to ensure that the operation of various businesses comply with the requirements of applicable laws and regulations. Meanwhile, through the establishment of a series of systems, the Company further improved the corporate governance structure and the internal management system and established and improved the internal control system. In the process of the examination of the financial status of the Company and the supervision of the performance of the duties of the Directors and senior management of the Company, the Supervisory Committee did not identify any behaviour prejudicial to the interest of the Company and the Shareholders, or any behaviour in contravention to laws and regulations, the Articles of Association and various rules and systems.

## Report of the Supervisory Committee (Continued)

The Supervisory Committee is confident in the prospect of the Company and will proceed to carry out effective supervision on the operation of the Company to safeguard the interests of the Shareholders and the Company as a whole.

By order of the Supervisory Committee  
**Chen Xiaoning**  
*Chairman of the Supervisory Committee*

Xianyang, the People's Republic of China  
29 March 2022

# Environmental, Social and Governance Report

This environmental, social and governance (“ESG”) report (the “Report”) was prepared to present the performance of environmental and social responsibility of IRICO Group New Energy Company Limited\* (the “Company”) and its subsidiaries (collectively, the “Group”) for the year from 1 January 2021 to 31 December 2021 (the “reporting period”). This Report was prepared with reference to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “Board”) of the Company is responsible for evaluating and determining the Company’s ESG-related risks, and ensuring that long-term effective ESG supervision mechanisms are in place. The management of the Company has confirmed to the Board that these mechanisms are effective. For further details, please refer to the section headed “Corporate Governance Report – Control mechanism” in the 2021 annual report of the Company.

## Part I Environmental

As global warming has severely affected the subsistence of human, large-scale utilization of clean energy and reduction of carbon emissions are the most effective ways to improve the issue of climate. The Company, being an important participant in the global clean energy industry, continues to drive the decline in the cost of the photovoltaic industry with the advances in science and technology, so as to expand the scale of application of clean energy. In addition, the Company continues to set benchmarks for energy conservation and emission reduction in the industry by virtue of its leading oxygen-fuel combustion furnace for photovoltaic glass and the energy saving and emission reduction technology in the main production lines. The Company will make unremitting efforts for the larger-scale application of clean energy around the world, the transformation of energy structure, and the solution of global warming and others.

### Environmental Protection

The Group always highly values sustainable development, strives to boost effective utilization of resources and energy and pays close attention to climate and ecological issues. During the reporting period, the Group walked the green talk by promoting the application of oxygen-fuel combustion furnace technology in production of photovoltaic glass, adopting effective control measures in production and operation activities in accordance with Chinese laws and regulation, and building a long-term mechanism for environmental protection and energy conservation under the guidance of scientific development philosophy, endeavoring to build itself into a resource-saving and environment-friendly harmonious corporation.

# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Environmental Management

The Group attaches great importance to environmental protection and abides by laws, regulations and technical requirements on environmental protection in China. Environmental laws and regulations in China related to the operation of the Group include the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment and the Law of the People's Republic of China on the Prevention and Control of Water Pollution, etc.

In order to enhance management, the Company established the Production and Operation Department at the headquarters with supervisors on safety and environmental protection responsible for establishing the management system on "environment, health and safety" and supervising the management on environmental protection and safety of the Group. All subsidiaries of the Group have established environmental protection and safety management offices and supervisors on environmental protection and safety responsible for their management on environmental protection and safety.

### Emissions

The Group strictly applies relevant national and local environmental laws and regulations, controls the emission of four types of pollutants (wastewater, exhaust gas, waste and noise) required by the state, and constantly introduces and develops new technologies and processes to reduce the emission of pollutants.

Ever since the commencement of production, the Group has been focusing on environmental protection and strictly followed the following relevant applicable environmental rules and standards:

Type Standards/ Rules	Standards/Rules
Exhaust gas	Air Pollutant Release Standard on Sheet Glass (《平板玻璃大氣污染物排放標準》) (GB26453-2011)
Wastewater	Integrated Wastewater Discharge Standard (《污水綜合排放標準》) (GB8978-1996) and Level II standard under the Integrated Wastewater Discharge Standard for the Yellow River Basin (Shaanxi Section) (《黃河流域(陝西段)污水綜合排放標準》) (DB61/224-2011)
Noise	Emission Standard for Industrial Enterprises Noise at Boundary (《工業企業廠界環境噪聲排放標準》) (GB12348-2008)

During the reporting period, the Group strictly complied with the relevant laws and regulations that have a significant impact on the Group in terms of air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous pollutants.

# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Emissions (Continued)

Emissions from the production of the Group mainly include exhaust gas (dust, oxynitride and sulfur dioxide), wastewater and solid waste (grinding sludge and cullet). In 2021, emissions from its enterprises in Xianyang, Yan'an and Hefei after meeting relevant standards included: dust in exhaust gas from photovoltaic furnaces of 21.64 tonnes, sulfur dioxide of 169.33 tonnes, oxynitride of 285.79 tonnes, industrial wastewater of 982,300 tonnes and domestic wastewater of 143,200 tonnes. The emission of chemical oxygen demand (COD) reached 15.36 tonnes and 3,364.20 tonnes of grinding sludge were disposed based on relevant standards. All photovoltaic cullet was recycled.

### Online monitoring, supervisory monitoring and independent monitoring

In order to gain effective and accurate understanding of the real-time emission of pollutants from the Group in the long term, the Group has developed an annual monitoring plan to monitor the emission of key pollutants. Online exhaust gas monitoring systems connected with local environmental authorities have been installed for photovoltaic furnaces in Yan'an and Hefei to effectuate real-time monitoring by the governmental authorities on the emission of exhaust gas.

During the reporting period, the Group also appointed a third-party monitoring agency to monitor the emission or discharge of exhaust gas, wastewater and noise by the Group. Monitoring results show that exhaust gas, wastewater and noise of the Group have been emitted or discharged after meeting relevant standards and the requirements of relevant laws and regulations of China.

During the reporting period, all environmental facilities of the Group maintained stable operation and received regular maintenance. The Group established an operation account to manage and control the emission of pollutants after meeting relevant standards.

### Promoting Environmental Management System

The Group has obtained the ISO14001:2015 environmental management system certification on the production of photovoltaic glass to improve the environmental management. The implementation of the environmental management system has effectively reduced the cost of the Group on waste management and the consumption of energy and materials.

# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Environmental protection target and completion

The Group strictly implemented the “three synchronizations” system (i.e. environmental facilities should be designed, constructed and operated in tandem with design, construction and operation of principal engineering projects) in environmental impact assessment and protection. It also invested capital into environmental protection, monitored the normal and stable operation of environmental facilities, developed circular economy, improved the water recycling rate, fully recycled waste heat, and advanced measures on energy saving and emission reduction, thereby ensuring the emission and discharge of the “Three Wastes” (i.e. exhaust gas, wastewater and solid waste) met relevant standards.

In 2021, the Group earnestly followed the laws and regulations on environmental protection. Major pollutants were discharged after meeting relevant standards and the disposal of solid waste was legal. There were no environmental incidents in the Group during the reporting period.

### Training on environmental protection

While closely monitoring the environmental impacts of its production and operation activities and striving to meet the target of environmental protection, the Group vigorously promotes environmental responsibility and awareness among its employees and provides them with training on environmental protection. The Group makes detailed training plans at the beginning of every year and regularly updates its employees on the latest laws and regulations on environmental protection. Meanwhile, the Group actively participates in various trainings and symposiums on environmental protection organised by provincial and municipal environmental authorities and industry associations, which has further enhanced the professional skills of the environmental protection managers of the Company.

### Use of Resources

The Group strictly abides by the requirements of the Energy Conservation Law of the People’s Republic of China, the Water Law of the People’s Republic of China and other laws and regulations, and conducts comprehensive utilization or recycling of waste, wastewater and waste heat generated during production process, with the aim of fulfilling corporate environmental responsibility, pursuing green sustainability, reducing energy consumption, enhancing competitiveness, saving energy for the country and saving costs for enterprises.

# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Improving utilization rate of natural gas with oxygen-fuel combustion furnaces

With the self-developed “photovoltaic glass oxygen-fuel combustion furnace technology with 750 tonnes/day and its industrialization”, the Group conducted denitrification, desulfurization, de-dusting and other integrated technologies on smoke with the photovoltaic glass oxygen-fuel combustion technology at the production bases in Yan’an and Hefei, and reduced natural gas consumption by over 20%. Therefore, the Group, while ensuring safe and stable operation of its production system, achieved satisfactory results in clean production, energy saving and emission reduction, maintaining a leading position in the industry.

Power consumption in 2020	Unit: kWh
Headquarters	12,419,412.18
Hefei Photovoltaic	207,944,024.30
Yan’an New Energy	156,570,880
<b>Total</b>	<b>376,934,316.48</b>

Power consumption in 2021	Unit: kWh
Headquarters	11,186,082
Hefei Photovoltaic	211,959,625
Yan’an New Energy	156,125,752
<b>Total</b>	<b>379,271,459.00</b>

## Environmental, Social and Governance Report (Continued)

### Part I Environmental (Continued)

#### Improving utilization rate of natural gas with oxygen-fuel combustion furnaces (Continued)

In 2021, the Group effectively improved its production efficiency through improvement of production process and adoption of new technologies and equipment. In 2021, the total power consumption of all factories of the Group increased by 0.62% from 376,934,316.48 kWh in 2020 to 379,271,459.00 kWh, while the total production output increased by 7.14% year on year. Per unit power consumption for photovoltaic glass production in 2021 was 4.50 kWh/square meter, decreasing by 6.05% from 4.79 kWh/square meter in 2020.

Natural gas consumption in 2020	<i>Unit: cubic meters</i>
Headquarters	0
Hefei Photovoltaic	92,983,503
Yan'an New Energy	46,039,391
<b>Total</b>	<b>139,022,894</b>

Natural gas consumption in 2021	<i>Unit: cubic meters</i>
Headquarters	0
Hefei Photovoltaic	93,925,021
Yan'an New Energy	44,330,714
<b>Total</b>	<b>138,255,735</b>

# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Improving utilization rate of natural gas with oxygen-fuel combustion furnaces (Continued)

The Group reduced natural gas consumption through enhanced internal management, strict evaluation and adoption of technical improvement measures. In 2021, the total natural gas consumption of all factories of the Group decreased by 0.55% from 139,022,894 cubic meters in 2020 to 138,255,735 cubic meters, while the total production output increased by 7.14% year on year. Per unit natural gas consumption in 2021 was 1.64 cubic meters/square meter, decreasing by 7.34% from 1.77 cubic meters/square meter in 2020. It should be noted that on 31 May 2019, all the photovoltaic furnaces in Xianyang (the headquarters of the Company) were shut down. Thereafter, only the cold-end production lines were retained and original glass was purchased from external sources for processing and production. Natural gas was not consumed and power consumption was significantly reduced.

### Wastewater utilization and treatment

The Group has made multiple efforts on water saving and emission reduction. All photovoltaic glass plants in Hefei, Yan'an and Xianyang are equipped with wastewater treatment systems with an annual treatment of 2.85 million tonnes of industrial wastewater and a recycling of 1.70 million tonnes. The recycling rate of water resources was over 60%.

The recycling-oriented treatment process of industrial wastewater of the Group is as follows:

Wastewater collection pool→Raw wastewater pool→Preliminary sedimentation pool→Coagulation pool→Condensation pool→Sedimentation pool→Intermediate pool→Multi-media filter→Recycling pool→Grinding process

In addition, the Group enhanced routine management on facilities to ensure the facilities to operate in good condition and reduce the discharge of wastewater to avoid its impacts on the environment. Through the water recycling system, it also reduced water consumption and better managed the use of water resources by the Group.

Water consumption in 2020	Unit: tonnes
Headquarters	27,214
Hefei Photovoltaic	1,611,589
Yan'an New Energy	416,367
<b>Total</b>	<b>2,055,170</b>
Water consumption in 2021	Unit: tonnes
Headquarters	4,137.50
Hefei Photovoltaic	1,687,431.00
Yan'an New Energy	758,926.00
<b>Total</b>	<b>2,450,494.50</b>

# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Wastewater utilization and treatment (Continued)

In 2021, the total water consumption of all factories of the Group increased by 19% from 2,055,170 tonnes in 2020 to 2,450,494.50 tonnes, mainly due to that Yan'an New Energy project was transferred to fixed assets in 2020, however, in 2021, the production output increased with water consumption significantly increasing year on year, while the total production output increased by 7.14% year on year. Per unit water consumption in 2021 was 290 tonnes/10,000 square meters, increasing by 11% from 261 tonnes/10,000 square meters in 2020. The Group did not encounter any problems or difficulties in ensuring sufficient water supply for production.

### Waste heat utilization

In order to reduce energy consumption and production cost, the Group vigorously promotes heating with waste heat at the production bases in Yan'an and Hefei, and has reduced a heating fee of RMB610,000 every year. The base in Hefei uses waste heat for power generation and the power generated for the year amounted to 36.199 million kWh, all for its own use. The targets of energy saving, emission reduction, cost cutting and efficiency improvement has been achieved.

### Photovoltaic power generation

The Group actively practiced the national "13th Five-Year Plan for Energy Development" and promoted the distributed photovoltaic power programs in Xianyang, Hefei and Yan'an, with 11.4658 million kWh power generated through photovoltaic power programs for the year, all for its own use, which transformed solar energy into power, achieved the utilization of recyclable energy and contributed green and clean energy to the society.

The Group initiated the rooftop photovoltaic power generation program in 2012 whereby the distributed photovoltaic power stations were set up on the roofs of existing factories. This program beautified the appearance of buildings, leveraged existing resources to generate power for self-use, realized the sustainable development of clean power in certain regions, obtained certain economic benefits and achieved mutual benefits between enterprises and the state.

#### Packaging materials (wood) consumption in 2020 *Unit: tonnes*

Headquarters	382.23
Hefei Photovoltaic	8,640
Yan'an New Energy	368.56

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Total	9,390.79
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#### Packaging materials (wood) consumption in 2021 *Unit: tonnes*

Headquarters	350
Hefei Photovoltaic	5,600
Yan'an New Energy	3,868

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Total	9,818.00
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# Environmental, Social and Governance Report (Continued)

## Part I Environmental (Continued)

### Photovoltaic power generation (Continued)

The Group effectively reduces the use of packaging materials and avoids waste by reducing the backlog of inventory, avoiding excessive requisition of materials, enhancing recycling management and appraisal, promoting innovative management and recycling of packaging materials and increasing the usage and recycling of iron frame. In 2021, all factories of the Group consumed 9,818.00 tonnes of wooden packaging materials in total, increasing by 4.55% from 9,390.79 tonnes consumed in 2020, while the total production output increased by 7.14% year on year. Per unit consumption of wooden materials in 2021 was 1.16 tonnes/10,000 square meters, decreasing by 2.52% from 1.19 tonnes/10,000 square meters in 2020.

### The Environment and Natural Resources

In response to the government's call for environmental protection and energy conservation, the Group continues to implement green office practices, cultivates staff environmental awareness through trainings and education in an effort to reduce the impacts of the Group's management and daily operation activities on the environment. The measures adopted by the Group include: using energy-saving lightings, working online, minimizing use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances, use of teleconferencing as an alternative to business travel; setting a specific temperature for use of air conditioners and ensuring effective use of cars; monitoring production and office power consumption on a monthly basis with statistics properly kept for monthly appraisal; and making a maintenance plan for major electrical equipment to avoid over-consumption of electricity due to the aging of equipment.

### Environmental protection and sustainable development

The Group promotes the use of green energy and minimizes the harms of global climate changes caused by greenhouse effect. The Company helped achieve carbon neutrality through its vigorous development of solar photovoltaic glass business.

## Part II Social

### Employment and Labour Practices

#### *Employment*

As at 31 December 2021, the Group had 1,844 incumbent employees, of whom approximately 10.25% were management and administrative personnel, 8.24% were technological and research and development personnel, 1.52% were financial and audit personnel, 0.92% were sales and marketing personnel, and 79.07% were production workers.

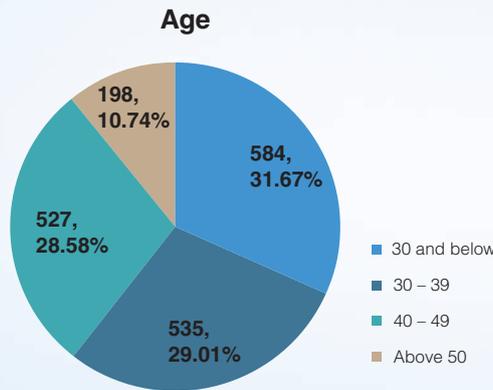
# Environmental, Social and Governance Report (Continued)

## Part II Social (Continued)

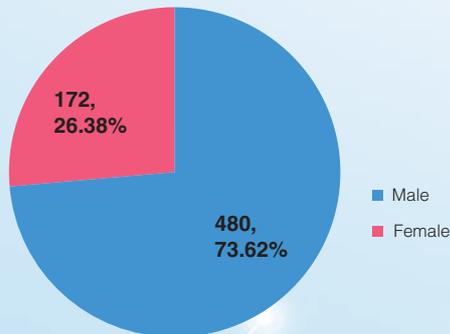
### Employment and Labour Practices (Continued)

#### Employment (Continued)

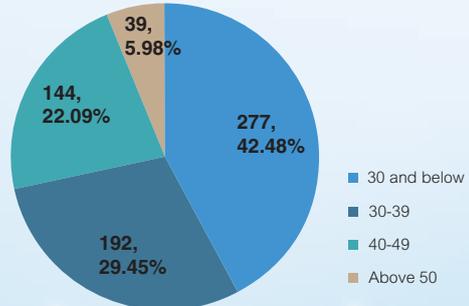
The total number and composition of employees of the Group are as follows:



#### Employee Turnover Rate by Gender



#### Employee Turnover Rate by Age



# Environmental, Social and Governance Report (Continued)

## Part II Social (Continued)

### Employment and Labour Practices (Continued)

#### *Employment (Continued)*

The Group has established a comprehensive welfare system suitable for corporate development and employee promotion, and developed a remuneration management system and a scheme on continued improvement of remuneration to provide employees with attractive remuneration and benefits. Employee remuneration is composed of basic salary, performance-linked salary and individual rewards and penalties, which is subject to adjustment in line with the Company's performance, employee job value, personal ability and performance, and social development level. In addition, in accordance with national regulations, the Group makes contributions to social insurance and housing provident fund for its employees and provides them with various benefits including paid leave and holidays, home leave, high temperature subsidy and heating subsidy, thereby arousing their enthusiasm for work and ensuring high quality and reliability of the Group's products and services.

Throughout 2021, the Group has complied with relevant laws and regulations in terms of recruitment and promotion, working hour, holiday, equal opportunity, diversity, anti-discrimination and other benefits.

\* *Excluding dispatched employees*

# Environmental, Social and Governance Report (Continued)

## Part II Social (Continued)

### Development and Training

From the purpose of improving the basic quality, strengthening basic management and business competence, the Group provides comprehensive and diversified training programs to its employees. From the purpose of enhancing employees' skills, business competence, professional qualities, the Group proactively explores various education and training methods suitable for its employees, emphasizes safety awareness education of all staff, and further enhances skills training for management and technical personnel. Employees enable to acquire new knowledge, skills, solutions and thoughts from various trainings, thereby laying a foundation for better discharging their duties and better serving the operation and development of the Company.

Training subjects	Training contents
Workplace safety	Training on Review and Renewal of Qualification Certificates for Safety Director and Management Personnel, Resumption of Power System, etc.
Quality management	Training on 4-Lines ISRA Air Bubble Specification Equipment, Training on Determination of Standard for OMM Inspection, Training on BIPV Building-integrated Photovoltaics, etc.
Management skills	On-site Guidance and Training for the Public Issuance of A Shares, Tax Risk Control and Response Measures under the New Trending of "Taxation by Numbers", On Relevant Issues in Process of Contracting after the Implementation of the Civil Code, etc.
Courses on Ideological and Political Education	Learning the Spirit of the Sixth Plenary Session of the 19th Central Committee of the Communist Party of China, Online Training Course to Xi Jinping's Thought on Ecological Civilization and Enhancing the Capacity for Green Low-Carbon and Sustainable Development, Outline of Learning Xi Jinping's Thought on Ruling-by-law, etc.
Training for Reserve	Young Talents CEC 2021 Training Course for Young and Middle-aged Science and Technology Talents, Challenge Brought About by "Going Global" for Chinese Enterprises – Best Practices for Compliance Risk Management, etc.

## Environmental, Social and Governance Report (Continued)

### Part II Social (Continued)

#### Development and Training (Continued)

In 2021, there were a total of 339 training programs for the headquarters of the Company and its subordinate units, with a total of 41,374 training hours. The Group also encourages employees to learn by themselves to support their personal development.

Indicator	2021	
Average training hours per employee and percentage of employees trained (%)	22 hours (100%)	
Total training hours and percentage of employees trained by gender and employee category (%)		
<b>By gender</b>	<b>Total training hours</b>	<b>Average training hours</b>
Male	30,066 hours	22 hours (100%)
Female	11,308 hours	22 hours (100%)
<b>By employee category</b>	<b>Total training hours</b>	<b>Average training hours</b>
Senior management	670 hours	67 hours (100%)
Management	5,691 hours	30 hours (100%)
Technical staff	2,373 hours	16 hours (100%)
General staff	32,640 hours	22 hours (100%)

#### *Gender diversity*

The Group is committed to developing various channels to attract diverse talents and provide equal opportunities for more women, as well as building a platform for equal employment and career development for women. Due consideration was given to ensuring the proportion of female employee in recruitment, and the proportion of female employees remained above 25% all the year round.

The Group strives to make every employee have a full sense of belonging, encourages employees to pursue success regardless of gender, and gives due consideration to increasing the proportion of female employees when training reserve talents and making promotion. As at 31 December 2021, 27.33% of employees were female and 31.2% of management were female.

# Environmental, Social and Governance Report (Continued)

## Part II Social (Continued)

### Occupational Health and Safety

The Group has set up a safety management and enforcement organisation, which is equipped with full time safety personnel, and formulated the Safety Production Management Rules, Detailed Rules on Implementation of Occupational Safety and Health Supervision, and Emergency Preparedness Plan for Production Safety Accident and other rules; and established the occupational health and safety management system. Each year, a qualified third party will be engaged to conduct external audit to ensure the continued and effective operation of the system.

The Group equips its employees with labour protection facilities and supplies including gloves, safety shoes, etc. Meanwhile, the Group also posts safety warning signs at workplaces to remind employees to prevent occurrence of safety incidents. Each year, employees are placed on medical checkups to ensure their physical health. The Group organises a number of training courses on occupational health and safety every year to enhance the health and safety skills of employees. At ordinary times, the Group performs safety inspections and emergency drills to eliminate safety hazards and enhance employees' safety awareness.

Summary of certain campaigns:

In March 2021, the Group held the “3.15 Fire Safety Week” campaign in which safety publicity was conducted by hanging fire safety banners, making fire safety signboards, organising fire drills for relevant employees, replacing firefighting equipment, and completing lightning protection and grounding tests at factory areas.



# Environmental, Social and Governance Report (Continued)

## Part II Social (Continued)

### Occupational Health and Safety (Continued)

In June 2021, the Group's annual "safety production month", the Group organised 9 special emergency drills including firefighting emergency and evacuation for key areas and positions including photovoltaic furnace and calendaring involving more than 380 employees, to test the operability and practicability of the emergency plans. In addition, the Group comprehensively evaluated the drill results with a view to constantly optimizing the emergency plans and improving staff's emergency handling capacity to ensure safe production at factories.



In November 2021, as a response to the national initiative, the Group arranged "11.9 Fire Control Publicity Month". A variety of activities such as fire warning education and fire emergency drill were carried out and special inspections were conducted for fire-fighting equipment, electrical appliances and utility pipelines to identify and rectify safety hazards, creating a strong atmosphere for fire control publicity.



# Environmental, Social and Governance Report (Continued)

## Part II Social (Continued)

### Occupational Health and Safety (Continued)

2019 Health and safety performance	Performance
Number of work-related casualties	0
Number of loss days due to work injury	0
Number of accidents	0

2020 Health and safety performance	Performance
Number of work-related casualties	0
Number of loss days due to work injury	0
Number of accidents	0

2021 Health and safety performance	Performance
Number of work-related casualties	0
Number of loss days due to work injury	0
Number of accidents	0

In the above three years, the occurrence rate of various safety accidents of the Group was zero. The Group strictly abided by the relevant laws and regulations that had a significant impact on the Group in respect of providing safe working environment and safeguarding employees from occupational hazards.

### Labour Standards

In formulating the Recruitment Management Process, the Group strictly abided by the Labour Law of the People's Republic of China, the Regulations on Prohibition of Child Labour and other laws to prevent child labour. Child labour is strictly prohibited by the Group. Further, in order to guarantee the health and safety of employees, the Group strictly prohibits forced labour. All employees are required to undergo relevant trainings before they start work. The union organisation of the Group also plays an active role in guaranteeing employees' interests.

Since its listing, the Group has never used any child labour or forced any employees to work. The Group has complied with the relevant laws and regulations.

# Environmental, Social and Governance Report (Continued)

## Part III Production and Operation

### Supply Chain Management

The Group manages its procurement and supply chain based on formulating procurement plans for market order-centric production organizations at each production base. Through a standardized bidding process, the Group was able to standardize procurement process, optimize supplier base, share procurement information, supervise procurement process, reduce procurement costs, enhance the informatization of procurement, and establish and optimize business relationships between subordinate enterprises with appropriate suppliers, thereby eventually developing a high-quality supplier base. Further, by sunshine purchasing which was achieved through the establishment of a strategic purchase partnership and market-oriented bidding process, the Group successfully reduced the purchasing price of products, improved the quality of purchased products and increased the service quality of suppliers.

- I. The Group has formulated the Purchase Management Rules and the Management Measures for Contract Review and Bidding Process, and digitalized the bidding and contract approval procedures in full process with joint participation of the Company's legal and financial departments for strict regulation over purchasing activities, to ensure the normal operation of production systems. Details are as set out as follows:
  1. Sourced product information base and supplier information base are established; the budgetary price for bidding is determined by comparison with the market price; a pricing process is set up whereby the price of a product to be purchased from suppliers is determined through electronic bidding; and finally a supplier with the highest ranking in bidding, the best service and good contract performing conditions and capabilities will be selected;
  2. A bidding review and contract approval system is established within the Group to implement compliance management of review and approval for purchase contracts; at the same time, each procurement unit effectively utilizes the NC electronic management system to achieve full-process management from planning, procurement, warehousing to settlement.
- II. Optimization of supplier management system
  1. Supplier incentive mechanisms are established, whereby suppliers who are assessed as excellent will gain priority in respect of distribution of products to be supplied, long-term cooperation, etc. Supplier incentive mechanisms are implemented and performance of suppliers will be evaluated, thereby procuring the suppliers to improve constantly. Sound and reasonable appraisal methods are employed to evaluate the effects of cooperation with individual suppliers and evaluation results will be fed back to the suppliers. The Group will discuss the causes of problems together with the suppliers and take improvement measures accordingly.
  2. Casual reciprocal visits to and from manufacturers with good reputation and solid strength will be scheduled so as to create a sound cooperation atmosphere. Strategic purchase framework agreements are signed to create a win-win model.
  3. Suppliers who have long been falling short of the quality requirements of the Group's plants and failed to make improvements or those who have deeply flawed quality management systems will be suspended or recused in relation to their supplier qualifications as recorded in the Catalogue of Qualified Suppliers and their Products. The Group will monitor material quality on a long-term basis and carry out regular review on all suppliers to secure sustainable supply of quality materials and services. For the selection of suppliers, the Group will give priority to those with the Certification of the ISO9001 Quality Management System, the Certification of the ISO14001 Environmental Management System, the Certification of the OHSAS18001 Occupational Health and Safety Management System and other certifications under same conditions. We pay more attention to the environmental protection efforts of suppliers in the annual review on certain suppliers.

# Environmental, Social and Governance Report (Continued)

## Part III Production and Operation (Continued)

### Supply Chain Management (Continued)

- III. Timely identifying and effectively preventing behaviors of breach of laws or regulations in the procurement process through the effective supervision and management by discipline inspection department of the Group.

Geographical distribution	Number of suppliers
PRC	185

### Product Liability

During the reporting period, the Group conducted its business in strict accordance with the requirements of the environmental management system and the occupational health and safety management system, and there were no product recalls due to safety and health reasons. For product and service complaints, the sales personnel will visit the technical and quality department of each production base, and each production base will arrange professional after-sales personnel to deal with them in a timely and effective manner through on-site visits, face-to-face meetings and other specific methods. In 2021, the Group had no major customer complaints. At the same time, the Group attaches great importance to the protection of intellectual property rights, timely reports and protects the formed intellectual property rights, and signs relevant confidentiality agreements in relation to important intellectual property projects.

Committed to producing prime photovoltaic glass, the Group highly values product quality and corporate reputation. Owing to its testing of all products in strict accordance with the established Products Quality Standard Testing, the Group has succeeded in obtaining various domestic and overseas certificates, mainly including: GB/T 19001–2016/ISO19001: 2015 Quality Management System Certificate; China Compulsory Certification (3C) Certificate.

During the reporting period, the Group has complied with relevant laws and regulations that have material impacts on the Group in respect of the health and safety, advertising, labelling, consumers' information protection and privacy matters of products and services provided as well as methods of redress.

## Environmental, Social and Governance Report (Continued)

### Part III Production and Operation (Continued)

#### Formulation of anti-corruption policies and whistle-blowing policies

The Company has formulated a number of policies such as Implementation Measures of IRICO Group New Energy Company Limited (several requirements on the Integrity in Business by Leaders of State-owned Enterprises), Requirements on the Implementation of Registration of the Acceptance of Gifts by Leading Cadres of IRICO Group New Energy Company Limited and Measures for the Supervision and Administration of Tendering and Bidding of IRICO Group New Energy Company Limited, to promote the system under which no one dares to or can be corrupted or thinks of committing corruption, so as to ensure the integrity in business by cadres and employees and effectively form a sound punishment and prevention system.

The Company has formulated the Complaint via Letters and Visits Maintenance System of IRICO Group New Energy Company Limited and the Complaint Handling Measures of IRICO Group New Energy Company Limited to ensure that the Company's complaint reporting channels are smooth, and provide the Group's discipline inspection and supervision department with corruption cable in the form of petition reporting. The discipline inspection and supervision department classifies the problem cable according to the Complaint Handling Measures. If there is any concrete evidence of corruption and bribery after the case is filed, it will be transferred to the corresponding supervision authority in a timely manner in accordance with the law. The Group has also provided various forms of anti-corruption related training to all directors and employees.

The business operations of the Group are in line with the standards of business conduct as prescribed in relevant applicable laws and regulations. During the reporting period, the Group was not involved in any material legal proceedings in relation to bribery and graft.

## Environmental, Social and Governance Report (Continued)

### Part III Production and Operation (Continued)

#### Community Involvement

##### *Pandemic Prevention and Control*

Facing the severity of the pandemic in the headquarters and production units at the end of the year, the Group actively responded, and organised the fight against the pandemic, strictly conducted centralized disinfection in public places, and regularly conducted nucleic acid testing and body temperature examination for employees. In addition, it donated food, face masks and other anti-pandemic supplies to the employees of Yan'an base fighting on the front line of pandemic prevention and control, so as to make contribution to protection of the staff on the front line of pandemic prevention and control.

Labor unions at all levels actively co-ordinated with the communities and liaised with community hospitals to offer mass vaccination for the employees.

##### *Targeted poverty alleviation*

In 2021, the Group continued to do a good job in poverty alleviation and performed its responsibility and mission as a central enterprise by launching a campaign for poverty alleviation through consumption by millions of employees, during which labour unions of various affiliated units were organized to purchase products of RMB507,033 for poverty alleviation. The Group established libraries for poor villages and donated books to enrich the collection of libraries at village level, and further change the situation of lack of reading materials and monotonous life in rural areas.

##### *Corporate Culture*

The Group publicizes and promotes corporate culture to the Board of Directors, senior management, middle management and employees through convening seminars, distributing corporate culture brochures, forums, etc., aiming to discover the deep connotation of corporate culture and enhance cohesion, which helps each employee to have a deeper understanding of corporate culture at work.

During the reporting period, through the distribution of questionnaires, interviews and various forms of Q & A meetings, all the management and employees were able to understand the core values and due behaviors of the corporate culture and enhance their recognition of the corporate culture.

# Corporate Governance Report

The Company strives to uphold the corporate governance standard in accordance with statutory and regulatory requirements. Through the establishment of a competent Board, a comprehensive internal control system and a stable corporate structure, the Company strives to ensure completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase Shareholders' value and benefit.

## 1. Corporate Governance Practices

Improvement of the internal control system was made by the Company by reviewing the Company's corporate governance practices against the CG Code to cater for the constant development and evolvement of corporate governance.

The Board has reviewed the Company's corporate governance practices. During the reporting period, the Company had applied and complied with the principles and code provisions in the CG Code. The code on corporate governance practices adopted by the Company includes but is not limited to the following documents: the Articles of Association, Working Rules for the Board, Terms of Reference and Organisation Rules for the Audit Committee, Terms of Reference and Organisation Rules for the Nomination Committee, Terms of Reference and Organisation Rules for the Strategy Committee and Terms of Reference and Organisation Rules for the Remuneration and Appraisal Committee. The Board also formulated the Management Methods for Information Disclosure, Management Mechanism for Investor Relations, Management Mechanism for Implementation of Resolutions of the Board, Management Mechanism for Connected Transactions and Mechanism for Nomination of Candidates for Directors by Shareholders as relevant working rules of the Company. In addition, the Company has established the Strategy Committee.

# Corporate Governance Report (Continued)

## 2. The Board

### Duties of the Board

The Board is responsible for leading and monitoring the Company's affairs. All Directors are responsible to act in the best interests of the Company and collectively assume the responsibility for overseeing and monitoring the Company's affairs. The Board makes regular assessment on the management's business objectives and performance as well as exercises a variety of powers in accordance with the Articles of Association, which mainly include:

- overseeing the implementation of resolutions passed at general meetings;
- approving the Company's business plans and investment schemes;
- formulating the Company's annual financial budget schemes;
- formulating the Company's profit distribution plan;
- formulating the Company's basic management system;
- approving the Company's accounting policies and adjustment thereof;
- approving various announcements including financial reports.

In respect of corporate governance, the Board mainly performed the following duties in the reporting period:

- developing and reviewing the corporate governance policies and practices of the Company;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements of the Company;
- reviewing the compliance of the CG Code by the Company and corresponding disclosure in the corporate governance report of the annual report.

# Corporate Governance Report (Continued)

## 2. The Board (Continued)

### Composition

On 31 December 2021, the fifth session of the Board of the Company was formed with full consideration of the interests in terms of all dimension and diversity, including the age, gender, skills, knowledge, culture, experience, expertise, professional qualifications and academic qualifications, background and other personal qualities of the directors. The Board of the Company comprises seven Directors, including two executive directors, namely Mr. Tong Xiaofei and Mr. Jiang Lei, two non-executive directors, namely Mr. Ni Huadong and Mr. Huang Weihong, and three independent non-executive directors, namely Ms. Wu Xiaoguang, Mr. Li Yong and Ms. Hao Meiping. Mr. Tong Xiaofei is the chairman of the Board. Among them, by gender, there are 5 males and 2 females, and by age, there are 2 directors aged 35–40, 2 directors aged 41–50, 2 directors aged 55–60, 1 director aged 60–65, and by subject, 3 directors in engineering, 2 directors in economics and 2 directors in business administration. The biographies of Directors are set out from page 19 to 23 in this annual report.

The Board members have no financial, business, family or other material/relevant relationships with each other.

Directors (including non-executive Directors and independent non-executive Directors) are elected in general meetings with a term of three years from the effective date of their elections until the date of election of the next session of the Board.

All Directors shall, upon their initial appointment, report to the Board in respect of the number and nature of any office assumed by them in other companies or institutions and the term of office, as well as disclose to the Company names of such companies or institutions. If the Board considers a Director has a conflicting interest in any proposal under consideration, such Director shall report his/her interests and abstain from voting and may, when necessary, apply for absence. The Board requires Directors to confirm whether there is any connected transaction between the Directors or their respective associates and the Company or its subsidiaries at each financial reporting period. Any material transactions relating to connected persons, which have been confirmed, will be disclosed in notes to the financial statements of an annual report.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

#### Composition (Continued)

There are three independent non-executive Directors, representing over one-third of the Board. The independent non-executive Directors possess extensive professional expertise and experience, and can fully perform their important functions of supervision and balance to protect the interests of the Shareholders and the Company as a whole. In determining the independence of a non-executive Director, the Director is considered independent only after the Board has confirmed that there is no direct or indirect material relationship between the Director and the Company. The Board considers that the independent non-executive Directors are able to make independent judgment effectively and satisfy the guideline on assessing independence as set out in Rule 3.13 of the Listing Rules.

During the reporting period, the Company has complied with the requirement concerning the appointment of sufficient independent non-executive Directors, that at least one of them should possess appropriate professional qualification or accounting or relevant financial expertise and that independent non-executive Directors should represent one third or above of the Board as set out in Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. At the same time, the Company has completed re-election of the independent non-executive directors on 18 November 2021. The current term of service of the independent non-executive directors does not exceed one year, and they are able to express their views independently, objectively and fairly.

#### Directors' Training

During the reporting period, the Company irregularly sent learning and reference materials to each Director by email to ensure that all Directors participate in continuous professional development. At the same time, the Company also from time to time organised communications and discussions between Directors to ensure that each Director continues to contribute to the Board remains informed and relevant.

In addition, the following Directors also developed and updated their knowledge and skills through attending trainings:

Ni Huadong, attended a total of 18 hours of training organised by the Hong Kong Governance Institute on the overview and the latest amendments and updates of Hong Kong listing regulations, the analysis of cases of continuing responsibilities and violation penalties of directors of listed companies, the latest regulations and practices of the Environmental, Social and Governance Reporting Guide, the governance of listed companies and the proper performance of duties of directors and supervisors, the practice of annual financial audit and performance report preparation, and major issues requiring special attention.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

#### Directors' Training (Continued)

Huang Weihong, attended a total of 16 hours of training by participating in the information disclosure and insider information control responsibilities of Directors, Supervisors, Senior Management and the Secretary to the Board of Directors organized by the Hong Kong Governance Institute, the A + H Share Connected Transactions Practice Guidelines, share incentive schemes and implementation topics; A total of 46 training hours were attended, including the Listing Rules, the Guidelines for Standardized Operation of Listed Companies, the Listing Rules on Information Disclosure and Stock, the laws and regulations system on equity incentives, the laws and regulations on mergers and acquisitions of listed companies, the interpretation of important systems of the new securities law, and the construction of the internal control system of listed companies organised by the Shenzhen Stock Exchange.

The Company has made appropriate arrangement to insure against the possible legal actions that the Directors, supervisors and senior management may be involved. The Board reviews the insurance arrangement on an annual basis.

#### Duties of the Management

The management of the Company is responsible for the management of production and operations, organising and implementing resolutions of the Board, organising the implementation of the Company's annual business plans and investment schemes, formulating plans for the establishment of the Company's internal management structure, formulating the basic management system of the Company, formulating the basic rules of the Company, and exercising other authorities conferred under the Articles of Association of the Company and by the Board. Meanwhile, the management reports to Directors on the Company's operations and businesses each month so as to enable the Directors to fully understand the operations and businesses of the Company.

#### The Chairman and the general manager

The Chairman is responsible for the operation and management of the Board while the general manager takes charge of the day-to-day management of the Company's business. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 18 November 2021, Mr. Tong Xiaofei was elected as the chairman of the Company and appointed as the general manager of the Company. Since that date, the positions of chairman and chief executive officer of the Company have been held by Mr. Tong Xiaofei. The Board considers that vesting the roles of both chairman and chief executive officer in the same person can facilitate the execution of the Company's business strategies and boost effectiveness of its operation. In addition, the balanced composition of executive and non-executive directors and independent non-executive directors on the Board and the various committees overseeing different aspects of the Company's affairs will provide sufficient supervision. Accordingly, the Board is appropriately structured with sufficient balance of power to protect the interests of the Company and its shareholders. The Board will review regularly to ensure that this structure will not impair the balance of power and authority between the Board and the management of the Company.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

#### The Chairman and the general manager (Continued)

Under the assistance of the deputy general manager, the general manager, as the chief manager of the Company's day-to-day affairs, is responsible for managing the day-to-day affairs of the Company, organising the implementation of resolutions of the Board, organising the implementation of the Company's annual business plans and investment schemes, assuming a direct responsibility for the operation performance of the Company and responsible for the overall operation of the Company to the Board.

The general manager and the deputy general manager make concerted efforts to collaborate with administrative departments of the Company to ensure the Board and the Board committees can access to complete, reliable and proper information so that the Directors can make decisions with adequate data and to ensure proper implementation of the Board's resolutions. The general manager closely monitors the operation and financial results of the Company based on plans and budgets and makes suggestions to the Board in respect of material events.

#### Company Secretary

The Company Secretary reports to the Board. All Directors are entitled to the Company Secretary's services. He updates the Board on governance and regulation on a regular basis, assists the chairman in preparation of the agenda of the Board meetings, and prepares and dispatches meeting documents on a timely and comprehensive basis so as to ensure the efficiency and compliance of the Board meetings. With the assistance of the Company's legal counsels, the Company Secretary is in charge of arranging the annual and interim reports and disclosure of information and data in accordance with the Listing Rules and relevant rules of the Company. He makes regular enquiries to the Company's financial department for information on connected transactions to secure compliance with the Listing Rules in respect of such transactions. The selection, appointment or dismissal of the Company Secretary is in the charge of the Board.

The Company Secretary is also responsible for preparing and keeping minutes of meetings of the Board and the Board committees together with any relevant documents, which can be provided and open to all Directors and are available to all Directors for their inspection at any reasonable time. All matters under consideration including any enquiry and objection by Directors shall be recorded in details. Within a reasonable timeframe after a meeting, a draft minutes shall be circulated to all Directors for their comments.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

#### Company Secretary (Continued)

The Company Secretary is in charge of arranging induction training and professional development for Directors.

In 2021, the Company Secretary participated in 18 hours of training in respect of corporate governance, etc.

#### Board meetings

The Chairman is responsible for convening and presiding over the Board meetings. Assisted by the Company Secretary, the Chairman seeks to ensure all Directors' proper access to accurate, timely and sufficient data in connection with the proposals to be considered by the Board to enable their wise decisions. While a 14 days' prior notice of a regular Board meeting is given, the agenda of meeting and the meeting documents attached are circulated at least 3 days prior to the holding of a Board meeting or a meeting of any special committee.

The Chairman encourages the Directors to be fully engaged in the Board's affairs and make contributions to the functions of the Board. The Board also adopts sound corporate governance practices and procedures and takes appropriate steps to encourage the Directors' open and candid communications so as to ensure non-executive Directors may raise queries with and maintain effective communications with each executive Director.

It is expressly provided in the Terms of Reference and Working Rules for the Board that, in the event that a substantial Shareholder or Director has a conflict of interest in the matter to be considered at the Board meeting, such matter shall not be dealt with by Board committees or by way of circulation. Any Director who has a conflict of interest in the matters to be considered shall abstain from voting.

The Company held four on-site Board meetings, passed fifteen written resolutions of Board, and held three extraordinary general meetings, one class meetings of the holders of H shares, one class meeting of the holders of domestic shares and one annual general meeting during the reporting period. Details of attendance of the Directors are as follows:

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

*Number of meetings attended/Number of meetings held*

Directors	Board Meetings	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee	Extraordinary General Meeting	Annual General Meeting	Class Meeting of the Holders of H Shares	Class Meeting of the Holders of Domestic Shares
Si Yun Cong	4/4	-	-	2/2	2/2	1/3	1/1	-	-
Tong Xiaofei	4/4	-	1/1	2/2	2/2	3/3	1/1	1/1	1/1
Fan Laiying	4/4	3/4	-	-	-	1/3	1/1	-	-
Ni Huadong	4/4	-	-	-	2/2	3/3	1/1	1/1	1/1
Feng Bing	4/4	3/4	-	2/2	2/2	1/3	1/1	-	-
Wang Jialu	4/4	3/4	1/1	2/2	2/2	1/3	1/1	-	-
Wang Zhicheng	4/4	3/4	1/1	2/2	2/2	1/3	1/1	-	-
Jiang Lei	-	-	-	-	-	2/3	-	1/1	1/1
Huang Weihong	-	-	-	-	-	2/3	-	1/1	1/1
Wu Xiaoguang	-	1/4	-	-	-	2/3	-	1/1	1/1
Li Yong	-	1/4	-	-	-	2/3	-	1/1	1/1
Hao Meiping	-	1/4	-	-	-	2/3	-	1/1	1/1

A meeting was held between the Chairman and independent non-executive Directors to discuss relevant matters.

In accordance with the Articles of Association, Directors, when necessary, may propose to convene an extraordinary Board meeting. They may also, when they consider necessary, obtain the Company's information and independent expert opinion, where expenses incurred are borne by the Company.

# Corporate Governance Report (Continued)

## 2. The Board (Continued)

### Board committees

Four special committees are established under the Board, namely the Nomination Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Strategy Committee, the terms of reference of which are determined in accordance with the principles set out in the CG Code. The Board committees report to the Board. In order to perform their duties, the Board committees have the authority to engage lawyers, accountants or other professionals for professional advice when necessary, the expenses of which are borne by the Company.

#### *Nomination Committee*

On 31 December 2021, the Nomination Committee comprises one executive Director, one non-executive Director and three independent non-executive Directors, including Mr. Tong Xiaofei (executive Director), Mr. Huang Weihong (non-executive Director), Ms. Wu Xiaoguang (independent non-executive Director), Ms. Hao Meiping (independent non-executive Director) and Mr. Li Yong (independent non-executive Director), and is chaired by Mr. Li Yong. The Nomination Committee shall provide the Board with its advice on appointment of Directors, assessment of the Board's composition and change of Directors in accordance with certain agreed standards. The relevant standards include a Director's proper professional knowledge and work experience, personal integrity and commitment of adequate time. The Nomination Committee is responsible for the selection and recommendation of Director candidates, including consideration of candidates recommended by others and, when necessary, acquired by using public recruitment.

The Nomination Committee gives full consideration to the principle of Board diversity in selecting and recommending Director candidates, mainly including but not limited to gender, age, culture and educational background or professional experience, as well as the Board members' recommendations on the development of the Company in various aspects based on their professional competence in different fields.

# Corporate Governance Report (Continued)

## 2. The Board (Continued)

Board committees (Continued)

### *Nomination Committee (Continued)*

With reference to the requirements in paragraph B.3.1 of the CG Code, the Board formulated the Terms of Reference and Organisation Rules for the Nomination Committee. The terms of reference of the Nomination Committee are as follows:

- to review the structure, size and composition of the Board at least once annually;
- to identify individuals suitably qualified to become Board members, and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of the independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment as well as the succession plan of Directors;
- to assess the time commitment of Directors. During the reporting period, all Directors have given sufficient time and attention to the affairs of the Company. Their performance and time commitment were satisfactory.

During the reporting period, the Nomination Committee conducted work focusing on the aforesaid terms of reference and discussed on the formulation of policy on the nomination of Directors, nomination procedures adopted for candidates for Directors and the selection and recommendation rules. In 2021, the Nomination Committee convened two meetings to mainly discuss matters relating to the structure, size and composition of the Board, the change of senior management and the nomination of general manager.

### *Audit Committee*

On 31 December 2021, the Audit Committee comprises three independent non-executive Directors, namely Ms. Wu Xiaoguang (independent non-executive Director), Mr. Li Yong (independent non-executive Director) and Ms. Hao Meiping (independent non-executive Director) and is chaired by Ms. Wu Xiaoguang, who has proper professional qualifications and financial experiences. The main role of the Audit Committee is to review the financial reports of the Company, review internal control and corporate governance and provide advices in respect thereof to the Board.

# Corporate Governance Report (Continued)

## 2. The Board (Continued)

### Board committees (Continued)

#### *Audit Committee (Continued)*

By reference to the recommendations in A Guide for Effective Audit Committees issued by Hong Kong Institute of Certified Public Accountants and the requirements of code D.3.3 of the CG Code, the Board has formulated the Terms of Reference and Organisation Rules for the Audit Committee. The major terms of reference of the Audit Committee are as follows:

- to be primarily responsible for making recommendation to the Board about the appointment, re-appointment and removal of external auditors, and assess the external auditors' work and supervise the independence, work procedures, quality and results of the external auditors;
- to review and supervise the Company's financial statements and the integrity of the annual reports and accounts, interim reports and the quarterly reports (if prepared for publication), and review major opinions related with the financial reporting on the statements and reports;
- to review the Company's financial reporting system and internal control system.

During the reporting period, the major work of the Audit Committee included:

- I. Considered the audited financial reports of the Company for 2020 and the reviewed financial reports for the first half of 2021;
- II. Considered the report in relation to the execution of continuing connected transactions of the Company for 2020;
- III. Considered the report in relation to the audit fees of the Company for 2020;
- IV. Considered the proposal for appointment of the Company's auditors for 2021;
- V. Confirmed and approved the resolution in relation to the Company's initial public offering of RMB ordinary shares (A Shares) and listing on the ChiNext Board with financial statements, audit reports and other special reports during the reporting period;
- VI. Confirmed the resolution on the related party transactions under the A-share regulatory rules of the Company during the reporting period;
- VII. Reviewed the internal control system.

During the reporting period, the Audit Committee convened four meetings with an average attendance rate of 100%. The senior management and external auditor were invited to all meetings.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

Board committees (Continued)

#### *Remuneration and Appraisal Committee*

On 31 December 2021, the Remuneration and Appraisal Committee comprises one executive Director and two independent non-executive Directors, including Mr. Tong Xiaofei (executive Director), Mr. Li Yong (independent non-executive Director) and Ms. Hao Meiping (independent non-executive Director), and is chaired by Ms. Hao Meiping.

The Board has formulated the Terms of Reference and Organisation Rules for the Remuneration and Appraisal Committee. The terms of reference of the Remuneration and Appraisal Committee are as follows:

- to make proposals to the Board about the remuneration policy and structure for all Directors and senior management personnel of the Company and the establishment of a formal and transparent procedure for formulating remuneration policy;
- to review and approve the proposed remuneration of the management in accordance with the corporate policies and objectives made by the Board;
- to take responsibility to determine the specific remuneration packages for all executive Directors and senior management personnel, and make salary recommendations of non-executive Directors to the Board.

During the reporting period, the Remuneration and Appraisal Committee conducted work focusing on the aforesaid terms of reference, and assessed the performance of executive Directors and approved the terms of service contracts for executive Directors. In 2021, the Remuneration and Appraisal Committee convened one meeting to consider the proposal in relation to the remuneration status of Directors and supervisors of the Company for 2020, the proposal in relation to the remuneration status of the officers of the Company for 2020, and the proposed authorization by the general meeting to the Board to determine the remuneration of Directors and supervisors of the Company for 2021.

Remuneration policy for executive Directors: The remuneration portfolio policy for executive Directors is designed to link executive Directors' remuneration and their performance with corporate goals so as to inspire their better performance and retainment. In accordance with the Articles of Association, the Directors shall not approve their own remunerations.

The Remuneration and Appraisal Committee approves the grant of stock appreciation rights to the executive Directors based on their individual performance and the business status of the Company pursuant to the stock appreciation rights plan approved by the Shareholders.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

Board committees (Continued)

#### *Remuneration and Appraisal Committee (Continued)*

Remuneration policy for non-executive Directors: Remunerations of non-executive Directors are subject to the approval by general meetings and determined with reference to the complexity of the matters to be handled by them and their duties. Pursuant to the service contracts entered into between the Company and the non-executive Directors, the Company reimburses non-executive Directors for the out-of-pocket expenses incurred in performance of their duties (including attendance at the Company's meetings).

Remuneration policy for employees of the Group: Remunerations of employees of the Group are always based on their work performance so as to stimulate their work motives, reward outstanding performance and fully exert the incentive role of remunerations. To ensure fairness, justice and reasonableness, the Company assesses and distributes remunerations in strict accordance with the assessment management authority, assessment contents and standards for all categories of employees to encourage them to create more value to the enterprise by using their greatest potential. Meanwhile, the remuneration policy for employees of the Group is always in favor of the research and development personnel and marketing personnel in order to attract talents with competitive remunerations and enhance the Company's competitiveness in the market.

## Corporate Governance Report (Continued)

### 2. The Board (Continued)

#### Board committees (Continued)

##### *Remuneration and Appraisal Committee (Continued)*

A Director's remuneration includes the amount paid by the Company and its subsidiaries to Directors for their management of affairs of the Company and its subsidiaries. Remunerations paid to each Director of the Company in 2021 are as follows:

(Unit: RMB)

Name	Position	Salary and allowance	Remuneration (Director's fee)	Pension insurance	Remarks
Si Yuncong	Executive Director, Chairman (resigned on 18 November 2021)	-	-	-	Not receiving remuneration from the Company
Tong Xiaofei	Executive Director, Chairman (appointed on 18 November 2021)	-	-	-	concurrently serving as the general manager of the Company in 2021, remuneration standard of the management of the Company
Fan Laiying	Non-executive Director (resigned on 18 November 2021)	-	-	-	Not receiving remuneration from the Company
Ni Huadong	Non-executive Director (appointed on 18 November 2021)	-	-	-	concurrently serving as the deputy general manager of the Company in 2021, Remuneration standard of the management of the Company
Feng Bing	Independent Non-executive Director (resigned on 18 November 2021)	-	96,782.00	-	-
Wang Jialu	Independent Non-executive Director (resigned on 18 November 2021)	-	96,782.00	-	-
Wang Zhicheng	Independent Non-executive Director (resigned on 18 November 2021)	-	96,782.00	-	-
Jiang Lei	Executive Director (appointed on 18 November 2021)	-	-	-	Not receiving remuneration from the Company
Huang Weihong	Non-executive Director (appointed on 18 November 2021)	-	-	-	concurrently serving as the Chief Financial Officer and Secretary to the Board of the Company in 2021, remuneration standard of the management of the Company
Wu Xiaoguang	Independent non-executive Director (appointed on 18 November 2021)	-	3,218.00	-	-
Li Yong	Independent non-executive Director (appointed on 18 November 2021)	-	3,218.00	-	-
Hao Meiping	Independent non-executive Director (appointed on 18 November 2021)	-	3,218.00	-	-
Total		-	300,000.00	-	-

# Corporate Governance Report (Continued)

## 2. The Board (Continued)

Board committees (Continued)

### *Remuneration and Appraisal Committee (Continued)*

Pursuant to applicable laws and regulations of China, the Company currently participates in a series of pension schemes organized by provincial and municipal governments, pursuant to which all production plants of the Company must contribute to such pension schemes according to certain proportions of the salaries, bonus and various allowance of the employees. As the production plants are located in different regions, the proportions of contributions to the remuneration of employees are also different.

## 3. Statement of financial responsibility of the Board

The Board is responsible for the preparation of the Company's financial reports and takes the responsibility for the completeness and legitimacy of the financial data as well as the effectiveness of the Company's internal control system and risk management process. The general manager of the Company is responsible for the daily management of the operation of the Company. The Board makes periodic review on the functions of and the power delegated to the general manager.

The Directors acknowledge their responsibilities to prepare financial statements of the Company for each financial year, to report truly and fairly on the financial status of the Group, to comply with applicable accounting standards and adopt appropriate accounting policies in the preparation of the financial statements and to disclose the financial status of the Company accurately.

For auditor's reporting responsibilities, please refer to the auditor's report.

## 4. Securities transactions by Directors

The Board has adopted the Model Code as the code of conduct regarding securities transactions by Directors of the Company. The Model Code is also applicable to selected employees who may possess certain inside information of the Company that has been not disclosed, including such employees in the Company's subsidiaries and parent company. Upon appointment, each Director would receive a copy of the Model Code. After that, the Model Code is delivered twice a year, namely, 30 days prior to the Board meeting to approve the Company's interim results and 60 days prior to the Board meeting to approve the Company's annual results, together with an indicative notice to remind the Directors that they may not deal in the Company's shares until the publication of the results announcement.

All Directors confirm that during the reporting period, all Directors and the selected employees who may possess certain inside information of the Company that has not been disclosed complied with the Model Code and none of the said persons had interests or short positions which are required to be notified to the Company and the Stock Exchange, or incurred any violation of regulations.

## Corporate Governance Report (Continued)

### 5. Control mechanism

Internal control and internal audit

#### *Internal control system*

The Board is fully in charge of the Company's internal control system, including its overall financial and operational status, hence avoiding material financial omission or loss and any omission or risk in relation to operation controls. Through its Audit Committee, the Board makes periodic (at least twice per year) review on the effectiveness of the internal control system of the Group, which includes controls over finance, operations, regulation compliance and risk management. Relevant results of 2021 have been reported to the Board through the Audit Committee.

The Company reviews the internal control system in the process of all operations of the Company by questionnaires and systematic evaluations twice a year.

The Board confirms that the Company has set up procedures and systems for efficient recognition, assessment and management of material operating risks. The Company has complied with the Principles and Code Provisions relating to internal controls as set out in the CG Code for the year ended 31 December 2021.

#### *Internal audit*

The Company has set up internal audit system, which oversees the internal controls, ensures the achievement of the corporate goals and conducts independent reviews.

The audit and legal affairs department gives its prudent opinion as to whether the Company's operations have a comprehensive and efficient risk management system and reports to the Audit Committee of the Company accordingly. In 2021, all internal audit reports and opinions were submitted to the general manager and other executive Directors as well as the senior management of the audit department. The audit department also follows up on issues identified during the audit process and conducts follow-up audit to ensure that such issues have been satisfactorily resolved. In addition, a regular dialogue is maintained between the internal audit and the external auditor so that both are aware of the significant factors that may affect their respective scope of work.

## Corporate Governance Report (Continued)

### 5. Control mechanism (Continued)

Internal control and internal audit (Continued)

#### *Risk management*

The Board properly implements operation risk management procedures across the Company and formulates policies and procedures which provide a framework for identification and management of risks. The Company reviews the risk management system in the process of all operations of the Company by questionnaires and systematic evaluations twice a year. The Board fulfils its oversight role over the Company and its subsidiaries in the following areas:

- establishment of the risk management system of the Company and identification of the risk portfolio of the Company;
- identification, assessment and management of the material risks faced by various departments of the Company;
- review and assessment of the appropriateness of the Company's risk management process, system and internal control;
- review and monitoring the execution of the Company's risk management process, system and internal control, including compliance with requirements of prudence and legality while conducting businesses.

The Board is fully in charge of overseeing the operations of the Company's business departments. Personnel with proper experience and skills are appointed to the board of directors of the Company's subsidiaries and associated companies to attend their board meetings and to oversee the operations of those companies. Monitoring activities include review and approval of business strategies, budgets and plans as well as setting up key business performance indicators. The identification, evaluation and report on the likelihood and potential financial impact of material business risks are issues left to the management personnel of such companies.

During the year 2021, the Board continued to supervise the Group's risk management and internal control, and has reviewed the effectiveness of the risk management and internal control and confirmed that the Group has adequate resources for the Group's accounting, internal audit and financial reporting functions, and that the employees' qualifications and experience, the training courses for the employees and the related budgets are adequate. In the areas of financial management, risk management, compliance and financial operating risk management, the effective implementation, timely review and corresponding results are reported in the monthly operation meetings. The Board is responsible for the risk management and internal control systems, and the review of such systems as to their effectiveness. The objectives of such systems are to manage rather than eliminate the risks of failure in achieving business objectives, and to provide only a reasonable, but not absolute, assurance against material misstatements or losses.

## Corporate Governance Report (Continued)

### 5. Control mechanism (Continued)

Internal control and internal audit (Continued)

*Risk management (Continued)*

In the aspect of information disclosure, the Company's information disclosures are regulated in accordance with the requirements and procedures to ensure compliance with the relevant laws and regulations of the mainland China and Hong Kong, and the rules and requirements of the Listing Rules, so as to correctly fulfill the obligation of information disclosure. This is to be incorporated into the daily assessment to ensure information disclosures are in sound compliance. In addition, the Company has adopted procedures for and internal control over the handling and publication of inside information, involving scope, compliant disclosure and reporting procedures thereof. All reasonable measures are taken to make sure that external regulation and internal management are fully implemented.

The Chairman is the first responsible person of the Company's information disclosure. The secretary of the Board is responsible for the coordination and organising of the specific matters of information disclosure. The office of the Board is the department responsible for the daily management of information disclosure.

The Company has established an information disclosure system with corresponding risk management and internal control related documentation. The relevant process is as follows:

- (I) The person-in-charge of the department that provides the data conscientiously checks the relevant data manuscript to ensure its truthfulness, accuracy and completeness, and upon confirmation that there are no misinterpretations, misleading statements or material omissions, affixes the signature or seal thereon;
- (II) The secretary of the Board conducts a compliance review, and informs the Directors and the senior management of the Company of the information through appropriate channels in a timely manner, and if necessary, submits to the Board for approval;
- (III) The chairman or the authorised representatives of the Board signs and approves the issuance of the information.

In 2021, the Company has complied with the above internal systems in relation to information disclosure obligations and made timely announcements of important matters that are to be disclosed. The Company has ensured the truthfulness, accuracy, completeness and timeliness of the disclosed information, and made sure that the investors were able to obtain publicly disclosed information in an open, fair and equitable manner.

## Corporate Governance Report (Continued)

### 5. Control mechanism (Continued)

Internal control and internal audit (Continued)

*Risk management (Continued)*

*External auditor and their remunerations*

As approved at the 2020 annual general meeting of the Company held on 16 June 2021, BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) was re-appointed as the auditor of the Company for year 2021. The Audit Committee reviewed the letter from BDO China Shu Lun Pan Certified Public Accountants LLP to confirm its independence and objectiveness, held meetings with the said auditor to discuss its audit scope and fees, and approved scope and fees for any non-audit service to be provided by the firm as required.

As of the year ended 31 December 2021, the remuneration of the external auditor amounted to RMB1,860,000, all of which was audit service fees. There were no non-audit service fees during the year. The audit fee has been approved by the Audit Committee and the Board.

### 6. Interests of shareholders and investor relations

General meetings

The Company encourages Shareholders' attendance at annual general meetings and gives at least 20 clear business days (being the days on which the Hong Kong Stock Exchange is open for business of dealing in securities) prior notice of such meetings. The Chairman shall attend the annual general meetings and invite the chairman of each committee (if he is unable to attend, a member of such committee will be invited) of the Board to attend the annual general meeting, and answer inquiries from the Shareholders. All Directors (especially independent non-executive Directors and non-executive Directors) shall attend the general meetings on a regular basis, including annual general meeting and extraordinary general meeting.

All Shareholders have rights to request the convening of an extraordinary general meeting and put forward proposals for Shareholders' consideration in accordance with the Articles of Association. At the general meetings, each matter is put forward in the form of a separate proposal and voted by way of poll. Voting results of the general meeting are released in the form of announcements and relevant details of the meeting are published on the respective websites of the Stock Exchange of Hong Kong and the Company.

On 16 June 2021, the 2020 annual general meeting was held at the conference room of the office building of the Company in Xianyang, Shaanxi Province.

## Corporate Governance Report (Continued)

### 6. Interests of shareholders and investor relations (Continued)

#### General meetings (Continued)

On 18 November 2021, the first extraordinary general meeting was held at the conference room of the office building of the Company in Xianyang, Shaanxi Province.

On 15 December 2021, the second extraordinary general meeting was held at the conference room of the office building of the Company in Xianyang, Shaanxi Province.

On 15 December 2021, the first class meeting of the holders of H shares was held at the conference room of the office building of the Company in Xianyang, Shaanxi Province.

On 15 December 2021, the first class meeting of the holders of domestic shares was held at the conference room of the office building of the Company in Xianyang, Shaanxi Province.

On 31 December 2021, the third extraordinary general meeting was held at the conference room of the office building of the Company in Xianyang, Shaanxi Province.

Details of the above general meetings are set out on the respective websites of the Stock Exchange of Hong Kong and the Company.

The Company Secretary is responsible for day-to-day communications between the Board and substantial Shareholders. Investors and the public may also access the Company's website for detailed data of the Company's businesses. The Company's interim and annual results announcements can also be downloaded from the websites of the Stock Exchange of Hong Kong and the Company.

According to the information available to the Company and as far as the Directors are aware, over 25% of the Company's total issued share capital has been held by public Shareholders.

## Corporate Governance Report (Continued)

### 6. Interests of shareholders and investor relations (Continued)

#### Rights of Shareholders

##### *Convening general meetings by Shareholders*

In accordance with the provisions under the Articles of Association, when Shareholders request to convene an extraordinary general meeting or any class meeting, the following procedures shall be followed:

- (I) Two or more Shareholders who collectively hold more than 10 percent (including 10 percent) of the voting shares at the proposed meeting, can sign one or a few copies of written requests with the same format and content, with the agenda of the meeting clearly stated, to be submitted to the Board to convene an extraordinary general meeting or any class meetings. The Board shall, after receipt of the aforementioned written request, convene an extraordinary general meeting or class meeting as soon as possible. The aforementioned number of shares held by Shareholders shall be calculated based on the date of the written request.
- (II) If the Board, within thirty days after receipt of the aforementioned written request, fails to issue a notice to convene meetings, the Shareholders who have made the said request shall have the right to convene the meeting by themselves within four months after the Board receives the request, using the same procedure as the Board shall convene the meeting as possible.

#### Enquiry by Shareholders and Communication

Shareholders demanding inspection of the relevant information or requesting copies of the materials shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Shareholders may contact the Company Secretary through the hotline at (8629) 3333 3850 or by email at [chxny@ch.com.cn](mailto:chxny@ch.com.cn). Upon verification of the Shareholder's identity, the Company shall provide such information or handle the enquiries in an appropriate way at the Shareholder's request.

#### Procedures for Shareholders to put forward proposals and contact information

In accordance with the provisions under the Articles of Association, at the annual general meetings of the Company, Shareholders either solely or collectively holding more than three percent (including three percent) of the Company's total voting shares, shall have the right to put forward a new proposal in writing to the Company, and the Company should put the proposed matters that are within the purview of the general meeting in the agenda of the meeting. Shareholders can contact the Company Secretary by email at [chxny@ch.com.cn](mailto:chxny@ch.com.cn).

## Corporate Governance Report (Continued)

### 6. Interests of shareholders and investor relations (Continued)

#### Information disclosure and investor relations

The Company is committed to increasing transparency and improving investor relations and has attached great importance to Shareholders' responses in this regard. The Company undertakes that it shall make impartial disclosure and provide full and transparent report. The ultimate duty of the Chairman is to ensure efficient communications with investors and to ensure the Board's understanding of the opinions of substantial Shareholders. After the Company's announcements of its interim and annual results, the Board is committed to providing Shareholders with clear and comprehensive results of the Group by publishing interim and annual reports. The Company endeavours to maintain a continuous candid communication with institutional investors and analysts, so as to deepen their understanding of the Group's management, financial condition, operation, strategies and plans. The Company's management and Investor Relations Department conduct individual and group meetings (online and offline) with investors from time to time, hold results press conference and non-trading roadshows, and participate in regional and global investor forums organised by financial institutions to provide investors with a more comprehensive interpretation and analysis of the Company's business philosophy and operations. Analysts and investors are welcome to visit the Company's plants and business places.

### 7. Changes in Articles of Association

On 30 March 2021, the Company completed the Proposed Share Consolidation and Capital Reduction. According to the authorization granted at the extraordinary general meetings, the class meetings of the holders of H shares and the class meetings of the holders of domestic shares held on 28 December 2020, the Board arranged for amendments to Article 22 of the Articles of Association in order to reflect the shareholding structure change after completion of the Proposed Share Consolidation and Capital Reduction. For details, please refer to the announcements of the Company dated 28 December 2020 and 30 March 2021.

On 15 December 2021, the Company held an extraordinary general meeting, to adjust the business scope as set out in Article 13 of the Articles of Association, and business scope after the amendments was: General items: manufacturing of glass; manufacturing of non-metallic mineral products; sales of non-metallic minerals and products; research and experimental development of engineering and technology; mineral washing and processing; mineral concentration; intelligent control system integration; import and export of goods; import and export agents; technology import and export (except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws). Licensed items: mining of mineral resources (non-coal mines); power generation, transmission and supply (distribution) business (for items subject to approval as required by the laws, approvals by the relevant departments should be obtained before carrying out business activities and the specific items of business shall be subject to the approval results).

## Corporate Governance Report (Continued)

### 7. Changes in Articles of Association (Continued)

The Company may adjust its investment objectives, scope of business and mode of operation in accordance with domestic and international market trends, the needs of domestic business development and the Company's own development capability and performance, as resolved by the shareholders at general meeting. Changes to the scope of business should be registered with company registration authority.

For details, please refer to the announcement of the Company dated 15 December 2021.

The updated Articles of Association is available on the respective websites of the Stock Exchange of Hong Kong and the Company.

By order of the Board  
**Tong Xiaofei**  
*Chairman*

Xianyang, the People's Republic of China  
29 March 2022

# Independent Auditor's Report

For the year ended 31 December 2021

Independent Auditor's Report

Xin Kuai Shi Bao Zi [2022] No. ZG10890

TO THE SHAREHOLDERS OF IRICO GROUP NEW ENERGY COMPANY LIMITED,

## I. Audit Opinion

We have reviewed the financial statements of IRICO Group New Energy Company Limited (the "Company"), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of cash flows, the consolidated statement of changes in equity for 2021 as well as the relevant notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and they fairly present the Company's financial position as of 31 December 2021, and the Company's operating results and cash flows for 2021.

## II. Basis for Audit Opinion

We conducted our audit in accordance with the Auditing Standards for PRC Certified Public Accountants. Our responsibilities under those standards are further described in the section headed "Certified Public Accountants' Responsibilities for the Audit of the Financial Statements" in our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report (Continued)

For the year ended 31 December 2021

## III. Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

Key audit matters	How our audit addressed the key audit matters
<p>(I) Recognition of revenue</p> <p>Please refer to Note III (XXVIII) for accounting policies of revenue recognition; refer to Note V (XXXVIII) for the disclosure of revenue.</p> <p>In 2021, the consolidated revenue of Company amounted to RMB2,067 million, with revenue sourcing from photovoltaic glass.</p> <p>The general principle for revenue recognition of the Company is that the Company recognizes revenue when the performance of obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services.</p> <p>Based on the Company's business, the specific method for revenue recognition is as follows: revenue recognition for domestic sales: the Company delivers the products to the customer's designated delivery location, and recognises the sales revenue after the customer's acceptance and signature of relevant documents. Revenue recognition for export sales: according to the Company's contracts or orders and business trading conventions, the Company will issue goods, and the goods will be recognized as sales revenue after the export declaration formalities have been completed.</p>	<p>Our audit procedures for the revenue recognition mainly include:</p> <ol style="list-style-type: none"><li>1. Understood and evaluated the design and effectiveness of operation of the key internal control by the management relevant to revenue recognition;</li><li>2. Selected samples to review the sales contracts and analysed the same via the "five-step method", judged the composition of the contract performance obligations and the timing of transfer of control rights, to assess whether the policy and timing to recognise the Company's sales revenue meet the requirements under the accounting standards;</li><li>3. Based on procedures of external confirmations for accounts receivable and revenue, selected samples of revenue transactions recorded for the current period, checked the supportive documents relevant to revenue recognition, checked the sales contracts, order for goods, invoice, outgoing list, product shipping list, customer's receipt, export documents, etc. in order to check the authenticity of revenue recognised;</li></ol>

## Independent Auditor's Report (Continued)

For the year ended 31 December 2021

### Key audit matters

As revenue is one of the key performance indicators of the Company, and there is an inherent risk of manipulation of the timing and amount of revenue recognized by management to meet specific targets or expectations, we identified the revenue recognition as a key audit matter.

(II) Carry amount of fixed assets and construction in progress

Please refer to Note III (XVII)/(XVIII) for the accounting policy for fixed assets and construction in progress; refer to Note V (XIII)/(XIV) for the disclosure of fixed assets and construction in progress.

The Company has made substantial investment in the construction of production lines for expansion of its photovoltaic glass production capacity. As at 31 December 2021, the total consolidated carrying value of fixed assets and construction in progress of the Company amounted to RMB2,403 million.

### How our audit addressed the key audit matters

4. Performed analytical procedures on revenue and cost, including: analysis on fluctuation in revenue, cost, gross profit margin for each month of the current period, and performed analytical procedures on the revenue, cost, gross profit margin of principal products for the current period as compared to that of the comparable companies in the industry in order to check the accuracy of revenue recognised;
5. Selected samples of revenue transactions recorded around the balance sheet date and checked the outgoing list, receipt form and other supportive documents, in order to evaluate whether the revenue is recorded in an appropriate accounting period.

Our audit procedures for carry amount of fixed assets and construction in progress mainly include:

- 1 Understood, evaluated and tested the design and effectiveness of operation of key internal control (including estimation of useful economic lives and residual values) relevant to the completeness, existence and accuracy of fixed assets and construction in progress;
- 2 Selected samples to check the physical condition of the construction in progress and fixed assets on the spot and to monitor the fixed assets;

# Independent Auditor's Report (Continued)

For the year ended 31 December 2021

## III. Key Audit Matters (Continued)

### Key audit matters

The Company's judgement on determining which costs meet the criteria for capitalization, determining the timing for transfer of construction in progress to fixed assets and commencement of provision for depreciation and the estimation of useful economic lives and residual values of corresponding fixed assets will affect the carrying value of fixed assets and construction in progress, and the depreciation policy for fixed assets. We identified the carrying value of fixed assets and construction in progress as a key audit matter because of the major management judgement involved in the evaluation of carrying value of the fixed assets and construction in progress and its significance to the consolidated financial statements.

### How our audit addressed the key audit matters

- 3 Checked, on a sample basis, the expenditure capitalised incurred during the year by checking the costs capitalised against the relevant supportive documents (including important materials, equipment and construction contracts, order for goods, acceptance report, procurement invoices and bank payment voucher, etc) and assessed whether the costs capitalised in the current year met the relevant criteria for capitalisation;
- 4 Checked, on a sample basis, the acceptance report or project progress report, to judge the accuracy of the timing for the transfer of construction in progress to fixed assets;
- 5 Evaluated management's estimation of useful economic lives and residual values of fixed assets based on our knowledge of the business and practices adopted in the industry.

## IV. Other Information

The management of the Company (the "management") is responsible for other information. Other information includes the information included in the Company's 2021 annual report, but excludes the financial statements and our audit report.

Our audit 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 process or otherwise appears to be materially misstated.

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

## Independent Auditor's Report (Continued)

For the year ended 31 December 2021

### V. Responsibilities of Management and Governance Layer for the Financial Statements

The management is responsible for preparing financial statements in accordance with Accounting Standards for Business Enterprises, and fairly presenting them; designing, implementing and maintaining necessary internal control to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters in relation to going concern and applying the going-concern assumption unless intends to liquidate, cease operations, or have no realistic alternative but to do so.

The governance layer is responsible for overseeing the financial reporting process of the Company.

### VI. Certified Public Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 auditing standards 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 work in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (I) 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.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to issue opinions on the effectiveness of the internal control.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditor's Report (Continued)

For the year ended 31 December 2021

- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these 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 the Company to cease to continue as a going concern.
- (V) Evaluate the overall presentation (including disclosure), structure and content (including disclosure) of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain solely responsible for our audit opinion.

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

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

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 tiny minority 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.

WUYIGE Certified Public Accountants LLP

*Chinese Certified Public Accountant: Xu Peimei  
(Engagement Partner)*

*Chinese Certified Public Accountant: Gu Xin*

Shanghai • the PRC

29 March 2022

# Consolidated Balance Sheet

As at 31 December 2021 (All amounts in RMB Yuan unless otherwise stated)

Assets	Note V	31 December 2021	31 December 2020 (restated)	31 December 2019 (restated)
Current Assets:				
Cash at bank and on hand	(I)	702,100,943.55	717,909,270.00	405,448,222.14
Settlement reserve				
Placements with banks and other financial institutions				
Held-for-trading financial assets	(II)	299,398.19	335,160.70	2,863,047.11
Derivative financial assets				
Bills receivable	(III)	401,498,775.46	473,448,034.86	576,715,280.00
Accounts receivable	(IV)	342,362,113.37	247,713,393.53	487,779,446.28
Receivables financing	(V)	354,722,215.86	249,513,539.10	259,007,664.26
Prepayments	(VI)	68,283,370.73	30,789,957.11	35,260,049.13
Premiums receivable				
Reinsurance accounts receivable				
Reinsurance contract reserve receivable				
Other receivables	(VII)	35,599,357.48	374,583,997.35	87,139,162.36
Financial assets acquired for resale				
Inventory	(VIII)	225,839,074.55	178,811,652.24	154,730,841.63
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	(IX)	42,164,766.78	38,462,630.38	78,529,164.23
<b>Total current assets</b>		<b>2,172,870,015.97</b>	<b>2,311,567,635.27</b>	<b>2,087,472,877.14</b>

## Consolidated Balance Sheet (Continued)

As at 31 December 2021 (All amounts in RMB Yuan unless otherwise stated)

Assets	Note V	31 December 2021	31 December 2020 (restated)	31 December 2019 (restated)
Non-current Assets:				
Loans and advances to customers				
Debt investment				
Other debt investments				
Long-term accounts receivable	(X)	19,110,000.00	22,923,378.88	22,421,859.36
Long-term equity investment	(XI)	8,952,949.24	11,730,970.89	194,360,686.48
Other investments in equity instruments	(XII)	319,742,687.04	308,930,383.16	260,240,362.32
Other non-current financial assets				
Investment properties				
Fixed assets	(XIII)	1,872,555,469.48	2,032,956,419.09	1,622,125,907.01
Construction in progress	(XIV)	530,673,922.41	367,729,484.07	791,768,042.42
Productive biological assets				
Oil and gas assets				
Right-of-use assets	(XV)	543,100.08	8,012,893.41	14,883,147.32
Intangible assets	(XVI)	176,032,947.84	180,322,283.76	242,468,802.24
Development expenditures				24,915,390.59
Goodwill				36,553,211.37
Long-term deferred expenses	(XVII)	4,904,582.22		857,353.95
Deferred income tax assets	(XVIII)	23,746,284.70	43,856,814.93	1,568,220.47
Other non-current assets				
<b>Total non-current assets</b>		<b>2,956,261,943.01</b>	<b>2,976,462,628.19</b>	<b>3,212,162,983.53</b>
<b>Total assets</b>		<b>5,129,131,958.98</b>	<b>5,288,030,263.46</b>	<b>5,299,635,860.67</b>

The accompanying notes to the financial statements shall be an integral part of the financial statements.

## Consolidated Balance Sheet (Continued)

As at 31 December 2021 (All amounts in RMB Yuan unless otherwise stated)

Liabilities and Owner's Equity	Note V	31 December 2021	31 December 2020 (restated)	31 December 2019 (restated)
Current liabilities:				
Short-term borrowings	(XIX)	942,809,101.30	675,191,483.33	660,753,157.45
Borrowings from central bank				
Placements from banks and other financial institutions				
Held-for-trading financial liabilities				
Derivative financial liabilities				
Bills payables	(XX)	729,078,281.00	793,674,677.38	644,829,934.17
Accounts payables	(XXI)	530,695,955.76	820,624,567.85	760,375,514.52
Receipts in advance				
Contract liabilities	(XXII)	3,809,488.82	64,509,216.01	45,545,512.30
Financial assets sold under repurchase agreements				
Deposit taking and interbank deposit				
Brokerage for trading securities				
Brokerage for underwriting securities				
Employee benefits payable	(XXIII)	18,732,259.41	9,993,780.39	16,983,477.31
Taxes charge payable	(XXIV)	10,717,787.46	25,012,552.90	12,578,792.19
Other payables	(XXV)	67,381,715.92	79,803,624.06	1,574,648,458.04
Handling fee and Commission Payable				
Reinsurance accounts payable				
Held-for-sale liabilities				
Non-current liabilities due within one year	(XXVI)	203,887,815.77	305,102,565.12	530,398,253.01
Other current liabilities	(XXVII)	153,026,117.10	352,069,253.54	316,575,817.48
<b>Total current liabilities</b>		<b>2,660,138,522.54</b>	<b>3,125,981,720.58</b>	<b>4,562,688,916.47</b>

## Consolidated Balance Sheet (Continued)

As at 31 December 2021 (All amounts in RMB Yuan unless otherwise stated)

Liabilities and Owner's Equity	Note V	31 December 2021	31 December 2020 (restated)	31 December 2019 (restated)
Non-Current Liabilities:				
Insurance policy reserve				
Long-term borrowings	(XXVIII)	472,400,000.00	230,060,300.00	132,321,800.00
Bonds payable				
Including: Preference shares				
Perpetual bonds				
Lease liabilities	(XXIX)		5,716,249.99	10,661,506.91
Long-term payables	(XXX)	13,465,592.05	109,108,886.69	215,712,280.64
Long-term employee benefits payable	(XXXI)	1,187,564.81	3,974,743.13	9,537,743.87
Estimated liabilities				
Deferred income	(XXXII)	62,242,483.55	66,907,014.72	70,110,797.81
Deferred income tax liabilities				636,361.01
Other non-current liabilities				
<b>Total non-current liabilities</b>		<b>549,295,640.41</b>	<b>415,767,194.53</b>	<b>438,980,490.24</b>
<b>Total Liabilities</b>		<b>3,209,434,162.95</b>	<b>3,541,748,915.11</b>	<b>5,001,669,406.71</b>

## Consolidated Balance Sheet (Continued)

As at 31 December 2021 (All amounts in RMB Yuan unless otherwise stated)

Liabilities and Owner's Equity	Note V	31 December 2021	31 December 2020 (restated)	31 December 2019 (restated)
Equity attributable to the owners:				
Share capital	(XXXIII)	176,322,070.00	3,526,441,400.00	2,232,349,400.00
Other equity instruments				
Including: Preference shares				
Perpetual bonds				
Capital reserve	(XXXIV)	4,281,160,374.64	931,041,044.64	943,531,444.10
Less: Treasury shares				
Other comprehensive income	(XXXV)	-163,635,057.09	-174,447,360.97	-222,586,558.32
Special reserve				
Surplus reserve	(XXXVI)	22,477,267.06	22,477,267.06	22,477,267.06
General risk reserve				
Undistributed Profit	(XXXVII)	-2,396,626,858.58	-2,559,231,002.38	-2,778,892,693.43
Total equity attributable to the owners of the Company		1,919,697,796.03	1,746,281,348.35	196,878,859.41
Minority interest				101,087,594.55
<b>Total equity attributable to the owners</b>		<b>1,919,697,796.03</b>	<b>1,746,281,348.35</b>	<b>297,966,453.96</b>
<b>Total liabilities and equity attributable to the owners</b>		<b>5,129,131,958.98</b>	<b>5,288,030,263.46</b>	<b>5,299,635,860.67</b>

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company: Tong Xiaofei    Person in charge of accounting: Huang Weihong    Head of accounting department: Luo Hongwei

# Consolidated Income Statement

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	Note V	For the year of 2021	For the year of 2020 (restated)
<b>I. Total Operating revenue</b>		<b>2,067,062,702.08</b>	<b>2,518,509,025.80</b>
Including: Operating revenue	(XXXVIII)	2,067,062,702.08	2,518,509,025.80
Interest income			
Premium earned			
Revenue from handling charges and commission			
<b>II. Total operating cost</b>		<b>1,881,001,692.98</b>	<b>2,429,271,402.16</b>
Including: Operating costs	(XXXVIII)	1,618,739,078.11	2,015,020,803.56
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	(XXXIX)	21,156,835.62	13,399,519.64
Selling expenses	(XL)	7,141,170.59	12,452,295.10
Administrative expenses	(XLI)	110,127,881.73	180,608,528.62
Research and development expenses	(XLII)	54,400,183.71	66,780,214.13
Finance costs	(XLIII)	69,436,543.22	141,010,041.11
Including: Interest expense	(XLIII)	69,107,769.77	116,589,732.43
Interest income	(XLIII)	6,146,823.05	8,629,348.73
<b>Add: Other income</b>	(XLIV)	<b>25,429,853.67</b>	<b>81,969,679.06</b>
Investment income (loss is represented by "-")	(XLV)	-10,033,127.02	52,526,717.62
Including: Gains from investment in associates and joint ventures	(XLV)	-2,778,021.65	-1,784,333.19
Income from derecognition of financial asset at the amortized cost			-10,581,569.94
Gains from foreign exchange (loss is represented by "-")			
Gains from net exposure hedges (loss is represented by "-")			
Gains from changes in fair value (loss is represented by "-")	(XLVI)	-34,615.19	-155,343.46
Credit impairment losses (loss is represented by "-")	(XLVII)	-1,636,304.42	1,323,193.33
Impairment losses on assets (loss is represented by "-")	(XLVIII)	-15,838,020.96	-11,999,264.22
Gains from disposal of assets (loss is represented by "-")	(XLIX)	587,077.11	-51,228,223.47

## Consolidated Income Statement (Continued)

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	Note V	For the year of 2021	For the year of 2020 (restated)
<b>III. Operating profit (loss is represented by “-”)</b>		<b>184,535,872.29</b>	<b>161,674,382.50</b>
Add: Non-operating income	(L)	2,495,966.04	9,703,012.20
Less: Non-operating expenses	(LI)	1,474,466.49	52,480.82
<b>IV. Total profit (total loss is represented by “-”)</b>		<b>185,557,371.84</b>	<b>171,324,913.88</b>
Less: Income tax expenses	(LII)	22,953,228.04	-30,294,409.05
<b>V. Net profit (net loss is represented by “-”)</b>		<b>162,604,143.80</b>	<b>201,619,322.93</b>
(I) Classified by continuity of operations		162,604,143.80	201,619,322.93
1. Net profit from continuing operations (net loss is represented by “-”)		162,604,143.80	191,956,671.80
2. Net profit from discontinued operations (net loss is represented by “-”)			9,662,651.13
(II) Classified by ownership of equity		162,604,143.80	201,619,322.93
1. Net profit attributable to the shareholders of the parent company (net loss is represented by “-”)		162,604,143.80	219,661,691.05
2. Minority interests (net loss is represented by “-”)			-18,042,368.12
<b>VI. Other comprehensive income, net of tax</b>		<b>10,812,303.88</b>	<b>48,139,197.35</b>
Other comprehensive income (net of tax) attributable to the owners of the parent company		10,812,303.88	48,139,197.35
(I) Other comprehensive income that cannot be reclassified to profit or loss		10,812,303.88	48,690,020.84
1. Re-measurement of changes in defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Changes in fair value of other equity instrument investments		10,812,303.88	48,690,020.84
4. Changes in fair value of enterprise’s own credit risk			

## Consolidated Income Statement (Continued)

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	Note V	For the year of 2021	For the year of 2020 (restated)
(II) Other comprehensive income that will be reclassified to profit or loss			-550,823.49
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Financial assets reclassified as other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flows hedging reserve			
6. Exchange differences from translation of foreign currency financial statements			-550,823.49
7. Others			
Other comprehensive income (net of tax) attributable to minority shareholders			
<b>VII.Total comprehensive income</b>		<b>173,416,447.68</b>	<b>249,758,520.28</b>
Total comprehensive income attributable to the owners of the parent company		<b>173,416,447.68</b>	<b>267,800,888.40</b>
Total comprehensive income attributable to minority shareholders			-18,042,368.12
<b>VIII.Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	(LIII)	1.2209	1.6493
(II) Diluted earnings per share (RMB/share)	(LIII)	1.2209	1.6493

Person in charge of the Company:  
Tong Xiaofei

Person in charge of accounting:  
Huang Weihong

Head of accounting department:  
Luo Hongwei

# Consolidated Statement of Cash Flows

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	Note V	For the year of 2021	For the year of 2020 (restated)
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		1,397,744,577.53	2,122,758,137.15
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from premiums of primary insurance contracts			
Net cash received from reinsurance business			
Net increase in policyholders' deposits and investments			
Cash received from interest, fee and commission			
Net increase in capital borrowed			
Net increase of returned business capital			
Net cash received on behalf of brokerage customers			
Receipts of tax refunds			16,946,832.96
Cash received relating to other operating activities	(LV)	177,461,044.74	123,910,650.31
<b>Sub-total of cash inflows from operating activities</b>		<b>1,575,205,622.27</b>	<b>2,263,615,620.42</b>
Cash paid for purchasing goods and receiving services		1,650,874,576.38	1,562,714,526.62
Net increase in customer loans and advances			
Net increase in funds placed with central bank and interbank			
Cash paid for claims under original policies			
Net increase in lending funds			
Cash paid as interest, fees and commission			
Cash paid as policy dividends			
Cash paid to and for employees		164,580,854.40	160,121,446.41
Cash paid for taxes and surcharges		105,624,380.94	24,473,272.96
Cash paid relating to other operating activities	(LV)	192,022,153.68	117,089,995.00
<b>Sub-total of cash outflows from operating activities</b>		<b>2,113,101,965.40</b>	<b>1,864,399,240.99</b>
<b>Net cash flows from operating activities</b>		<b>-537,896,343.13</b>	<b>399,216,379.43</b>

## Consolidated Statement of Cash Flows (Continued)

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	Note V	For the year of 2021	For the year of 2020 (restated)
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		65,050,196.00	69,952,345.10
Cash received from returns on investments		339,365.18	823,220.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,975.00	22,145,870.00
Net cash received from disposal of subsidiaries and other business entities	(LVI)	226,335,420.00	186,283,799.34
Cash received from other investing activities	(LV)	4,462,037.93	7,660,000.00
Sub-total of cash inflows from investing activities		296,188,994.11	286,865,235.24
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		97,900,884.13	213,987,487.92
Cash paid for investment		344,258.93	476,934.43
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business entities			
Cash paid relating to other investing activities	(LV)		315,582.37
Sub-total of cash outflows from investing activities		98,245,143.06	214,780,004.72
<b>Net cash flows from investing activities</b>		<b>197,943,851.05</b>	<b>72,085,230.52</b>

## Consolidated Statement of Cash Flows (Continued)

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	Note V	For the year of 2021	For the year of 2020 (restated)
<b>III. Cash flows from financing activities</b>			
Cash received from absorbing investments			1,284,751,600.54
Including: Cash received by subsidiaries from minority shareholders' investment			3,150,000.00
Cash received from borrowings		1,646,958,577.14	2,020,887,017.00
Cash received relating to other financing activities	(LV)	98,308,333.37	1,152,507,898.83
Sub-total of cash inflows from financing activities		1,745,266,910.51	4,458,146,516.37
Cash paid for repayment of borrowings		1,059,649,650.00	1,765,414,650.00
Cash paid for distribution of dividends and profits or for interest expenses		55,602,573.71	75,275,808.97
Including: Dividends or profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	(LV)	271,769,426.01	2,840,060,567.27
Sub-total of cash outflows from financing activities		1,387,021,649.72	4,680,751,026.24
<b>Net cash flows from financing activities</b>		<b>358,245,260.79</b>	<b>-222,604,509.87</b>
<b>IV. Effect of changes in exchange rate on cash and cash equivalents</b>		<b>-46,074.55</b>	<b>-18,587,570.47</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>18,246,694.16</b>	<b>230,109,529.61</b>
Add: Cash and cash equivalents at the beginning of the period		393,496,091.98	163,386,562.37
<b>VI. Cash and cash equivalents at the end of the period</b>		<b>411,742,786.14</b>	<b>393,496,091.98</b>

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company: Tong Xiaofei      Person in charge of accounting: Huang Weihong      Head of accounting department: Luo Hongwei

# Consolidated Statement of Changes in Owner's Equity

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	For the year 2021												Minority interests	Total owner's equity
	Equity attributable to the owners of the parent company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total		
	Preference shares	Perpetual bonds	Others											
I. Closing balance of the previous year	3,526,441,400.00				931,041,044.64		-174,447,360.97		22,477,267.06		-2,559,231,002.38	1,746,281,348.35		1,746,281,348.35
Add: Changes in accounting policies														
Correction for error in previous period														
Business combination under common control														
Others														
II. Opening balance for the year	3,526,441,400.00				931,041,044.64		-174,447,360.97		22,477,267.06		-2,559,231,002.38	1,746,281,348.35		1,746,281,348.35
III. Movements in the period														
(decrease is represented by "-")	-3,350,119,330.00				3,350,119,330.00		10,812,303.88				162,604,143.80	173,416,447.68		173,416,447.68
(I) Total comprehensive income							10,812,303.88				162,604,143.80	173,416,447.68		173,416,447.68
(II) Capital contribution and reduction from owners														
1. Ordinary shares contribution from owners														
2. Capital contribution from owners of other equity instruments														
3. Amount of share-based payment included in shareholders' equity														
4. Others														
(III) Profit distribution														
1. Appropriations of surplus reserve														
2. Appropriations of general risk reserve														
3. Distribution to owners (or shareholders)														
4. Others														
(IV) Transfer of owners' equity	-3,350,119,330.00				3,350,119,330.00									
1. Transfer to capital (or share capital) from capital reserve														
2. Transfer to capital (or share capital) from surplus reserve														
3. Surplus reserves for making up losses														
4. Changes in defined benefit plans transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others	-3,350,119,330.00				3,350,119,330.00									
(V) Special reserve														
1. Appropriations in the period														
2. Utilization in the period														
(VI) Others														
IV. Closing balance for the period	176,322,070.00				4,281,160,374.64		-163,635,057.09		22,477,267.06		-2,396,626,858.58	1,919,697,796.03		1,919,697,796.03

The accompanying notes to the financial statements shall be an integral part of the financial statements.

# Consolidated Statement of Changes in Owner's Equity (Continued)

For the year 2021 (All amounts in RMB Yuan unless otherwise stated)

Item	For the year 2020 (restated)												Total owner's equity	
	Equity attributable to the owners of the parent company											Minority interests		
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			Sub-total
I. Closing balance of the previous year	2,232,349,400.00				943,531,444.10		-222,586,558.32		22,477,267.06		-2,778,892,693.43	196,878,859.41	101,087,594.55	297,966,453.96
Add: Changes in accounting policies														
Correction for error in previous period														
Business combination under common control														
Others														
II. Opening balance for the year	2,232,349,400.00				943,531,444.10		-222,586,558.32		22,477,267.06		-2,778,892,693.43	196,878,859.41	101,087,594.55	297,966,453.96
III. Movements in the period (decrease is represented by "-")	1,294,092,000.00				-12,490,399.46		48,139,197.35				219,661,691.05	1,549,402,488.94	-101,087,594.55	1,448,314,894.39
(I) Total comprehensive income							48,139,197.35				219,661,691.05	267,800,888.40	-18,042,368.12	249,758,520.28
(II) Capital contribution and reduction from owners	1,294,092,000.00				-12,490,399.46							1,281,601,600.54	-83,045,226.43	1,198,556,374.11
1. Ordinary shares contribution from owners	1,294,092,000.00				-12,490,399.46							1,281,601,600.54	3,150,000.00	1,284,751,600.54
2. Capital contribution from owners of other equity instruments														
3. Amount of share-based payment included in owners' equity														
4. Others													-86,195,226.43	-86,195,226.43
(III) Profit distribution														
1. Appropriations of surplus reserve														
2. Appropriations of general risk reserve														
3. Distribution to owners (or shareholders)														
4. Others														
(IV) Transfer of owners' equity														
1. Transfer to capital (or share capital) from capital reserve														
2. Transfer to capital (or share capital) from surplus reserve														
3. Surplus reserves for making up losses														
4. Changes in defined benefit plans transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriations in the period														
2. Utilization in the period														
(VI) Others														
IV. Closing balance for the period	3,526,441,400.00				931,041,044.64		-174,447,360.97		22,477,267.06		-2,559,231,002.38	1,746,281,348.35		1,746,281,348.35

The accompanying notes to the financial statements shall be an integral part of the financial statements.

Person in charge of the Company:  
Tong Xiaofei

Person in charge of accounting:  
Huang Weihong

Head of accounting department:  
Luo Hongwei

# Notes to the Financial Statements for 2021

(All amounts in RMB Yuan unless otherwise stated)

## I. COMPANY PROFILE

### (I) Company Profile

IRICO Group New Energy Company Limited\* (the “Company”, the former IRICO Group Electronics Company Limited, was established upon approval as a joint stock company (listed) and obtained the business license from the Administration for Industry and Commerce on 10 September 2004.

After the initial issue of overseas-listed foreign shares, the Company’s registered capital was RMB1,941,174,000, with the total number of shares being 1,941,174,000 shares, of which 1,455,880,000 shares were domestic shares, accounting for 75% thereof, and 485,294,000 shares were foreign shares, accounting for 25%. As decided by the shareholders’ general meeting of the Company, with the capitalization of the capital reserve by 1 share for every 10 shares, the Company’s registered capital was changed to RMB2,135,291,400, and the total number of shares was changed to 2,135,291,400 shares, of which 1,601,468,000 shares were domestic shares, accounting for 75%, and 533,823,400 shares were foreign shares, accounting for 25%. In accordance with the general mandate granted to the Board by the 2009 Annual General Meeting, the Company completed the placing of 97,058,000 shares of H shares, with the registered capital being changed to RMB2,232,349,400, and the total number of shares being changed to 2,232,349,400 shares, of which 1,601,468,000 shares were domestic shares, accounting for 71.74%, and 630,881,400 shares were foreign shares, accounting for 28.26%.

In accordance with the approval at the extraordinary general meeting and the H share class meeting on 23 January 2019 and 20 January 2020, the Company completed the placing of 1,294,092,000 shares, with the registered capital being changed to RMB3,526,441,400, and the total number of shares being changed to 3,526,441,400 shares, of which 1,601,468,000 shares were domestic shares, accounting for 45.41%, and 1,924,973,400 shares were foreign shares, accounting for 54.59%.

On 28 August 2020, the Company issued 1,294,092,000 H shares on a non-public offering basis at an issue price of HK\$1.12 per share, raising HK\$1,449,383,040.00 (equivalent to RMB1,288,356,584.26).

As at 31 December 2020, the total share capital of the Company was 3,526,441,400 shares and the registered capital was RMB3,526,441,400.

On 30 March 2021, in accordance with the approval obtained at the extraordinary general meeting, domestic share class meeting and the H share class meeting on 28 December 2020, the Company completed the capital reduction on the basis that every twenty (20) existing shares with a par value of RMB1 each be consolidated to one (1) reduced share with a par value of RMB1 each, and the registered capital of the Company was changed to RMB176,322,070 and the total number of shares was changed to 176,322,070 shares, of which, 80,073,400 shares were domestic shares, accounting for 45.41%, and 96,248,670 were foreign shares, accounting for 54.59%.

# Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

## I. COMPANY PROFILE (Continued)

### (I) Company Profile (Continued)

On 8 November 2021, the Board was informed by China Electronics Corporation\* (中國電子信息產業集團有限公司), the ultimate controlling shareholder of the Company that, IRICO Group Company Limited\* (彩虹集團有限公司) (“IRICO Group”) and Xianyang Zhongdian IRICO Group Holdings Ltd.\* (咸陽中電彩虹集團控股有限公司) (“Zhongdian IRICO”) entered into a share transfer agreement with Zhongdian Financial Investment Holdings Co., Ltd.\* (中電金投控股有限公司) (“Zhongdian Financial Investment”), respectively, pursuant to which, IRICO Group agreed to transfer 26,920,000 domestic shares of the Company it held to Zhongdian Financial Investment, representing 15.27% of the total issued shares of the Company as at the date of this announcement; and Zhongdian IRICO agreed to transfer 19,230,000 H shares of the Company it held to Zhongdian Financial Investment, representing 10.91% of the total issued shares of the Company as at the date of this announcement, each at the consideration of RMB26 per share. As at 31 December 2021, the total share capital of the Company was 176,322,070 shares and the registered capital was RMB176,322,070.

The unified social credit code of the Company was 916100007663066019. The place of registration was the courtyard at No. 1 Caihong Road, Qindu District, Xianyang, Shaanxi Province; its legal representative was Tong Xiaofei; the address of its headquarters was the courtyard at No. 1 Caihong Road, Qindu District, Xianyang, Shaanxi Province.

Scope of business: manufacturing of glass; manufacturing of non-metallic mineral products; sales of non-metallic minerals and products; research and experimental development of engineering and technology; mineral washing and processing; mineral concentration; intelligent control system integration; import and export of goods; import and export agents; technology import and export (except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws). Licensed items: mining of mineral resources (non-coal mines); power generation, transmission and supply (distribution) business (for items subject to approval as required by the laws, approvals by the relevant departments should be obtained before carrying out business activities and the specific items of business shall be subject to the approval results).

The financial statements have been presented after approval by all Directors of the Company (the Board) on 29 March 2022.

# Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

## I. COMPANY PROFILE (Continued)

### (II) Scope of the consolidated financial statements

As at 31 December 2021, subsidiaries included in the scope of the consolidated financial statements are set out as below:

Name of subsidiaries
IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司) (the “Hefei Photovoltaic”)
IRICO Yan’an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司) (the “Yan’an New Energy”)
Xianyang IRICO Photovoltaic Glass Co., Ltd. (咸陽彩虹光伏玻璃有限公司) (“Xianyang Photovoltaic”)
Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司) (“Jiangxi Photovoltaic”)

For details of the subsidiaries of the Company, please refer to “VI. Interests in Other Entities” in the notes.

For details of the changes in scope of consolidation for the reporting period, please refer to “VII. Change in Scope of Consolidation” in the notes.

## II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (I) Basis of preparation

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standards and its relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (together referred to as the “Accounting Standards for Business Enterprises”) promulgated by the Ministry of Finance of the PRC.

### (II) Going concern

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

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notes to specific accounting policies and accounting estimates:

The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company based on the characteristics of actual production and operation. Please refer to the notes “III. (XXVIII) Revenue”.

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

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, reflecting the Company’s financial position as at 31 December 2021, and the operating results and cash flows for the year 2021 on a true and complete basis.

(II) Accounting period

Accounting year is the calendar year from 1 January to 31 December.

(III) Operating cycle

The Company takes 12 months as its operating cycle.

(IV) Functional currency

The functional currency of the Company is Renminbi (RMB).

(V) Accounting treatment of business combinations under common control and not under common control

Business combinations under common control: The assets and liabilities acquired by acquirer through business combination shall be measured at the carrying value of the assets, liabilities (including goodwill arising from the acquisition of the acquiree by controlling party) of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (V) Accounting treatment of business combinations under common control and not under common control (Continued)

Business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquirer in business combination, such difference shall be recognized as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree, which are acquired in the combination and meet the criteria for recognition, shall be measured at fair value on the date of acquisition.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

#### (VI) Preparation method of consolidated financial statements

##### 1. *Scope of consolidation*

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries. Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

##### 2. *Consolidation procedures*

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognized in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Preparation method of consolidated financial statements (Continued)

##### 2. Consolidation procedures (Continued)

Owners' equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

##### (1) Addition of subsidiary or business

During the reporting period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flow of the subsidiary or business combination from the beginning of the period to the end of the reporting period will be included in the consolidated financial statements, and the amounts at the beginning of the period in the consolidated financial statements and relevant items in the comparative statements will also be adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognized from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under common control until the date of combination are offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

During the reporting period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included, from the date of purchase, in the consolidated financial statements based on the fair value of each of the identifiable assets, liabilities or contingent liabilities determined on the date of purchase.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Preparation method of consolidated financial statements (Continued)

##### 2. Consolidation procedures (Continued)

###### (1) Addition of subsidiary or business (Continued)

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

###### (2) Disposal of subsidiary

###### ① General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity investment in the original subsidiary are transferred to investment gains of the period during which the control is lost.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Preparation method of consolidated financial statements (Continued)

##### 2. Consolidation procedures (Continued)

##### (2) Disposal of subsidiary (Continued)

##### ② Stepwise disposal of subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a package of transactions:

- i. these transactions are entered into simultaneously or after considering the effects of each other;
- ii. these transactions constitute a complete commercial result as a whole;
- iii. one transaction is conditional upon at least one of the other transactions;
- iv. one transaction is not economical on its own but is economical when considering together with other transactions.

Where the transactions constitute a package of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary resulting in the loss of control; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognized as other comprehensive income in the consolidated financial statements, and upon loss of control, is transferred to profit or loss of the period during which control is lost.

Where the transactions do not constitute a package of transactions, before the loss of control, the transactions are accounted for based on partial disposal of equity investment in a subsidiary that does not involve loss of control; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VI) Preparation method of consolidated financial statements (Continued)

##### 2. Consolidation procedures (Continued)

##### (3) Purchase of minority interests in subsidiary

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests and the share of net assets of the subsidiary that the Company is entitled to calculated according to the new shareholding accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

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

For the difference between the consideration received from disposal and the net assets of the subsidiary that the Company is entitled to corresponding to the long-term equity investment disposed accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

#### (VII) Classification of joint arrangements and accounting treatment

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Company recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Company and those jointly held on a prorate basis;
- (2) the liabilities assumed solely by the Company and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Company;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VII) Classification of joint arrangements and accounting treatment (Continued)

- (5) the expenses incurred solely by the Company and those incurred by the joint operation on a pro-rata basis.

Please refer to Note “III. (XV) Long-term equity investments” for details on the equity method adopted by the Company on investment in joint ventures.

#### (VIII) Recognition standard for cash and cash equivalents

Cash represents the Company’s cash on hand and deposits that can be used readily for payments. Cash equivalents represent investments that satisfy four conditions, namely short-term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

#### (IX) Foreign currency transactions and translation of financial statements denominated in foreign currency

##### 1. *Foreign currency transactions*

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

##### 2. *Translation of financial statements denominated in foreign currency*

For the translation of financial statements of foreign operation denominated in foreign currency, the assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for “Retained earnings” items, all items under owner’s equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of foreign operations, exchange differences in financial statements denominated in foreign currencies related to the foreign operation shall be transferred from owner’s equity items to profit or loss to profit or loss from disposal for the current period.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments

One of the financial assets, financial liabilities or equity instruments is recognized when the Company becomes a party to the contract of the financial instruments.

##### 1. *Classification of financial instruments*

According to the business model of the Company for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortized cost, or financial assets measured at fair value through other comprehensive income, or other financial assets that are measured at fair value through current profit or loss.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortized cost:

- the objective of the business model is to collect contractual cash flows;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

- the objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

For an investment in equity instruments not held for trading purposes, the Company may irrevocably designate it as financial assets (debt instruments) measured at fair value through other comprehensive income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 1. Classification of financial instruments (Continued)

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through current profit or loss.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortized cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- 1) Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities include embedded derivatives which can be split separately.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 2. Recognition basis and measurement method of financial instruments

###### (1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable and accounts receivable, other receivables, long-term receivables, and debt investments, are initially measured at fair value plus relevant transaction costs. Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in current profit or loss.

###### (2) Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income, including financing receivables and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or loss previously recognized in other comprehensive income is transferred out from other comprehensive income and recognized in current profit or loss.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 2. *Recognition basis and measurement method of financial instruments (Continued)*

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

Financial assets (equity instruments) measured by fair value through other comprehensive income, including other equity instruments, are initially measured at fair value plus relevant transaction costs, and subsequently measured at fair value through other comprehensive income. The dividends received are included in current profit or loss.

When derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

- (4) Financial assets at fair value through current profit or loss

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

- (5) Financial liabilities measured at fair value through current profit or loss

Financial liabilities measured at fair value through current profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognized in current profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in fair value are recognized in current profit or loss.

On derecognition, the difference between the carrying amount and the consideration paid is recognized in current profit or loss.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 2. *Recognition basis and measurement method of financial instruments (Continued)*

###### (6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term loans, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value plus relevant transaction costs.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in current profit or loss.

##### 3. *Derecognition of financial assets and financial asset transfers*

The Company derecognize a financial asset if it meets one of the following conditions:

- the contractual rights to receive the cash flows from the financial asset expire;
- the financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- the financial asset has been transferred, and the Company neither transferred nor retained substantially all rewards related to the ownership of the financial assets, but did not retain its control over the said financial assets.

When transferring a financial asset, if the Company retains substantially all risks and rewards of ownership of the financial asset, the Company shall continue to recognize such asset.

When judging whether the transfer of a financial asset meets the above criteria for derecognition, the substance-over-form principle shall be applied.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 3. *Derecognition of financial assets and financial asset transfers (Continued)*

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two included in current profit or loss:

- (1) the book value of the financial asset transferred;
- (2) the sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognized and the part to be recognized based on their respective fair value, with the difference between the following two included in current profit or loss:

- (1) The book value of the part that is derecognized;
- (2) The sum of the consideration attributable to the part derecognized and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognized (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

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

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 4. *Derecognition of financial liabilities*

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognized; if the Company signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognized while the new financial liability shall be recognized.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognized, and the financial liability after the modification of terms shall be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the book value of the financial liability derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Company repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognized and the part that is derecognized on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

##### 5. *Determination of fair value of financial assets and financial liabilities*

As for financial instruments with an active market, their fair values are determined by quoted prices in the active market. As for financial instruments without an active market, their fair values are determined by using valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 6. *Test and accounting methods for impairment of financial assets*

The Company estimates financial assets measured at amortized cost by way of single or combination, or the expected credit losses of financial assets (debt instruments) measured at fair value through other comprehensive income and the financial guarantee contract, etc.

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Company measures the loss provisions according to the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss provisions at an amount equal to 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Company assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a financial asset has been credit impaired, the Company shall make individual provision for the impairment of the financial asset.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (X) Financial Instruments (Continued)

##### 6. *Test and accounting methods for impairment of financial assets (Continued)*

For trade receivables and contractual asset formed by the transactions regulated in the Accounting Standards for Business Enterprises No.14-Revenue (2017) whether contain significant financing components or otherwise, the Company always measures the loss provision at the lifetime expected credit loss.

For lease receivables, the Company chooses to always measures the loss provisions at the lifetime expected credit loss.

Where the Company no longer reasonably expects contractual cash flows of a financial asset to be fully or partially recoverable, the book balance of the financial asset is directly written down.

#### (XI) IMPAIRMENT OF RECEIVABLES

Accounts receivable of the Company mainly comprise bills receivable, accounts receivable, receivables financing, other receivables and long-term receivables. If there is objective evidence that they have been impaired at balance sheet date, impairment loss shall be recognized base on the differences between the carrying amount and the present value of estimated future cash flows.

##### 1. *Bills receivable and accounts receivable*

For bills receivable and accounts receivable, whether it contains significant financing components, the company always measures its loss provisions in accordance with the amount of expected credit losses for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included in the current profit and loss as an impairment loss or gain.

- (1) Accounts receivable that are individual determination and subject to provision for bad debt

If there is objective evidence that it has been impaired, and the bills receivable, accounts receivable, other receivables, and receivables financing are applicable to individual evaluation, the impairment test is conducted separately, and expected credit losses will be recognized and provision for individual impairment will be made.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) IMPAIRMENT OF RECEIVABLES (Continued)

##### 1. Bills receivable and accounts receivable (Continued)

##### (2) Accounts receivable for which provision for bad debts by portfolio

For the trade receivables and bill receivables without objective evidence of impairment or the expected credit loss cannot be estimated for an individual provision at a reasonable cost, the Company grouped trade receivables and bill receivables in accordance with credit risk characteristics and calculated the expected credit loss based on portfolio. The reason of choosing the portfolio are as follows:

The reason for choosing recognition portfolio of bills receivables and the method for calculating expected credit losses are as follows:

Items	The reason of choosing the portfolio	Method for calculating expected credit losses
Bills receivables	Bank acceptance bills	Regarding the credit rating of acceptance bank in bank acceptance bills as credit risk characteristics
	Commercial acceptance bills	Regarding the credit rating of acceptance house in commercial acceptance bills as the credit risk characteristics

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) IMPAIRMENT OF RECEIVABLES (Continued)

##### 1. Bills receivable and accounts receivable (Continued)

##### (2) Accounts receivable for which provision for bad debts by portfolio (Continued)

The reason for choosing recognition portfolio of account receivables and the method for calculating expected credit losses are as follows:

Items	The reason of choosing the portfolio	Method for calculating expected credit losses
	The portfolio of aging	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, compiling the comparison table between aging and lifetime expected credit loss rates of accounts receivable, to calculate the expected credit loss
Account receivables	Low credit risk portfolio	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, based on default risk exposure and lifetime expected credit loss rates, the expected credit loss rates of such portfolio amounted to zero

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) IMPAIRMENT OF RECEIVABLES (Continued)

##### 1. Bills receivable and accounts receivable (Continued)

##### (2) Accounts receivable for which provision for bad debts by portfolio (Continued)

The Company combines the receivables with similar credit risk characteristics and the Company estimates the proportion of accruing bad debt provision by aging portfolio based on all reasonable and evidenced information, including forward-looking information:

Aging	Provision ratios for accounts receivable (%)
0–6 months (inclusive)	0
7–12 months (inclusive)	1
1–2 years (inclusive)	30
2–3 years (inclusive)	50
over 3 years	100

In the groups, other methods are used to provide for bad debts:

When there is objective evidence that the Company will not be able to recover an account receivable in full with the original terms, the impairment test is carried out separately and the provision for bad debt is made based on the difference between the present value of the future cash flow of the account receivable and its book value.

##### 2. Receivables financing

If the bills receivable and accounts receivable meet the following conditions: 1) contractual cash flows is for the payment of interest based on the principal and the principal outstanding; 2) the objective of the Company's business model for managing the bills receivable and accounts receivable is both to collect contractual cash flows and to dispose the bills receivable and accounts receivable.

The Company classifies it as financial assets at fair value through other comprehensive income. It was presented as a receivables financing on the statement. For the relevant specific accounting treatment, please see the note "III. (X) Financial instruments";

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) IMPAIRMENT OF RECEIVABLES (Continued)

##### 2. *Receivables financing (Continued)*

When it is unable to assess the information of the expected credit loss at a reasonable cost in accordance with an individual item, the Company shall divide the bill receivables and account receivables into certain combination based on the credit risk characteristic and estimate the expected credit loss on the basis of the combination. If any objective evidence indicates that a bill receivable and an account receivable has been credit impaired, the Company shall make individual provision for bad debts and recognize the expected credit losses for the bills receivable and accounts receivable. For the bills receivable and accounts receivable divided into portfolios, it is treated in accordance with the measurement method of impairment loss of the aforementioned accounts receivable.

The reason for recognition portfolio of receivables financing and the method for calculating expected credit losses are as follows:

Items	Items that be reclassified	The reason of choosing the portfolio	Method for calculating expected credit losses
Receivables financing	Bills receivables	Bank acceptance bills	Regarding the credit rating of acceptance bank in bank acceptance bills as credit risk characteristics
		Commercial acceptance bills	Regarding the credit rating of acceptance house in commercial acceptance bills as the credit risk characteristics
		The portfolio of aging	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, compiling the comparison table between aging and lifetime expected credit loss rates of accounts receivable, to calculate the expected credit loss
	Account receivables	Low credit risk portfolio	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, based on default risk exposure and lifetime expected credit loss rates, the expected credit loss rates of such portfolio amounted to zero

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) IMPAIRMENT OF RECEIVABLES (Continued)

##### 3. Other receivables

The reason for recognition portfolio of other receivables and the method for calculating expected credit losses are as follows:

Item	The reason of choosing the portfolio	Method for calculating expected credit losses
Other receivables	The portfolio of aging	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, compiling the comparison table between aging and lifetime expected credit loss rates of other receivables, to calculate the expected credit loss
	Deposits, margins and reserves	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, based on default risk exposure and lifetime expected credit loss rates, the expected credit loss rates of such portfolio amounted to zero
	Low credit risk portfolio	Taking into account historical credit loss experience, current situation and forecasts of economic conditions, based on default risk exposure and lifetime expected credit loss rates, the expected credit loss rates of such portfolio amounted to zero

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) IMPAIRMENT OF RECEIVABLES (Continued)

##### 3. Other receivables (Continued)

The Company combines the receivables with similar credit risk characteristics and the Company estimates the proportion of accruing bad debt provision by aging portfolio based on all reasonable and evidenced information, including forward-looking information:

Aging	Provision ratios for accounts receivable (%)
0–6 months (inclusive)	0
7–12 months (inclusive)	1
1–2 years (inclusive)	30
2–3 years (inclusive)	50
over 3 years	100

##### 4. Others

For other receivables such as interests receivable, long-term receivables and etc., the provision for bad debts is made based on the difference between the present value of future cash flows and its book value.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XII) Inventories

##### 1. *Classification and costs for inventories*

Inventories are classified into raw materials, work in progress, revolving materials, low-value consumables, packaging materials, goods in stock (finished goods), and goods in transit.

##### 2. *Measurement for inventories delivered*

Upon delivery, inventories are measured with the weighted average method.

##### 3. *Basis for the determination of net realisable value of different type of inventories*

On the balance sheet date, inventories are stated at the lower of cost and net realisable value. When the cost of inventories was higher than their net realisable value, the provision decline in value of inventories shall be made. Net realisable value is the estimated selling price of the inventories in the ordinary course of business deducting the estimated costs upon completion, the estimated selling expenses and the related taxes.

Net realizable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling prices less related selling costs and taxes; the net realizable value of inventory materials, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling costs and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the excess part shall be calculated on the ground of general selling price.

After the provision decline in value of inventories, if the factors resulting in the previously recorded inventory impairment disappeared, as a result of which the net realisable value of the inventories became higher than its book value, it would be written back to the extent of the original provision decline in value of inventories made, and such written-back amounts would be charged to the current profit or loss.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XII) Inventories (Continued)

##### 4. *Inventory system*

The perpetual inventory system is adopted.

##### 5. *Amortisation of low-value consumables and packaging materials*

(1) Low-value consumables are mortised using the immediate write-off method.

(2) Packaging materials are mortised using the immediate write-off method.

#### (XIII) Contract assets

##### 1. *Recognition and standard of contract assets*

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Company has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as a contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The right of the Company to charge the customer unconditionally (only depends on the passage of time) is listed as a receivable individually.

##### 2. *Method of determination of expected credit loss of contract assets and accounting treatment methods*

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the accounting treatment of accounts receivable in relation to Note “III. (X) 6. Testing of Impairment of Financial Assets and Accounting Treatment Methods”.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIV) Assets classified as held-for-sale

A non-current asset or disposal group is classified as asset held-for-sale when the book amount of the asset is recovered principally through a disposal (including an exchange of non-monetary assets with commercial substance) rather than through continuing use.

The Company recognises non-current assets or disposal groups which meet the following conditions as assets held for sale:

- (1) The assets or disposal groups must be available for sale immediately under the current conditions according to the usual terms of the sale of such assets or disposal groups in similar transactions;
- (2) The assets are highly likely to be sold, namely, the Company has been offered a resolution with one disposition of the assets and obtained a firm purchase commitment and the disposition will be completed within 1 year. If regulation needs to be approved by the relevant authorities or supervision department of the Company, such approval has been obtained.

When non-current asset (excluding financial asset, deferred income tax asset, investment properties using the fair value model for subsequent measurement and asset formed by employee benefits) or disposal group which are classified as held-for-sale, if the book value of the non-current asset or disposal group is higher than the net amount after deducting the disposal cost from its fair value, the book value is reduced to the net amount after deducting the disposal cost from its fair value. The reduced amount is recognized as an asset impairment loss and accounted for as profit and loss for the current period, with provision for impairment loss on held-for-sale assets.

#### (XV) Long-term equity investments

##### 1. *Joint control or significant influence criterion*

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over an investee, the investee is an associate of the Company.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XV) Long-term equity investments (Continued)

##### 2. *Determination of initial investment cost*

###### (1) Long-term equity investments acquired through business combination

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the own' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

###### (2) Long-term equity investments acquired by other means other than business combination

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XV) Long-term equity investments (Continued)

##### 3. *Subsequent measurement and recognition of profit or loss*

###### (1) Long-term equity investment accounted for by cost method

Long-term equity investments in subsidiaries are accounted for using cost method unless the investments meet the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains is recognized as the Company's share of the cash dividends or profits declared by the investee.

###### (2) Long-term equity investment accounted for by equity method

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realized by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the "Other Changes of Owner's Equity") except for net profits and losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee after the adjustment and other comprehensive income, etc.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XV) Long-term equity investments (Continued)

##### 3. *Subsequent measurement and recognition of profit or loss (Continued)*

##### (2) Long-term equity investment accounted for by equity method (Continued)

The unrealized profit or loss resulting from transactions between the Company and its associates or joint ventures shall be eliminated in, based on which investment income or loss shall be recognized. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized, except for the disposal of assets that consist of operations.

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

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

When long-term equity investments are disposed of, the difference between the carrying amount and the actual proceeds received should be charged to current profit or loss.

For the certain long-term equity investment treated under the equity method, where the remaining equity continues to be accounted for using the equity method, the other comprehensive income previously recognised under the equity method shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity shall be transferred in proportion into current profit or loss.

When the Group loses the control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognized in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XV) Long-term equity investments (Continued)

##### 3. *Subsequent measurement and recognition of profit or loss (Continued)*

##### (3) Disposal of long-term equity investments (Continued)

When the Group loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognized before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Changes in other owner's equity recognized as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's equity recognised before obtaining the control over the investee shall be transferred.

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual consolidated financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the Company doesn't account for a package deals, accounting treatment shall be conducted for each transaction individually.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVI) Investment property

Investment property is held to earn rentals or for capital appreciation or both which include leased land use rights; land use rights held for sale after appreciation; leased buildings (including buildings after self-completion of construction or development for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future).

The Company's existing investment property is measured at cost. Investment property measured at cost – buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

#### (XVII) Fixed assets

##### 1. *Recognition and initial measurement of fixed assets*

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

- (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognized. All other subsequent expenses are included in current profit or loss upon occurrence.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVII) Fixed assets (Continued)

##### 2. Methods for depreciation

Fixed assets of the Company are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets that have made provision for the impairment, the amount of depreciation of it is determined by carrying value after deducting the provision for the impairment based on useful life during the future period. Where different components of a fixed asset have different useful lives or generate economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each component is depreciated separately.

The depreciation methods, useful life of depreciation, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation methods	Useful life (Years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	Straight-line method	30	3	3.23-4.85
Machinery and equipment	Straight-line method	6-18	3	5.28-16.17
Transportation tools	Straight-line method	5	3	19.00-19.40
Office equipment and others	Straight-line method	5	3	19.00-32.33

##### 3. Disposal of fixed assets

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

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVIII) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

#### (XIX) Borrowing costs

##### 1. *Criteria for recognition of capitalised borrowing costs*

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized into the cost of relevant assets. Other borrowing costs are recognized as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

##### 2. *Capitalisation period of borrowing costs*

The capitalisation period refers to the period beginning from the commencement of capitalising borrowing costs to the date of ceasing capitalisation, excluding the period of suspension of capitalisation.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset get ready for their intended use or sale have commenced.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIX) Borrowing costs (Continued)

##### 3. *Suspension of capitalisation period*

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognized in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

##### 4. *Capitalisation rate and calculation of capitalisation amount of borrowing costs*

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalized amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalization rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

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

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Intangible assets

#### 1. Measurement of intangible assets

(1) Intangible assets are initially measured at cost upon acquisition by the Company;

The costs of an externally purchased intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.

(2) Subsequent measurement

The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized over the term in which economic benefits are brought to the firm; if the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortized.

#### 2. Estimate of useful life for the intangible assets with finite useful life

Items	Estimated useful lives (Year)	Amortization method
Land use rights	50	straight-line method
Software	2-5	straight-line method

The useful life and amortization method of intangible assets with finite useful life are reviewed at the end of each period.

After review, the useful life and amortization method of intangible assets at the end of this period remain the same as the previous period.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XX) Intangible assets (Continued)

3. *Basis for determining intangible assets with indefinite useful life and procedure for reviewing its useful life*

The useful life of intangible assets with indefinite useful life is reviewed at the end of each period.

4. *Specific criteria for the division of research phase and development phase*

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

5. *Specific conditions for capitalisation of expenditure incurred in development phase*

Expenditures incurred in the research stage are recognised in profit or loss for the period. Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognized in profit or loss for the period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XX) Intangible assets (Continued)

##### 5. *Specific conditions for capitalisation of expenditure incurred in development phase (Continued)*

- (3) the ways in which the intangible asset 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, or if the intangible asset is for internal use, there is evidence that proves its usefulness;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

#### (XXI) Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, use of intangible assets and oil and gas assets with a finite useful life are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXI) Impairment of long-term assets (Continued)

When the Company performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally.

Once the above asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

#### (XXII) Long-term deferred expenses

Long-term prepaid expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The long-term deferred expenses of the Company are measured at cost and amortized equally over the expected benefit periods. For long-term deferred expenses that will not benefit the future accounting periods, upon determination their amortized value shall be included in current profit or loss.

#### (XXIII) Contract liabilities

The Company has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIV) Employee benefits

##### 1. *Accounting treatment methods of short-term benefits*

In the accounting period in which employees provide service for the Company, short-term benefits actually incurred are recognized as liabilities and charged to current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid as required by regulations, the Company should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Company's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.

##### 2. *Accounting treatment methods of post-employment benefits*

###### (1) Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets.

###### (2) Defined benefit scheme

In respect of the defined benefit scheme, the Company shall attribute the welfare obligations under the defined benefit scheme in accordance with the estimated accrued benefit method to the service period of relevant employee, and record the obligation in profit loss for the current period or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets of a defined benefit scheme. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIV) Employee benefits (Continued)

##### 2. *Accounting treatment methods of post-employment benefits (Continued)*

###### (2) Defined benefit scheme (Continued)

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognized based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

##### 3. *Accounting treatment of termination benefits*

When the Company provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognized and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Company recognizes such cost or expenses associated with the restructuring involving the payment of termination benefits.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXV) Estimated liabilities

The Company shall recognize it as the estimated liability, when all of the following conditions are satisfied:

- (1) such obligation is the present obligation of the Company;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;
- (3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value. In other cases, the best estimate are handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount;
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the carrying amount of estimated liabilities.

The Company reviews the carrying amount of estimated liabilities on balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVI) Share-based payments

The Company's share-based payment represents transactions in which the Company receives services from employee by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

##### 1. *Equity-settled share-based payment and equity instrument*

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of specified performance conditions, the Company, on each balance sheet date during the vesting period, according to the best estimate of the number of feasible equity instruments, includes the services received in the current period into the relevant cost or expense on the basis of the fair value on the date of grant, with a corresponding increase in capital reserve.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognized as an increase in the service received.

During the vesting period, where the granted equity instrument is cancelled, the Company shall accelerate the exercise of rights thereunder, recognizing the outstanding amount for the remainder of the vesting period in profit or loss, while recognizing capital reserve. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument with the same terms and conditions.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVI) Share-based payments (Continued)

##### 2. *Cash-settled share-based payments and equity instrument*

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. If the equity instruments granted to employees vest immediately, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the specified performance conditions are met, at each balance sheet date during the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

#### (XXVII) Other financial instruments such as preferred shares and perpetual bonds

Such financial instruments or a part thereof are, on initial recognition, classified into financial assets, financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms of the Company's preferred shares and perpetual bonds instead of only on the basis of the legal form.

For financial instruments such as perpetual bonds/preference shares issued by the Company, which meet one of the following conditions, such financial instrument as a whole or a component thereof is classified as a financial liability on initial recognition:

- (1) there are contractual obligations performed by the delivery of cash or other financial assets that the Company cannot unconditionally avoid;
- (2) there are contractual obligations that include the delivery of a variable number of own equity instruments for settlement;
- (3) there are derivatives that are settled with their own equity (such as conversion rights), and the derivatives are not settled with a fixed amount of their own equity instruments for a fixed amount of cash or other financial assets for settlement;

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Other financial instruments such as preferred shares and perpetual bonds (Continued)

- (4) there are contractual clauses that indirectly form contractual obligations;
- (5) when the issuer liquidates, the perpetual bonds are in the same liquidate order as the ordinary bonds and other debts issued by the issuer.

For financial instruments such as perpetual bonds/preference shares that do not meet any of the above conditions, such financial instrument as a whole or a component thereof is classified as an equity instrument on initial recognition.

(XXVIII) Revenue

#### 1. *Accounting policies adopted for revenue recognition and measurement*

The Company recognizes revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Company allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and recognizes the revenue according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Company determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognized which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Company recognizes the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the amount of contract consideration is amortised using an effective interest method over the contract term.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVIII) Revenue (Continued)

##### 1. *Accounting policies adopted for revenue recognition and measurement (Continued)*

When one of the following conditions is satisfied, the Company is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customers can control the goods under construction in the course of the Company's performance.
- Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

Where performance of a single service contract takes place over a certain period of time, revenue should be recognized as performance takes place, excluding the stage of performance cannot be determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Company should recognize revenue only to the extent of the cost until a reliable measure of progress can be made.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVIII) Revenue (Continued)

##### 1. *Accounting policies adopted for revenue recognition and measurement (Continued)*

For a performance obligation satisfied at a point in time, the Company shall recognize revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Company considers the following indications:

- the Company enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- the Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- the Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- the Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- the customer has accepted the goods.

##### 2. *Specific methods for revenue recognition*

The Company recognizes revenue at the point in time when the performance obligation in a contract is fulfilled, namely when the customer obtains control over the relevant goods or services. (1) Revenue recognition for domestic sales: sales revenue is recognized after the Company ships and delivers the products to the delivery place designated by the customer and with customer's verification and signing of the relevant documents; (2) Revenue recognition for export sales: the revenue is recognized after the Company ships and registers customs declaration procedures for good departure based on the Company's contracts or orders and commercial trading practices.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIX) Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract which does not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognized as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Company to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognized as an asset.

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company will include it into the current profit or loss when it incurs.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXX) Government grants

##### 1. *Types*

Government grants are monetary assets and non-monetary assets obtained by the Company from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Company for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

##### 2. *Timing for recognition*

Government grants are recognised when the Company can comply with the conditions attached to it and when it can be received.

##### 3. *Accounting treatment*

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognized as deferred income. The amount recognized as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Company's daily activities shall be included in other income; and the government grants unrelated to the Company's daily activities shall be included in non-operating income).

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognized as deferred income and recorded in current profit or loss when such costs and losses are recognized (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the grants used to compensate relevant costs or losses that have incurred by the Company are recorded directly in current profit or loss (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXX) Government grants (Continued)

##### 3. Accounting treatment (Continued)

The interest subsidies for policy-related preferential loans obtained by the Company are divided into two types and subject to accounting treatment separately:

- (1) Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Company at a policy-based preferential interest rate, the Company will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.
- (2) Where the interest subsidies are paid directly to the Company, the Company will use such interest subsidies to offset the corresponding borrowing costs.

#### (XXXI) Deferred income tax assets and deferred income tax liabilities

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

Deferred tax assets and deferred tax liabilities are recognized based on the temporary differences between the tax bases and the carrying amount of assets and liabilities.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognized for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

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

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

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

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

For a contract that contains multiple separate lease, the Company separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

#### 1. *The Company as a lessee*

##### (1) Right-of-use assets

At the commencement date of lease term, the Company recognizes right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- initial direct costs incurred by the Company;
- the costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

The Company accrues depreciation for the right-of-use assets by adopting straight-line method in the subsequent years. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset; otherwise, the Company depreciates the leased asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 1. The Company as a lessee (Continued)

###### (1) Right-of-use assets (Continued)

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in the note “III. (XXI) – Impairment of long-term assets” and conducts accounting treatment for impairment loss identified.

###### (2) Lease liabilities

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payment include:

- fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under the guaranteed residual value provided by the Company;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company’s incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 1. *The Company as a lessee (Continued)*

##### (2) Lease liabilities (Continued)

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

After the commencement date of lease term, if the following circumstances occur, the Company re-measures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Company accounts for the difference in the current profit or loss:

- when the assessment results of the purchase, extension or termination option changes, or the actual exercise condition of the aforementioned option disaccords with the original assessment, the Company remeasures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the revised discount rate;
- when in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments changed, the Company remeasures the lease liabilities in accordance with the lease payments after changes and the present value calculated using the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.

##### (3) Short-term leases and leases of low-value assets

The right-of-use asset and lease liability are not recognized by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low-value asset.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 1. The Company as a lessee (Continued)

##### (4) Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- the lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Company reduces the carrying value of the right-of-use asset accordingly, and recognises the related gains or losses that partially terminate or completely terminate the leases into the current profit and loss. For other lease change that cause the lease liabilities to be remeasured, the Company adjusts the carrying value of the right-of-use assets accordingly.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 1. The Company as a lessee (Continued)

##### (5) COVID-19-Related Rent Concessions

The Company has adopted a simplified method for rent reductions, deferred payments and other rent concessions agreed on existing lease contracts that occurred as a direct consequence of the COVID-19 pandemic, and does not assess whether a lease change has occurred or reassess the lease classification:

- the lease consideration after concession is reduced or substantially unchanged in comparison with that before concession, and it shall be undiscounted or discounted at the discount rate before concession;
- the concession is only focus on the lease payments payable before 30 June 2022; the increase in lease payments payable after 30 June 2022 still satisfies this condition, while the decrease in lease payment payable after 30 June 2022 does not affect the fulfillment of this condition;
- other items and conditions of the lease are determined to have no significant changes after comprehensive considerations for qualitative and quantitative factors.

If the lease applies simplified method for COVID-19-related rent concessions, the Company shall not assess whether a lease change has occurred, calculating interest costs of lease liability based on the discount rate consistent with that before concession and including them into current profit or loss and depreciating right-of-use assets on the same basis as before concession. If rent reductions occurred, the Company shall treat the reduced rent as a variable lease payment and shall reduce the cost or expense of related assets by the undiscounted amount or discounted amount at the discount rate before concession when released from original rental payment obligation, such as entering into a concession agreement, and adjusts lease liabilities accordingly; for the delay payment, the Company shall reduce the lease liabilities recognized previously. If the payment of rent is delayed, the lease liability recognized in the previous period shall be offset when the actual payment is made.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 1. *The Company as a lessee (Continued)*

##### (5) COVID-19-Related Rent Concessions (Continued)

For short-term leases and low-value asset leases, the Company shall continue charge the original contract rent into the cost or expense of related assets on a basis consistent with that used before concession. If rent concession occurred, the Company shall treat the reduced rent as a variable lease payment, reduce the cost or expense of related assets during concession period. For the delay payment, the Company shall recognize rents payable in the original payment period as accrued payables and reduce the accrued payables recognized in the previous period shall be offset when the actual payment is made.

##### 2. *The Company as a lessor*

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a finance lease. As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases.

##### (1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalized and then included in the current profit or loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 2. The Company as a lessor (Continued)

###### (2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with the Note “III. (X) Financial instruments”.

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

When a financial lease is changed and the following conditions are simultaneously met, the Group accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract;

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXII) Lease (Continued)

#### 2. *The Company as a lessor (Continued)*

##### (2) Accounting treatment of financing leases (Continued)

Where a change in a financial lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a finance lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this note “III. (X)–Financial instruments”.

#### 3. *After-sale and leaseback transactions*

The Company determines whether the asset transfer in the after-sale and leaseback transaction is a sale in accordance with principles described in notes “III. (XXVIII) Revenue”.

##### (1) As a lessee

If the asset transfer in the after-sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the after-sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor; if the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see Note “III. (X) Financial instruments”.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXII) Lease (Continued)

##### 3. After-sale and leaseback transactions (Continued)

###### (2) As a lessor

If the transfer of assets in the after-sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned “2. The Company as a lessor”; if the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see Note “III. (X) Financial instruments”.

#### (XXXIII) Discontinued operations

A discontinued operation is a clearly distinguished component of an entity, that either has been disposed of, or is classified as held for sale, and meets any of the following criteria:

- (1) represents a separate major line of business or geographical area of operations;
- (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- (3) is a subsidiary acquired exclusively with a view to resale.

The profits or losses from continuing operations and discontinued operations are presented in the income statement, respectively. The profits or losses from discontinued operations such as impairment losses and reversed amounts, and the profits or losses of disposal shall be presented as the profits or losses from discontinued operations. For discontinued operations presented in the current period, the information originally presented as the profits or losses from continuing operations in the current financial statements shall be presented as the profits or losses from discontinued operations during comparable accounting periods again.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXIV) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. The estimates and assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next year are described below:

#### 1. *Estimated useful lives and residual values of fixed assets*

The Group's management determines the estimated useful lives and residual values of property, machinery and equipment, mainly based on the historical experience of the actual useful lives of property, machinery and equipment with similar nature and functions. Management will revise the depreciation charges where estimated useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in future periods.

#### 2. *Net realisable value of inventories*

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXIV) Critical accounting estimates and judgements (Continued)

##### 3. *Current and deferred income tax*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and current income tax charges. Income tax charges should be recognised in the period in which such estimate is changed.

##### 4. *Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting periods. Information related to all key assumptions are disclosed in note III (X) and III (XI).

##### 5. *Impairment of non-financial assets*

The Group's management judgement is required on the balance sheet date in the area of asset impairment particularly in assessing long-term assets which include fixed asset, construction in progress and intangible assets etc. The recoverable amount is the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business. The revalued recoverable amount may be adjusted on each impairment test. Relevant information is disclosed in Note III (XXI).

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXV) Changes in significant accounting policies and accounting estimates

#### 1. Changes in significant accounting policies

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 14

On 2 February 2021, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 14 (Cai Kuai [2021] No. 1, hereinafter referred to as "Interpretation No. 14") which will be effective on the date of the announcement. Relevant operations newly added from 1 January 2021 to the effective date will be adjusted in accordance with Interpretation No. 14.

#### ① Interest Rate Benchmark Reform

Interpretation No. 14 provides simplified accounting treatment for changes in the basis for determining cash flows related to financial instrument contracts and lease contracts as a result of the interest rate benchmark reform.

In accordance with the provisions of the interpretation, a retrospective adjustment should be applied to operations related to the benchmark interest rate reform that occurred before 31 December 2020, unless otherwise it is impractical to do so, and there is no need to adjust the prior period comparative financial statement data. At the effective date of the interpretation, the difference between the original and new carrying amounts of financial assets and financial liabilities shall be included in opening retained earnings or other comprehensive income for the annual reporting period in which the Interpretation is effective.

The implementation of the provision did not have a material impact on the Company's financial position and operating results.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXV) Changes in significant accounting policies and accounting estimates (Continued)

##### 1. Changes in significant accounting policies (Continued)

- (2) Implementation of the Circular on Adjustment to the Scope of Implementation of the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic

On 19 June 2020, the Ministry of Finance issued the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic (Cai Kuai [2020] No. 10), pursuant to which, enterprises can choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by COVID-19 Pandemic.

On 26 May 2021, the Ministry of Finance issued the Circular on Adjustment to the Scope of Implementation of the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic (Cai Kuai [2020] No. 9), with effect from 26 May 2021, adjusting the scope of implementation of adopting a simplified method for accounting treatment of rental concession related to COVID-19 pandemic as stipulated in the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic from “any reduction or concession in lease payments affects only lease payments payable before 30 June 2021” to “any reduction or concession in lease payments affects only lease payments payable before 30 June 2022”, and other applicable conditions remain unchanged.

The Company has chosen to adopt a simplified method for accounting treatment for all qualified lease contracts before the scope adjustment, and has adopted a simplified method for accounting treatment for all qualified similar lease contracts after the scope adjustment. The Company has also made retrospective adjustments to the relevant lease contracts that have adopted the accounting treatment for lease changes before the issuance of the Notice, but does not adjust the data in the comparative financial statements for the previous period. The relevant rent concessions that have not been accounted for in accordance with the provisions of the Notice occurred between 1 January 2021 and the effective date of the Notice shall be adjusted in accordance with the Notice.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXV) Changes in significant accounting policies and accounting estimates (Continued)

##### 1. *Changes in significant accounting policies (Continued)*

- (3) Implement the related presentation refer to centralized capital management in the Accounting Standards for Business Enterprises No.15

The Ministry of Finance issued the Accounting Standards for Business Enterprises No.15 (Cai Kuai [2021] No.35, hereinafter referred to as “the Interpretation No. 15”), carrying out “related centralized capital management presentation” from the date of announcement and accordingly adjusting the financial statement data at the comparable period.

The Interpretation No.15 specifies how the balance relating to the centralized and unified capital management carried out by enterprises for parent companies and members through the internal settlement center and finance companies, shall be presented and disclosed in the balance sheet. The implementation for the regulation has no significant impact on the financial position and operating results of the Company.

##### 2. *Changes in significant accounting estimates*

Nil.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### IV. TAXATION

#### (I) Major tax categories and tax rates

Tax categories	Tax basis	Tax rate (%)
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	13, 9, 6, 5, 3, 1
Urban maintenance and construction tax	Based on value added tax and consumption taxes paid	7, 5
Enterprise income tax	Based on taxable profits	20, 15
Educational surcharge	Based on value added tax and consumption taxes paid	3, 2

Companies subject to different income tax rates are disclosed as follows:

Taxpayer	Income tax rate (%)
IRICO Group New Energy Company Limited. (彩虹集團新能源股份有限公司) (parent company)	15
IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司)	15
IRICO Yan'an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司)	15
Xianyang IRICO Photovoltaic Glass Co., Ltd. (咸陽彩虹光伏玻璃有限公司)	15
Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司)	20

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### IV. TAXATION (Continued)

#### (II) Preferential tax treatment

1. Pursuant to the “Notice on Tax Policies in relation to Further Implementation of the Western Development Strategy” (Cai Shui [2011]No. 58) 《關於深入實施西部大開發戰略有關稅收政策問題的通知》(財稅[2011]58號)) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, from 1 January 2011 to 31 December 2020, enterprise income tax imposed upon any enterprises established in western regions which are engaging in the encouraged industries shall be subject to a reduced rate at 15%, with effect from 1 January 2011. On 23 April 2020, the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission jointly issued the Announcement on the Continuation of the Corporate Income Tax Policy for Western Development (Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission of [2020] No. 23), which specifies that “from 1 January 2021 to 31 December 2030, enterprises in the encouraged industries located in the western regions shall be subject to a reduced corporate income tax rate of 15%. For the purpose of this article, “enterprise in an encouraged industry” means an enterprise whose main business is within the scope of industry projects set out in the Catalogue of Encouraged Industries in western regions and whose revenue from its main business accounts for 60% or more of its gross income. According to the Catalogue of Encouraged Industries in western China (2020 Edition) (Decree No. 40 of the National Development and Reform Commission, which came into force on 1 March 2021), “high-end and high-quality float glass, electronic glass, automobile and photovoltaic glass production and downstream deep processing” belongs to the encouraged industry in western regions. The Company, Xianyang Photovoltaic and Yan’an New Energy, the subsidiaries of the Company, fulfilled the conditions for preferential tax policy of the western development, was entitled to the preferential tax policy of the western development and shall be subject to a reduced corporate income tax rate at 15% during the reporting period.
2. Hefei Photovoltaic, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR201834000268) as approved by the Science and Technology Department of Anhui Province, the Department of Finance of Anhui Province and Anhui Provincial Tax Service of the State Taxation Administration on 24 July 2018, and the validity period of the certificate is three years. Hefei Photovoltaic was accredited as a High and New Technology Enterprise (Certificate No. GR202134001668) again as approved by the Science and Technology Department of Anhui Province, the Department of Finance of Anhui Province and Anhui Provincial Tax Service of the State Taxation Administration on 19 September 2021, and has been entitled to a 15% preferential tax treatment for EIT and the validity period of the certificate is three years.
3. Jiangxi Photovoltaic, a subsidiary of the Company, is qualified as the small low-profit enterprise stipulated in the Enterprise Income Tax Law of the People’s Republic of China and its implementation rules. From 1 January 2021 to 31 December 2022, for the portion of annual taxable income less than RMB1 million for small low-profit enterprises, 12.5% of the amount will be reduced and included into the taxable income amount and the corporate income tax shall be levied at a tax rate of 20%.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### IV. TAXATION (Continued)

#### (II) Preferential tax treatment (Continued)

4. As the income from power generation of Hefei Photovoltaic, a subsidiary of the Company, applies to preferential policy of three years' exemption from EIT followed by three years of 50% tax reduction. As stipulated under Clause 88 of the "Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (No.512 Decree of the State Council of the People's Republic of China)" (《中華人民共和國企業所得稅法實施條例》(中華人民共和國國務院令第512號)), qualified environmental protection, energy and water saving projects mentioned in Article 27(3) of the Enterprise Income Tax Law include public sewage treatment, public refuse disposal, comprehensive development and utilization of biogas, technological upgrade of energy saving and remission reduction, seawater desalination, etc. Enterprises engaged in the abovementioned qualified environmental protection, energy and water conservation projects, shall be exempted from entire EIT on income derived therefrom for the first to third years, and entitled to a 50% tax reduction from the fourth to sixth years, commencing from the assessable year during which relevant projects start to generate manufacturing or operating revenue. Hefei Photovoltaic completed the filing for EIT preferential matters in July 2016 and enjoyed a exemption period commencing on 1 January 2018 and ending on 31 December 2018 and the reduction period commencing on 1 January 2019 and ending on 31 December 2021.
5. Hefei Photovoltaic, a subsidiary of the Company, pursuant to the regulations of the Notice of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses ("Cai Shui [2018] No.99"), is required to deduct 75% of the amount actually incurred which shall be deducted before tax payment, in addition to the deduction as prescribed to the extent of the amount actually incurred for the period from 1 January 2018 to 31 December 2020, where the research and development expenses incurred by an enterprise in research and development activities do not form intangible assets and are included in the current period's profit or loss; and make pretax amortisation based on 175% of the costs of the intangible assets during the above period where intangible assets are formed. According to the regulations of the Notice on Further Improvement of the Policy of Weighted Pre-tax Deduction on Research and Development Expenses (Announcement of Ministry of Finance and the State Taxation Administration No. 13 of 2021, which is applicable to since 1 January 2021, for research and development expenses actually incurred by manufacturing enterprises in carrying out research and development activities, where intangible assets have not been formed and included in the profit or loss of the current period, 100% of the actually incurred amount are allowed for pre-tax deduction, on the basis of actual deduction pursuant to the provisions; where intangible assets have been formed, amortization shall be based on 200% of the costs of the intangible assets before tax.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### (I) Monetary funds

Item	31 December 2021	31 December 2020 (restated)
Cash on hand		
Bank deposit	411,742,786.14	393,620,122.10
Including: Deposits with finance company	144,606,239.35	200,331,135.54
Other monetary funds	290,358,157.41	324,289,147.90
<b>Total</b>	<b>702,100,943.55</b>	<b>717,909,270.00</b>

Of which: Total deposits in overseas banks

#### Restricted Monetary funds:

Item	31 December 2021	31 December 2020 (restated)
Security deposit for bills and letter of credit	180,358,157.41	284,289,147.90
Pledged certificates of deposit	110,000,000.00	40,000,000.00
Frozen bank deposits in litigation		124,030.12
<b>Total</b>	<b>290,358,157.41</b>	<b>324,413,178.02</b>

#### (II) Financial assets held for trading

Item	31 December 2021	31 December 2020 (restated)
Classified as financial assets measured at fair value through profit and loss	299,398.19	335,160.70
Including: investment in equity instruments	299,398.19	335,160.70
Others		
<b>Total</b>	<b>299,398.19</b>	<b>335,160.70</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (III) Bills receivable

##### 1. Bills receivables by category

Item	31 December 2021	31 December 2020 (restated)
Bank acceptance bills	401,498,775.46	473,448,034.86
<b>Total</b>	<b>401,498,775.46</b>	<b>473,448,034.86</b>

##### 2. Bills receivable pledged by the Company at the end of the period

Item	Amount pledged at the end of the period
Bank acceptance bills	79,390,695.65
<b>Total</b>	<b>79,390,695.65</b>

*Note:* Pledged bills are guarantees provided for the issuance of bank acceptance bills in the bill pool.

##### 3. Bills receivable endorsed or discounted by the Company at the end of the period and not mature at the balance sheet date

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		152,531,886.98
<b>Total</b>		<b>152,531,886.98</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IV) Accounts receivable

##### 1. Accounts receivable shown by aging based on the recording date

Aging	31 December 2021	31 December 2020 (restated)
Within 1 year		
Including: 0–6 months (inclusive)	326,346,459.06	231,468,305.66
7–12 months (inclusive)	2,742,804.98	2,242,477.95
Subtotal of within 1 year	329,089,264.04	233,710,783.61
1–2 years (inclusive)	8,453,629.51	7,423,094.15
2–3 years (inclusive)	7,078,153.00	7,137,268.75
Over 3 years	15,896,875.40	16,139,908.53
Subtotal	360,517,921.95	264,411,055.04
Less: provision for bad debts	18,155,808.58	16,697,661.51
Total	342,362,113.37	247,713,393.53

*Note:* the aging of accounts receivable is shown by aging based on the recording date.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IV) Accounts receivable (Continued)

##### 2. Accounts receivables disclosed according to provision for bad debts

Category	31 December 2021					31 December 2020 (restated)					
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts			
	Amount	Proportion (%)	Amount	Appropriation		Amount	Proportion (%)	Amount	Appropriation		Carrying amount
				proportion (%)	Carrying amount				proportion (%)	Carrying amount	
Allowance for bad debts is made based on individual basis	519,032.00	0.14	519,032.00	100.00							
Allowance for bad debts is made on group basis	359,998,889.95	99.86	17,636,776.58	4.90	342,362,113.37	264,411,055.04	100.00	16,697,661.51	6.32	247,713,393.53	
Including: By aging	345,979,410.68	95.97	17,636,776.58	5.10	328,342,634.10	247,349,405.64	93.55	16,697,661.51	6.75	230,651,744.13	
Low credit risk portfolio	14,019,479.27	3.89			14,019,479.27	17,061,649.40	6.45			17,061,649.40	
<b>Total</b>	<b>360,517,921.95</b>	<b>100.00</b>	<b>18,155,808.58</b>		<b>342,362,113.37</b>	<b>264,411,055.04</b>	<b>100.00</b>	<b>16,697,661.51</b>		<b>247,713,393.53</b>	

Allowance for bad debts made on individual basis:

Name	31 December 2021			Reasons for making allowance
	Book balance	Allowance for bad debts	Appropriation proportion (%)	
Zhejiang Yuhui Sunshine Energy Co., Ltd	519,032.00	519,032.00	100.00	Abnormal operation
<b>Total</b>	<b>519,032.00</b>	<b>519,032.00</b>		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IV) Accounts receivable (Continued)

##### 2. Accounts receivables disclosed according to provision for bad debts (Continued)

Allowance for bad debts made on group basis:

Items for which allowance is made on group basis: by aging

Name	31 December 2021		Appropriation proportion (%)
	Accounts receivables	Allowance for bad debts	
0-6 months (inclusive)	324,046,139.94		
7-12 months (inclusive)	931,234.89	9,312.35	1.00
1-2 years (inclusive)	4,109,957.00	1,232,987.10	30.00
2-3 years (inclusive)	995,203.45	497,601.73	50.00
Over 3 years	15,896,875.40	15,896,875.40	100.00
Total	345,979,410.68	17,636,776.58	

Items for which allowance is made on group basis: by low credit risk portfolio

Name	31 December 2021		Appropriation proportion (%)
	Accounts receivables	Allowance for bad debts	
Low credit risk portfolio	14,019,479.27		
Total	14,019,479.27		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IV) Accounts receivable (Continued)

##### 3. Allowances for bad debts made, reversed or recovered for the period

Category	31 December 2020 (restated)	Changes during the period			31 December 2021
		Provision	Recovered or reversed	Charged off or written off	
Single item of bad debt provision receivables that are subject to provision for bad debts on credit risk characteristics		519,032.00			519,032.00
Including: By aging	16,697,661.51	1,182,462.50	68,165.18	175,182.25	17,636,776.58
By low credit risk portfolio	16,697,661.51	1,182,462.50	68,165.18	175,182.25	17,636,776.58
<b>Total</b>	<b>16,697,661.51</b>	<b>1,701,494.50</b>	<b>68,165.18</b>	<b>175,182.25</b>	<b>18,155,808.58</b>

##### 4. Accounts receivable actually written off in the period

Item	Write-off amount
Accounts receivable actually written off	<b>175,182.25</b>

Significant accounts receivable written off:

Name	Nature of accounts receivable	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether arising from related transactions
Reaforce Power Co., Ltd (潤峰電力有限公司)	Loan	94,930.25	Unlikely to be recovered	Resolution by the board of the directors	No
Xianyang Huaxin Communication Equipment Co., Ltd (咸陽華信通訊設備有限公司)	Loan	53,451.20	Unlikely to be recovered	Resolution by the board of the directors	No
Henan Guokong Yufei Electronic Glass Co., Ltd (河南國控宇飛電子玻璃有限公司)	Loan	26,800.80	Unlikely to be recovered	Resolution by the board of the directors	No
<b>Total</b>		<b>175,182.25</b>			

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IV) Accounts receivable (Continued)

##### 5. Top five accounts receivable according to closing balance of debtors

Name of unit	Accounts receivable	31 December 2021 Percentage of total accounts receivable (%)	Allowance for bad debt
Jinko Solar (Chuzhou) Co., Ltd. (晶科能源(滁州)有限公司)	82,671,918.16	22.93	
Xianyang LONGi Solar Technology Co., Ltd. (咸陽隆基樂葉光伏科技有限公司)	46,892,500.65	13.01	
JA Solar (Yangzhou) New Energy Co., Ltd. 晶澳(揚州)新能源有限公司	29,669,665.47	8.23	
Chuzhou LONGi Solar Photovoltaic Technology Co., Ltd. (滁州隆基樂葉光伏科技有限公司)	26,518,735.12	7.36	
Anhui Daheng Energy Technology Co., Ltd. 安徽大恒能源科技有限公司	23,760,740.54	6.59	
Total	209,513,559.94	58.12	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IV) Accounts receivable (Continued)

##### 6. The situation of overdue accounts receivable at the end of the period

Items	31 December 2021
Accounts receivable not overdue and not impaired	324,046,139.94
Accounts receivable overdue and not impaired – within 3 months	14,019,479.27
Accounts receivable overdue and not impaired – over 3 months	22,452,302.74
<b>Total</b>	<b>360,517,921.95</b>

As of 31 December 2021, the information on the impairment of accounts receivable and the Company's exposure to credit risk and foreign currency risk is set out in Note VIII.

As at 31 December 2021, the carrying amounts of accounts receivable approximated their fair values.

The basis of accounts receivable aging analysis is set out in Note III. (XI).

#### (V) Receivables financing

##### 1. Receivables financing

Item	31 December 2021	31 December 2020 (restated)
Bills receivable	354,722,215.86	249,513,539.10
<b>Total</b>	<b>354,722,215.86</b>	<b>249,513,539.10</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (V) Receivables financing (Continued)

##### 2. Receivables financing pledged by the Company at the end of the period

Category	Amount pledged at the end of the period
Bank acceptance bills	271,908,444.83
Commercial acceptance bills	
Total	271,908,444.83

##### 3. Bills receivable endorsed or discounted by the Company at the end of the period and not mature at the balance sheet date

Category	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	428,075,900.97	
Commercial acceptance bills		
Total	428,075,900.97	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (V) Receivables financing (Continued)

##### 4. Changes in receivables financing for the period and changes in fair value

Item	31 December 2020	New grants for the period	Derecognition for the period	Other changes	31 December 2021	Accumulated allowance for losses recognized in other comprehensive income
Bank acceptance bills	249,513,539.10	1,673,764,679.07	1,568,556,002.31		354,722,215.86	
<b>Total</b>	<b>249,513,539.10</b>	<b>1,673,764,679.07</b>	<b>1,568,556,002.31</b>		<b>354,722,215.86</b>	

#### (VI) Prepayments

##### 1. Prepayments stated according to aging analysis

Aging	31 December 2021		31 December 2020 (restated)	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	68,174,210.28	99.84	30,687,055.07	99.67
1-2 years (inclusive)	22,157.41	0.03	27,359.50	0.09
2-3 years (inclusive)	11,460.50	0.02	10,032.00	0.03
Over 3 years	75,542.54	0.11	65,510.54	0.21
<b>Total</b>	<b>68,283,370.73</b>	<b>100.00</b>	<b>30,789,957.11</b>	<b>100.00</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VI) Prepayments (Continued)

##### 2. Top five prepayments according to closing balance of counterparties

Counterparties	31 December 2021	Percentage of closing balance of total prepayments (%)
CNSG Inner Mongolia Chemical Company Limited Yanjian Branch (中鹽內蒙古化工股份有限公司鹽碱分公司)	19,647,575.57	28.77
Henan Jindadi Chemical Co., Ltd (河南金大地化工有限責任公司)	18,151,437.19	26.58
Bengbu Chengxin Chemical Co., Ltd (蚌埠市誠鑫化輕有限公司)	3,450,910.02	5.05
CNSG Anhui Hong Sifang Co., Ltd. (中鹽安徽紅四方股份有限公司)	2,830,240.00	4.14
BDO China Shu Lun Pan Certified Public Accountants LLP	2,600,000.00	3.81
Total	46,680,162.78	68.35

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VII) Other receivables

Item	31 December 2021	31 December 2020 (restated)
Interests receivable		
Dividends receivable		
Other receivable	35,599,357.48	374,583,997.35
<b>Total</b>	<b>35,599,357.48</b>	<b>374,583,997.35</b>

#### 1. Other receivables

##### (1) Other receivables disclosed by aging

Aging	31 December 2021	31 December 2020 (restated)
Within 1 year		
Including: 0–6 months (inclusive)	892,501.12	323,923,724.61
7–12 months (inclusive)	10,121,900.00	7,665,346.71
Subtotal of within 1 year	11,014,401.12	331,589,071.32
1–2 years (inclusive)	11,535,917.00	13,775,183.51
2–3 years (inclusive)	11,250,000.00	9,285,144.70
Over 3 years	1,802,014.46	19,934,597.82
Sub-total	35,602,332.58	374,583,997.35
Less: provision for bad debts	2,975.10	
<b>Total</b>	<b>35,599,357.48</b>	<b>374,583,997.35</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) Other receivables (Continued)

1. Other receivables (Continued)

(2) Other receivables disclosed according to provision for bad debts

Category	31 December 2021					31 December 2020 (restated)				
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts		
	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Carrying amount
Allowance for bad debts is										
made on group basis	35,602,332.58	100.00	2,975.10	0.01	35,599,357.48	374,583,997.35	100.00			374,583,997.35
Including: By aging	9,917.00	0.03	2,975.10	30.00	6,941.90	176,602.37	0.05			176,602.37
By deposits, margins										
and reserves	35,592,415.58	99.97			35,592,415.58	57,032,525.98	15.22			57,032,525.98
By low credit risk						317,374,869.00	84.73			317,374,869.00
Total	35,602,332.58	100.00	2,975.10		35,599,357.48	374,583,997.35	100.00			374,583,997.35

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VII) Other receivables (Continued)

##### 1. Other receivables (Continued)

##### (2) Other receivables disclosed according to provision for bad debts (Continued)

Allowance for bad debts made on group basis:

Items for which allowance is made on group basis: by aging

Name	Other receivable	31 December 2021	
		Allowance for bad debts	Appropriation proportion (%)
0-6 months (inclusive)			
7-12 months (inclusive)			
1-2 years (inclusive)	9,917.00	2,975.10	30.00
2-3 years (inclusive)			
Over 3 years			
<b>Total</b>	<b>9,917.00</b>	<b>2,975.10</b>	

Items for which allowance is made on group basis: by deposits, margins and reserves

Name	Other receivable	31 December 2021	
		Closing balance Allowance for bad debts	Appropriation proportion (%)
By deposits, margins and reserves	35,592,415.58		
<b>Total</b>	<b>35,592,415.58</b>		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VII) Other receivables (Continued)

##### 1. Other receivables (Continued)

##### (3) Allowances for bad debts

Allowances for bad debts	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
As at 31 December 2020 (restated)				
Balance at the end of last year (restated)				
during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Made in the period	2,975.10			2,975.10
Reversed in the period				
Charged off in the period				
Written off in the period				
Other changes				
31 December 2021	2,975.10			2,975.10

Change in book balance of other receivables is as follows:

Allowances for bad debts	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
As at 31 December 2020 (restated)	374,583,997.35			374,583,997.35
Balance at the end of last year (restated)				
during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Addition in the period	48,358,067.71			48,358,067.71
Derecognition in the period	387,339,732.48			387,339,732.48
Other changes				
31 December 2021	35,602,332.58			35,602,332.58

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VII) Other receivables (Continued)

##### 1. Other receivables (Continued)

##### (4) Allowances for bad debts made, reversed or recovered for the period

Category	31 December	Changes during the period		31 December
	2020 (restated)	Provision	Recovered or reversed	Charged off or written off
Single item of bad debt provision				
Allowance for bad debts made on group basis:		2,975.10		
<b>Total</b>		<b>2,975.10</b>		<b>2,975.10</b>

##### (6) Receivables by nature

Nature	31 December 2021	31 December 2020 (restated)
By deposits, margins and reserves	35,592,415.58	57,032,525.98
By trading receivables and other receivables	9,917.00	26,506,602.37
Equity interest		291,044,869.00
<b>Total</b>	<b>35,602,332.58</b>	<b>374,583,997.35</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VII) Other receivables (Continued)

##### 1. Other receivables (Continued)

##### (7) Top five other account receivables according to closing balance of debtors

Name of unit	Nature of payment	31 December 2021	Aging	Percentage of total closing balance of other receivables	Closing balance of allowance for bad debts
				(%)	
Xianyang City Qindu District Stateowned Investment Company* (咸陽市秦都區國有投資公司)	Deposits	10,000,000.00	Within 1 year	28.09	
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	Margins	7,500,000.00	1 to 2 years	21.06	
Yan'an Gas Co., Ltd. (延安市燃氣有限責任公司)	Deposits	5,000,000.00	2 to 3 years	14.04	
AVIC International Leasing Co., Ltd. (中航國際租賃有限公司)	Margins	4,000,000.00	1 to 2 years	11.24	
Leasing Co., Ltd. (平安國際融資租賃有限公司)	Margins	4,000,000.00	2 to 3 years	11.24	
<b>Total</b>		<b>30,500,000.00</b>		<b>85.67</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VIII) Inventories

##### 1. Categories of inventories

Item	31 December 2021			31 December 2020 (restated)		
	Book balance	Provision for impairment of inventories/ provision for contract performance costs	Carrying amount	Book balance	Provision for impairment of inventories/ provision for contract performance costs	Carrying amount
Raw materials	46,135,391.49	518,830.50	45,616,560.99	18,592,203.95		18,592,203.95
Revolving materials and others	26,466,114.28	2,332,454.22	24,133,660.06	13,656,133.06	1,190,466.17	12,465,666.89
Semi-finished goods and work-in-process	4,585,187.71		4,585,187.71	314,959.58		314,959.58
Goods in stock	136,895,722.78	15,533,911.63	121,361,811.15	89,475,526.52	1,356,709.22	88,118,817.30
Goods in transit	30,461,141.63	319,286.99	30,141,854.64	59,639,291.51	319,286.99	59,320,004.52
<b>Total</b>	<b>244,543,557.89</b>	<b>18,704,483.34</b>	<b>225,839,074.55</b>	<b>181,678,114.62</b>	<b>2,866,462.38</b>	<b>178,811,652.24</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (VIII) Inventories (Continued)

##### 2. Provision for impairment of inventories and provision for contract performance costs

Item	31 December 2020 (restated)	Increase in the period		Decrease in the period		31 December 2021
		Accrue	Others	Reversal or Write-off	Others	
Raw materials		518,830.50				518,830.50
Revolving materials and others	1,190,466.17	1,141,988.05				2,332,454.22
Semi-finished goods and work-in-process						
Goods in stock	1,356,709.22	14,687,078.22		509,875.81		15,533,911.63
Goods in transit	319,286.99					319,286.99
<b>Total</b>	<b>2,866,462.38</b>	<b>16,347,896.77</b>		<b>509,875.81</b>		<b>18,704,483.34</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (IX) Other current assets

Item	31 December 2021	31 December 2020 (restated)
Input VAT deductible	35,531,636.38	38,462,630.38
Prepaid EIT	6,633,130.40	
<b>Total</b>	<b>42,164,766.78</b>	<b>38,462,630.38</b>

#### (X) Long-term receivables

##### 1. Long-term receivables

Item	31 December 2021			31 December 2020(restated)			Closing discount rate range
	Book balance	Allowance for bad debts	Carrying amount	Book balance	Allowance for bad debts	Carrying amount	
Hanzhong IRICO Jiarunze Mining Co., Ltd* (漢中彩虹 佳潤澤礦業有限公司)	19,110,000.00		19,110,000.00	22,923,378.88		22,923,378.88	
<b>Total</b>	<b>19,110,000.00</b>		<b>19,110,000.00</b>	<b>22,923,378.88</b>		<b>22,923,378.88</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XI) Long-term equity investments

Name of investees	31 December 2020 (restated)	Increase in investment	Decrease in investment	Increase/decrease in the period				Distribution of cash dividend or profit	Provision for impairment	Others	31 December 2021	Closing balance of impairment provision
				Investment gain or loss recognized under equity method	Adjustment to other comprehensive income	Other equity change						
Associate												
Hanzhong Jiarunze Mining Development Co., Ltd* (漢中佳潤澤礦業 開發有限責任公司)	11,730,970.89			-2,778,021.65							8,952,949.24	
Subtotal	11,730,970.89			-2,778,021.65							8,952,949.24	
Total	11,730,970.89			-2,778,021.65							8,952,949.24	

*Note:* On 29 March 2022, the Company entered into the Equity Transfer Agreement with China IRICO Electronics Import & Export Co., Ltd. ("IRICO Import & Export"), pursuant to which the Company has agreed to dispose of and IRICO Import & Export has agreed to acquire 39% equity interest in Hanzhong Jiarunze at the consideration of RMB9,520,800 in cash.

#### (XII) Other investment in equity instruments

##### 1. Details of other investment in equity instruments

Items	31 December 2021	31 December 2020 (restated)
IRICO Display Devices Co., Ltd. (彩虹顯示器件股份有限公司)	241,262,089.86	235,601,982.18
Shaanxi IRICO Electronics Glass Co., Ltd. (陝西彩虹電子玻璃有限公司)	78,480,597.18	73,328,400.98
Total	319,742,687.04	308,930,383.16

*Note 1:* There were 35,375,673 shares of IRICO Display Devices Co., Ltd. ("IRICO Display") held at the end of the period, and the stock price was RMB6.82 per share.

*Note 2:* There were 7.2953% shareholding of Shaanxi IRICO Electronics Glass Co., Ltd. held at the end of the period.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XII) Other investment in equity instruments (Continued)

##### 2. Details of investment in non-trading equity instruments

Items	Dividend income recognized in the year	Accumulated Gains	Accumulated Losses	Amount of transferred to retained earnings from other comprehensive income	Reasons for designating as financial assets at fair value through other comprehensive income	Reasons for transferring to retained earnings from other comprehensive income
IRICO Display Devices Co., Ltd.			405,773,501.26		Investment in equity instrument not held for trading purposes	
Shaanxi IRICO Electronics Glass Co., Ltd.			24,535,660.63		Investment in equity instrument not held for trading purposes	

#### (XIII) Fixed assets

##### 1. Fixed assets and disposal of fixed assets

Item	31 December 2021	31 December 2020 (restated)
Fixed assets	1,869,726,175.32	2,032,954,626.64
Disposal of fixed assets	2,829,294.16	1,792.45
Total	1,872,555,469.48	2,032,956,419.09

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XIII) Fixed assets (Continued)

##### 2. Details of fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment and others	Total
1. Original carrying amount					
(1) 31 December 2020 (restated)	1,028,607,218.70	1,781,630,462.11	12,132,672.96	8,696,396.15	2,831,066,749.92
(2) Increase in the period	11,027,742.51	20,053,015.03	1,338,286.01	728,381.92	33,147,425.47
– Purchase		74,403.72	1,323,504.44	728,381.92	2,126,290.08
– Transferred from construction in progress	11,027,742.51	3,221,576.92			14,249,319.43
– Other increases		16,757,034.39	14,781.57		16,771,815.96
(3) Decrease in the period	66,256,184.24	14,265,206.70	1,619,428.00	3,714,261.46	85,855,080.40
– Disposal or scrapping		12,656,450.24	1,619,428.00	3,714,261.46	17,990,139.70
– Transferred to construction in progress	47,694,620.81				47,694,620.81
– Other decreases	18,561,563.43	1,608,756.46			20,170,319.89
(4) 31 December 2021	973,378,776.97	1,787,418,270.44	11,851,530.97	5,710,516.61	2,778,359,094.99
2. Accumulated depreciation					
(1) 31 December 2020 (restated)	100,263,773.12	257,813,775.93	7,285,120.16	5,743,280.56	371,105,949.77
(2) Increase in the period	37,160,435.36	98,125,452.42	869,802.10	161,620.86	136,317,310.74
– Provision	37,160,435.36	98,125,452.42	869,802.10	161,620.86	136,317,310.74
(3) Decrease in the period	10,923,393.08	3,523,572.92	1,570,849.40	3,601,632.40	19,619,447.80
– Disposal or scrapping		3,523,572.92	1,570,849.40	3,601,632.40	8,696,054.72
– Transferred to construction in progress	10,923,393.08				10,923,393.08
(4) 31 December 2021	126,500,815.40	352,415,655.43	6,584,072.86	2,303,269.02	487,803,812.71
3. Provision for impairment					
(1) 31 December 2020 (restated)	3,126,964.80	420,478,567.17	2,741,865.55	658,775.99	427,006,173.51
(2) Increase in the period					
– Provision					
(3) Decrease in the period		6,177,066.55			6,177,066.55
– Disposal or scrapping		6,177,066.55			6,177,066.55
(4) 31 December 2021	3,126,964.80	414,301,500.62	2,741,865.55	658,775.99	420,829,106.96
4. Carrying amount					
(1) 31 December 2021	843,750,996.77	1,020,701,114.39	2,525,592.56	2,748,471.60	1,869,726,175.32
(2) 31 December 2020 (restated)	925,216,480.78	1,103,338,119.01	2,105,687.25	2,294,339.60	2,032,954,626.64

Note: Other changes were mainly due to adjustments based on the completion audit.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Fixed assets (Continued)

3. *Details of fixed assets of which title of certificates had not been obtained*

Item	Carrying amount	Reasons for having not to obtained the title of certificates
Buildings and structures	165,921,604.47	The title of certificate of Hefei Photovoltaic is in progress
Buildings and structures	263,888,459.39	The title of certificate of Yan'an New Energy is in progress
Total	429,810,063.86	

4. *Disposal of fixed assets*

Item	31 December 2021	31 December 2020 (restated)
Machinery and equipment	2,829,294.16	
Transportation tools		1,792.45
Total	2,829,294.16	1,792.45

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Fixed assets (Continued)

5. *Other explanation*

The situation of term of fixed assets used in Mainland China:

Period	31 December 2021	31 December 2020 (restated)
Medium-term (10–50 years)	1,675,816,016.19	1,838,309,748.36
Short-term (within 10 years)	193,910,159.13	194,644,878.28

(XIV) Construction in progress

1. *Construction in progress and construction materials*

Item	31 December 2021	31 December 2020 (restated)
Construction in progress Construction materials	530,673,922.41	367,729,484.07
Total	530,673,922.41	367,729,484.07

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XIV) Construction in progress (Continued)

##### 2. Construction in progress

Item	31 December 2021		31 December 2020 (restated)	
	Book balance	Provision for impairment Carrying amount	Book balance	Provision for impairment Carrying amount
Hefei photovoltaic expansion project (phase III) (合肥光伏三期續建項目)	306,768,892.85	306,768,892.85	234,416,866.34	234,416,866.34
Hefei company real estate and plant infrastructure (合肥公司房產及廠區基礎設施)	198,972,880.51	198,972,880.51	126,235,931.24	126,235,931.24
Hefei photovoltaic technological reform and technological measures project (phase II) (合肥光伏二期技改項目)	9,828,356.19	9,828,356.19	4,441,887.14	4,441,887.14
IRICO Xianyang ultra-thin high-transparency photovoltaic glass production line construction project (彩虹威陽超薄高透光電玻璃生產線建設項目)	7,439,226.60	7,439,226.60		
Jiangxi photovoltaic glass project (phase I) (江西光伏玻璃一期項目)	5,819,629.88	5,819,629.88		
Hefei photovoltaic technological reform and technological measures project (phase I) (合肥光伏一期技改項目)	1,844,936.38	1,844,936.38		
Xianyang photovoltaic glass production line construction project (咸陽光伏玻璃生產線建設項目)			2,573,004.40	2,573,004.40
Xianyang photovoltaic glazed glass production line expansion project (咸陽光伏鍍釉玻璃生產線擴建項目)			1,750,584.85	1,750,584.85
IRICO photovoltaic glass plant project (phase III) (彩虹光伏玻璃廠三期項目)			884,214.50	884,214.50
<b>Total</b>	<b>530,673,922.41</b>	<b>530,673,922.41</b>	<b>370,302,488.47</b>	<b>367,729,484.07</b>

# Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

## V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (XIV) Construction in progress (Continued)

#### 3. Movements of significant construction in progress for the period

Name of project	Budgeted amount	31 December 2020 (restated)	Increase for the period	Amount transferred in fixed Assets for the period	Other decreases for the period	31 December 2021	Accumulated investment in project as a percentage of total budget	Project progress	Accumulated amount of interest capitalized	Of which: amount of interest capitalized for the period	Interest capitalized rate for the period	Sources of fund
							(%)		(%)	(%)		
Hefei photovoltaic continued expansion project (phase III) (合肥光伏二期擴建項目)	600,000,000.00	234,416,866.34	72,352,026.51	-	-	306,768,892.85	51.13	51.13	-	-	-	Self-raised funds and loans from financing institution
Hefei photovoltaic plant and infrastructure construction project (合肥光伏廠房及基礎設施建設項目)	700,000,000.00	126,235,931.24	83,764,691.78	11,027,742.51	-	198,972,880.51	83.49	83.49	33,217,511.86	-	-	Self-raised funds and loans from financing institution
IRICO Xianyang ultra-thin high-transparency photovoltaic glass production line construction project (彩虹威陽超薄透光電玻璃生產線建設項目)	197,150,000.00	-	7,439,226.60	-	-	7,439,226.60	3.77	3.77	-	-	-	Self-raised funds and loans from financing institution
Jiangxi photovoltaic Shangrao ultra-thin high-transparency photovoltaic glass project (phase I) (江西光伏上饒超薄透光光伏玻璃一期項目)	2,902,890,000.00	-	5,819,629.88	-	-	5,819,629.88	0.20	0.20	-	-	-	Self-raised funds and loans from financing institution
<b>Total</b>	<b>4,400,040,000.00</b>	<b>360,652,797.58</b>	<b>169,375,574.77</b>	<b>11,027,742.51</b>	<b>-</b>	<b>519,000,629.84</b>	<b>-</b>	<b>-</b>	<b>33,217,511.86</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XV) Right-of-use assets

Item	Buildings and structures	Total
1. Original carrying amount		
(1) 31 December 2020 (restated)	13,354,822.35	13,354,822.35
(2) Increase for the period	1,086,200.17	1,086,200.17
– Additional lease	1,086,200.17	1,086,200.17
(3) Decrease for the period	13,354,822.35	13,354,822.35
– Disposal	13,354,822.35	13,354,822.35
(4) 31 December 2021	1,086,200.17	1,086,200.17
2. Accumulated depreciation		
(1) 31 December 2020 (restated)	5,341,928.94	5,341,928.94
(2) Increase for the period	3,214,064.56	3,214,064.56
– Provision	3,214,064.56	3,214,064.56
(3) Decrease for the period	8,012,893.41	8,012,893.41
– Disposal	8,012,893.41	8,012,893.41
(4) 31 December 2021	543,100.09	543,100.09
3. Provision for impairment		
(1) 31 December 2020 (restated)		
(2) Increase for the period		
– Provision		
(3) Decrease for the period		
– Transferred to fixed assets		
– Disposal		
(4) 31 December 2021		
4. Carrying amount		
(1) 31 December 2021	543,100.08	543,100.08
(2) 31 December 2020 (restated)	8,012,893.41	8,012,893.41

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XVI) Intangible assets

##### 1. Intangible assets

Item	Land use rights	Software	Total
1. Original carrying amount			
(1) 31 December 2020 (restated)	211,228,910.28	3,772,662.41	215,001,572.69
(2) Increase for the period			
– Addition			
(3) Decrease for the period			
– Disposal			
(4) 31 December 2021	211,228,910.28	3,772,662.41	215,001,572.69
2. Accumulated amortization			
(1) 31 December 2020 (restated)	30,988,876.51	3,690,412.42	34,679,288.93
(2) Increase for the period	4,242,335.88	47,000.04	4,289,335.92
– Provision	4,242,335.88	47,000.04	4,289,335.92
(3) Decrease for the period			
– Disposal			
(4) 31 December 2021	35,231,212.39	3,737,412.46	38,968,624.85
3. Provision for impairment			
(1) 31 December 2020 (restated)			
(2) Increase for the period			
– Provision			
(3) Decrease for the period			
– Disposal			
(4) 31 December 2021			
4. Carrying amount			
(1) 31 December 2021	175,997,697.89	35,249.95	176,032,947.84
(2) 31 December 2020 (restated)	180,240,033.77	82,249.99	180,322,283.76

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XVI) Intangible assets (Continued)

2. *The Company did not have land use rights whose title of certificates had not been obtained*
3. *Other explanation*

All of the intangible assets of the Company were in Mainland China, the useful life of which is set out below:

Item	31 December 2021	31 December 2020 (restated)
Long term (No shorter than 50 years)	175,997,697.89	180,240,033.77
Short term (Shorter than 50 years but no shorter than 10 years)	35,249.95	82,249.99

#### (XVII) Long-term deferred expenses

Item	31 December 2020 (restated)	Increase for the period	Amortisation for the period	Other decreases	31 December 2021
High reliability backup power supply for 10 kV power supply		7,429,245.28	3,405,070.75		4,024,174.53
Building and other renovation projects		910,766.57	30,358.88		880,407.69
Total		8,340,011.85	3,435,429.63		4,904,582.22

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Deferred tax assets and deferred tax liabilities

1. *Deferred tax assets which are not offset*

Item	31 December 2021		31 December 2020 (restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	143,156,873.72	21,473,531.06	292,003,408.42	43,800,511.26
Provision for asset impairment	15,151,690.87	2,272,753.64	375,357.81	56,303.67
<b>Total</b>	<b>158,308,564.59</b>	<b>23,746,284.70</b>	<b>292,378,766.23</b>	<b>43,856,814.93</b>

2. *Breakdown of unrecognised deferred income tax assets*

Item	31 December 2021	31 December 2020 (restated)
Deductible temporary differences	878,036,656.39	890,044,753.22
Deductible losses	350,551,390.40	368,715,182.56
<b>Total</b>	<b>1,228,588,046.79</b>	<b>1,258,759,935.78</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Deferred tax assets and deferred tax liabilities (Continued)

3. *Deductible losses that are not recognised as deferred income tax assets will expire in the following years*

Year	31 December 2021	31 December 2020 (restated)
2022	89,595,898.13	107,759,690.29
2023	67,033,570.68	67,033,570.68
2024		
2025 and subsequent years	193,921,921.59	193,921,921.59
<b>Total</b>	<b>350,551,390.40</b>	<b>368,715,182.56</b>

(XIX) Short-term borrowings

1. *Categories of short-term borrowings*

Item	31 December 2021	31 December 2020 (restated)
Guaranteed loans	792,628,059.63	475,191,483.33
Mortgaged loans	150,181,041.67	100,000,000.00
Guaranteed and mortgaged loans		100,000,000.00
<b>Total</b>	<b>942,809,101.30</b>	<b>675,191,483.33</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XIX) Short-term borrowings (Continued)

##### 2. Explanation on classification of short-term borrowings

Guaranteed borrowings:

Lender	31 December 2021	Guarantor
China Construction Bank Corporation Hefei Chengdong Sub-branch (中國建設銀行股份有限公司合肥城東支行)	181,918,701.36	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
China Electronics Finance Co., Ltd. (中國電子財務有限責任公司)	100,132,916.66	IRICO Group Corporation Limited* (彩虹集團有限公司)
Industrial and Commercial Bank of China Co., Ltd. Hefei Fengshan Road Sub-branch (中國工商銀行股份有限公司合肥鳳山路支行)	100,121,618.75	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Hefei Science and Technology Rural Commercial Bank Co., Ltd. Xinzhan Sub-branch (合肥科技農村商業銀行股份有限公司新站支行)	97,140,097.22	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
China Construction Bank Corporation Xianyang Rainbow Sub-branch (中國建設銀行股份有限公司咸陽彩虹支行)	50,058,819.44	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
Bank of China Limited Xianyang Branch (中國銀行股份有限公司咸陽分行)	40,053,166.67	IRICO Group Corporation Limited* (彩虹集團有限公司)
Bank of Dongguan Co., Ltd. Hefei Science and Technology Sub-branch (東莞銀行股份有限公司合肥科技支行)	38,280,515.64	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
Hua Xia Bank Co., Ltd. Xi'an Branch (華夏銀行股份有限公司西安分行)	30,039,875.00	IRICO Group Corporation Limited* (彩虹集團有限公司)
Bank of Beijing Co., Ltd. Xi'an Dazhai Road Sub-branch (北京銀行股份有限公司西安大寨路支行)	30,039,875.00	IRICO Group Corporation Limited* (彩虹集團有限公司)
China Guangfa Bank Co., Ltd. Hefei Feixi Sub-branch (廣發銀行股份有限公司合肥肥西支行)	30,035,291.67	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Nanyang Commercial Bank (China) Co., Ltd. Hefei Branch (南洋商業銀行(中國)有限公司合肥分行)	29,000,695.07	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
Industrial Bank Co., Ltd. Hefei Shouchun Road Sub-branch (興業銀行股份有限公司合肥壽春路支行)	21,880,494.41	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
Zheshang Bank Co., Ltd. Xianyang Branch (浙商銀行股份有限公司咸陽分行)	20,026,583.34	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Guangfa Bank Co., Ltd. Hefei Feixi Sub-branch (廣發銀行股份有限公司合肥肥西支行)	13,778,920.00	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
China Construction Bank Corporation Yan'an Branch (中國建設銀行股份有限公司延安分行)	10,120,489.40	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
<b>Total</b>	<b>792,628,059.63</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XIX) Short-term borrowings (Continued)

##### 2. Explanation on classification of short-term borrowings (Continued)

Mortgaged loans:

Lender	31 December 2021	Pledge
China Electronics Financial Co., Ltd. (中國電子財務有限責任公司)	150,181,041.67	Buildings, structures and land use rights
Total	150,181,041.67	-

#### (XX) Notes Payable

Category	31 December 2021	31 December 2020 (restated)
Bank acceptance bills	719,078,281.00	787,479,806.64
Trade acceptance bills	10,000,000.00	6,194,870.74
Total	729,078,281.00	793,674,677.38

#### (XXI) Accounts Payable

##### 1. Accounts receivable shown by aging based on the recording date

Item	31 December 2021	31 December 2020 (restated)
Within 1 year (inclusive)	341,698,475.23	693,354,309.70
1 to 2 years (inclusive)	151,085,797.90	84,075,511.76
2 to 3 years (inclusive)	16,255,242.66	13,329,598.60
Over 3 years	21,656,439.97	29,865,147.79
Total	530,695,955.76	820,624,567.85

Note: the aging of accounts receivable is shown by aging based on the recording date.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXI) Accounts Payable (Continued)

##### 2. Significant accounts payable aged over 1 year

Item	31 December 2021	Reasons for outstanding or carried forward
IRICO Group Corporation Limited*(彩虹集團有限公司)	102,263,711.85	Not settled
Xianyang Cailian Packaging Materials Co., Ltd.(咸陽彩聯包裝材料有限公司)	6,047,654.42	Not settled
Qinhuangdao Tucheng Glass Technology Co., Ltd.(秦皇島圖成玻璃技術有限公司)	5,931,000.00	Not settled
Xidian Baoji Electric Co., Ltd.(西電寶雞電氣有限公司)	4,014,461.90	Not settled
No. 9 Metallurgical Construction Co., Ltd.(九冶建設有限公司)	3,015,923.61	Not settled
Siping Hongda Hydraulic Machinery Manufacturing Co., Ltd.(四平宏大液壓機械製造有限公司)	1,981,760.72	Not settled
Shaanxi Dinghong Industrial Co., Ltd.(陝西鼎宏實業有限公司)	1,843,664.73	Not settled
Xianyang Hongda Chemical Co., Ltd.(咸陽宏達化工有限公司)	1,615,961.04	Not settled
Wuxi Tianfeng Environmental Protection Equipment Factory(無錫市天峰環保設備廠)	1,316,504.57	Not settled
Zhenjiang Meijie Super Hard Materials Co., Ltd.(鎮江美杰超硬材料有限公司)	1,211,523.90	Not settled
Sichuan Deyang Jinghong Machinery Manufacturing Co., Ltd.(四川省德陽市旌宏機器製造有限公司)	1,024,564.10	Not settled
<b>Total</b>	<b>130,266,730.84</b>	<b>Not settled</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXI) Accounts Payable (Continued)

##### 3. Accounts payable by nature

Item	31 December 2021	31 December 2020 (restated)
Payables for materials	275,353,087.29	416,996,987.01
Payables for equipment	181,033,723.02	264,171,565.11
Payables for transportation	43,870,059.54	47,724,680.31
Payables for construction	16,959,566.40	66,886,093.95
Payables for services	13,111,005.78	24,023,837.47
Others	368,513.73	821,404.00
Total	530,695,955.76	820,624,567.85

#### (XXII) Contract liabilities

##### 1. Contract liabilities

Item	31 December 2021	31 December 2020 (restated)
Payment for goods	3,809,488.82	64,509,216.01
Total	3,809,488.82	64,509,216.01

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXII) Contract liabilities (Continued)

2. *Significant change in book value during the reporting period and reasons therefore*

Item	Changes	Reasons for the change
Payment for goods	-60,699,727.19	There was a difference between the collection progress and the progress of revenue confirmation, resulting in a change in the balance of contract liabilities.
Total	-60,699,727.19	

#### (XXIII) Employee benefits payable

1. *Employee benefits payable is shown as follows*

Item	31 December 2020 (restated)	Increase for the period	Decrease for the period	31 December 2021
Short-term benefits	9,414,558.93	173,759,238.62	165,020,759.60	18,153,037.95
Post-employment benefits – defined contribution scheme		15,600,612.21	15,600,612.21	
Termination benefits	579,221.46	743,021.28	743,021.28	579,221.46
Other welfares due within one year				
Total	9,993,780.39	190,102,872.11	181,364,393.09	18,732,259.41

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIII) Employee benefits payable (Continued)

2. Short-term benefits is shown as follows

Item	31 December 2020 (restated)	Increase for the period	Decrease for the period	31 December 2021
(1) Salaries, bonuses, allowance and subsidies	3,000,000.00	139,213,512.63	130,544,699.63	11,668,813.00
(2) Staff welfare	576,761.05	12,246,570.56	12,198,378.42	624,953.19
(3) Social insurance		9,092,225.37	9,058,749.58	33,475.79
Including: Medical insurance		7,540,097.84	7,510,560.38	29,537.46
Work-related injury insurance		1,107,663.46	1,107,663.46	
Maternity insurance		420,582.42	416,644.09	3,938.33
Others		23,881.65	23,881.65	
(4) Housing provident fund		8,198,590.92	8,198,590.92	
(5) Labour union expenses and employee education expenses	5,837,797.88	2,678,037.31	2,690,039.22	5,825,795.97
(6) Other short-term benefits		2,330,301.83	2,330,301.83	
<b>Total</b>	<b>9,414,558.93</b>	<b>173,759,238.62</b>	<b>165,020,759.60</b>	<b>18,153,037.95</b>

3. Defined contribution scheme is shown as follows

Item	31 December 2020 (restated)	Increase for the period	Decrease for the period	31 December 2021
Basic pension insurance		15,038,228.80	15,038,228.80	
Unemployment insurance		562,383.41	562,383.41	
<b>Total</b>		<b>15,600,612.21</b>	<b>15,600,612.21</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXIV) Taxes payable

Tax item	31 December 2021	31 December 2020 (restated)
Value-added tax	4,809,598.17	7,971,998.88
Real estate tax	1,676,523.10	2,626,835.15
Urban maintenance and construction tax	1,339,694.36	1,936,389.64
Individual income tax	950,489.63	1,002,314.01
Land use tax	822,458.86	1,248,179.70
Education surcharge	201,700.12	321,315.05
Water conservancy construction funds	188,987.76	162,535.76
Stamp duty	133,315.90	458,431.31
Enterprise income tax		9,158,719.30
Other	595,019.56	125,834.10
<b>Total</b>	<b>10,717,787.46</b>	<b>25,012,552.90</b>

#### (XXV) Other payables

Item	31 December 2021	31 December 2020 (restated)
Interests payable		
Dividends payable		
Other payables	67,381,715.92	79,803,624.06
<b>Total</b>	<b>67,381,715.92</b>	<b>79,803,624.06</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXV) Other payables (Continued)

(1) Payables stated by nature

Item	31 December 2021	31 December 2020 (restated)
Loans from non-financial institutions and interest thereon	31,092,733.24	31,112,524.96
Property leasing fee	9,307,090.18	6,243,749.02
Retention money and deposits	6,874,689.52	8,662,701.52
Subsidies payable	4,725,000.00	4,725,000.00
Agency fees	3,757,914.19	7,559,188.19
Amounts due to related parties	3,505,814.14	7,505,814.14
Advances on behalf	3,211,997.65	3,312,321.52
Current accounts with related parties	10,391.64	2,715,186.21
Others	4,896,085.36	7,967,138.50
Total	67,381,715.92	79,803,624.06

(2) Other major payables aged more than one year

Item	31 December 2021	Reasons for outstanding or carry forward
Zhangjiagang Economic Development Zone Holding Group Co., Ltd. (張家港經開區控股集團有限公司)	31,092,733.24	Not settled
Total	31,092,733.24	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVI) Non-current liabilities due within one year

Item	31 December 2021	31 December 2020 (restated)
Long-term payables due within one year	101,273,739.51	280,124,551.62
Long-term loans due within one year	103,362,476.78	26,498,392.25
Lease liabilities due within one year	555,699.48	2,665,221.28
Less: Amortized finance lease service payments due within one year	1,304,100.00	4,185,600.03
<b>Total</b>	<b>203,887,815.77</b>	<b>305,102,565.12</b>

Explanations on long-term borrowings due within one year:

Lender	31 December 2021	Collateral/guarantor
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	52,151,314.23	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
AVIC International Leasing Co., Ltd. (中航國際租賃有限公司)	18,500,000.00	Fixed assets/IRICO Group Corporation Limited* (彩虹集團有限公司) Ping An International Financial
Leasing Co., Ltd. (平安國際融資租賃有限公司)	17,803,580.24	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)
Beijing Guozi Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司)	11,818,845.04	Fixed assets/IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司), Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
International Far Eastern Leasing Co., Ltd.* (遠東國際租賃有限公司)	1,000,000.00	Fixed assets/IRICO (Hefei) Photovoltaic Co., Ltd. (彩虹(合肥)光伏有限公司), Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司), IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
<b>Total</b>	<b>101,273,739.51</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXVI) Non-current liabilities due within one year (Continued)

Explanations on long-term borrowings due within one year:

Guaranteed borrowings:

Lender	31 December 2021	Guarantor
Shanghai Pudong Development Bank Co., Ltd. Xianyang Branch (上海浦東發展銀行股份有限公司咸陽分行)	60,296,388.89	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Hefei Science & Technology Rural Commercial Bank Co., Ltd. Xinzhan Sub-branch (合肥科技農村商業銀行股份有限公司新站支行)	18,530,719.98	Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)
China CITIC Bank Co., Ltd. Hefei Economic Development Zone Sub-branch (中信銀行股份有限公司合肥經開區支行)	10,038,958.33	RICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Everbright Bank Co., Ltd. Hefei Linquan Road Sub-branch (中國光大銀行股份有限公司合肥臨泉路支行)	10,035,145.00	RICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Chang'an Bank Limited Xianyang Caihong Sub-branch (長安銀行股份有限公司咸陽彩虹支行)	4,461,264.58	Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)
<b>Total</b>	<b>103,362,476.78</b>	

#### (XXVII) Other current liabilities

Item	31 December 2021	31 December 2020 (restated)
Bills endorsement	152,531,886.98	342,504,371.68
Pending output value-added tax	494,230.12	9,564,881.86
<b>Total</b>	<b>153,026,117.10</b>	<b>352,069,253.54</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXVIII) Long-term borrowings

Classification of Long-term borrowings:

Item	31 December 2021	31 December 2020 (restated)
Guaranteed loans	472,400,000.00	202,230,300.00
Pledged loans		27,830,000.00
Total	472,400,000.00	230,060,300.00

Explanations on classification of long-term borrowings:

Guaranteed borrowings:

Lender	31 December 2021	Guarantor
Chang'an Bank Limited Xianyang Caihong Sub-branch (長安銀行股份有限公司咸陽彩虹支行)	294,000,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)
Shanghai Pudong Development Bank Co., Ltd. Xianyang Branch (上海浦東發展銀行股份有限公司咸陽分行)	140,000,000.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China CITIC Bank Corporation Limited Hefei Economic Development Zone Sub-branch (中信銀行股份有限公司合肥經開區支行)	20,000,000.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Everbright Bank Co., Ltd. Hefei Linquan Road Sub-branch (中國光大銀行股份有限公司合肥臨泉路支行)	18,400,000.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Total	472,400,000.00	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXIX) Lease liabilities

Item	31 December 2021	31 December 2020 (restated)
Lease payments	582,095.20	9,190,023.49
Less: Unrecognized financing expenses	26,395.72	808,552.22
Reclassification to non-current liabilities due within one year	555,699.48	2,665,221.28
Total		5,716,249.99

#### (XXX) Long-term payables

Items	31 December 2021	31 December 2020 (restated)
Long-term payables	13,465,592.05	109,108,886.69
Total	13,465,592.05	109,108,886.69

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Long-term payables (Continued)

1. Long-term payables

Item	31 December 2021	31 December 2020 (restated)
Financing leasing expenses	13,653,568.04	114,598,586.72
Unrecognized financing expenses	-187,975.99	-5,489,700.03
Total	13,465,592.05	109,108,886.69

Explanation on long-term payables:

Lender	31 December 2021	Collateral/guarantor
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	13,653,568.04	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)
Total	13,653,568.04	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXXI) Long-term employee benefits payable

##### 1. Breakdown of long-term employee benefits payable

Item	31 December 2021	31 December 2020 (restated)
Termination benefits	1,187,564.81	3,974,743.13
<b>Total</b>	<b>1,187,564.81</b>	<b>3,974,743.13</b>

#### (XXXII) Deferred income

Item	31 December 2020 (restated)	Increase for the period	Decrease for the period	31 December 2021	Source
Government grants	66,907,014.72	110,000.00	4,774,531.17	62,242,483.55	
<b>Total</b>	<b>66,907,014.72</b>	<b>110,000.00</b>	<b>4,774,531.17</b>	<b>62,242,483.55</b>	

#### Projects involving government grants:

Liabilities	31 December 2020 (restated)	New grants during the period	Amount included in profit or loss during the period	Other changes	31 December 2021	Related to assets/related to income
Local incentives fund	62,467,014.72		1,550,697.84		60,916,316.88	Related to assets
Government grants for solar photovoltaic glass and coated and tempered glass production line	4,440,000.00		3,200,000.00		1,240,000.00	Related to assets
Special incentive funds for technological transformation projects of small and medium-sized enterprises		110,000.00	23,833.33		86,166.67	Related to assets
<b>Total</b>	<b>66,907,014.72</b>	<b>110,000.00</b>	<b>4,774,531.17</b>		<b>62,242,483.55</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXXIII) Share capital

Item	31 December 2020 (restated)	Issue of new shares	Increase(+)/decrease (-) for the period			Subtotal	31 December 2021
			Bonus issue	transferred from reserve	Others		
Total shares	3,526,441,400.00			-3,350,119,330.00	-3,350,119,330.00	176,322,070.00	

*Note:* On 30 March 2021, the Company completed the reduction of every twenty shares with a par value of RMB1 each to one reduced share with a par value of RMB1 each based on the approval at the extraordinary general meeting, the class meeting of the holders of domestic shares and the class meeting of the holders of H shares on 28 December 2020. Upon the reduction of the shares, the registered capital of the Company was changed to RMB176,322,070, and the total number of shares was changed to 176,322,070 shares, of which 80,073,400 shares were domestic shares, accounting for 45.41%, and 96,248,670 shares were foreign shares, accounting for 54.59%. As a result, the Company's share capital decreased by RMB3,350,119,330.00, and capital reserve-other capital reserve increased by RMB3,350,119,330.00.

#### (XXXIV) Capital reserve

Item	31 December 2020 (restated)	Increase for the period	Decrease for the period	31 December 2021
Capital premium (Share premium)	546,968,390.11			546,968,390.11
Other capital reserve	384,072,654.53	3,350,119,330.00		3,734,191,984.53
Total	931,041,044.64	3,350,119,330.00		4,281,160,374.64

*Note:* On 30 March 2021, the Company completed the reduction of every twenty shares with a par value of RMB1 each to one reduced share with a par value of RMB1 each based on the approval at the extraordinary general meeting, the class meeting of the holders of domestic shares and the class meeting of the holders of H shares on 28 December 2020. The Board, having considered the actual situation of the Company, has resolved to credit the amount arising from the Share Consolidation and Capital Reduction to the capital reserve account of the Company

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXXV) Other comprehensive income

Item	31 December 2020 (restated)	Amount before tax for the period	Amount for the period		Less: Income tax	Attributable to the parent company after tax	Attributable to minority interests after tax	31 December 2021
			Less: Amount transferred to profit or loss for the period for those previously included in other comprehensive income	Less: Amount transferred to retained earnings for the period for those previously included in other comprehensive income				
1. Other comprehensive income that will not be reclassified to profit or loss	-174,447,360.97	10,812,303.88				10,812,303.88		-163,635,057.09
Changes in fair value of investments in other equity instruments	-174,447,360.97	10,812,303.88				10,812,303.88		-163,635,057.09
Total other comprehensive income	-174,447,360.97	10,812,303.88				10,812,303.88		-163,635,057.09

#### (XXXVI) Surplus reserve

Item	31 December 2020 (restated)	Increase for the period	Decrease for the period	31 December 2021
Statutory surplus reserve	22,477,267.06			22,477,267.06
Total	22,477,267.06			22,477,267.06

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XXXVII) Undistributed profits

Item	2021	2020 (restated)
Undistributed profits at end of last year before adjustment	-2,559,231,002.38	-2,778,892,693.43
Adjustment for undistributed profits at beginning of year (“+” for plus; “-” for less)		
Undistributed profits at beginning of year after adjustment	-2,559,231,002.38	-2,778,892,693.43
Add: Net profit attributable to owners of the parent company during the period	162,604,143.80	219,661,691.05
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Dividend payable on ordinary shares		
Ordinary shares dividends transferred to share capital		
Undistributed profits at end of period	-2,396,626,858.58	-2,559,231,002.38

#### (XXXVIII) Operating revenue and operating costs

##### 1. Operating revenue and operating costs

Item	2021		2020 (restated)	
	Revenue	Costs	Revenue	Costs
Main businesses	2,048,481,274.25	1,613,901,418.15	2,461,786,301.64	1,981,088,601.12
Other businesses	18,581,427.83	4,837,659.96	56,722,724.16	33,932,202.44
Total	2,067,062,702.08	1,618,739,078.11	2,518,509,025.80	2,015,020,803.56

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVIII) Operating revenue and operating costs (Continued)

#### 1. Operating revenue and operating costs (Continued)

Details of operating revenue:

Item	2021	2020 (restated)
Revenue from principal businesses	2,048,481,274.25	2,461,786,301.64
Photovoltaic glass	2,048,481,274.25	1,610,210,651.72
New materials		697,895,372.81
Solar cells and components		153,680,277.11
Revenue from other businesses	18,581,427.83	56,722,724.16
Utility income	6,603,691.10	28,632,189.91
Premises leasing	5,411,463.15	9,539,855.66
Sales of materials	6,283,254.71	18,550,678.59
Others	283,018.87	
<b>Total</b>	<b>2,067,062,702.08</b>	<b>2,518,509,025.80</b>

#### 2. Revenue from contract

Revenue by contract	Solar photovoltaic and module business segment	Others	Intersegment eliminations	Total
Principal operating revenue	2,048,481,274.25			2,048,481,274.25
Other operating revenue		18,581,427.83		18,581,427.83
<b>Total</b>	<b>2,048,481,274.25</b>	<b>18,581,427.83</b>		<b>2,067,062,702.08</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVIII) Operating revenue and operating costs (Continued)

#### 3. Revenue by geographical region

	2021	2020 (restated)
The PRC (excluding Hong Kong)	2,046,754,957.83	2,379,278,547.33
Other countries or regions	20,307,744.25	139,230,478.47
<b>Total</b>	<b>2,067,062,702.08</b>	<b>2,518,509,025.80</b>

#### 4. Information about major customers

In 2021, the Company has two customer which individually represented over 10% of the Company's total external sales.

The external sales to the major customers during the year are as follows:

Customer	2021	2020 (restated)
Customer A	260,113,780.72	299,965,022.23
Customer B	213,001,740.22	109,866,042.39
<b>Total</b>	<b>473,115,520.94</b>	<b>409,831,064.62</b>

The revenues of Customer A and Customer B were from photovoltaic glass business.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVIII) Operating revenue and operating costs (Continued)

#### 5. Performance obligation

When the Company has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant assets (goods or services), revenues will be recognized. Whether performance obligations satisfied over time or at a point in time is based on the terms of contracts and related law regulations. The Company satisfies a performance obligation over time, if one of the following criteria is met:

- (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs.
- (2) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (3) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If the performance obligations satisfied over time, the Company will recognise revenue via contract performance schedule, otherwise the Company shall recognise revenue at a point in time when customer obtains control of relevant asset. Performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

(XXXIX) Taxes and surcharges

Item	2021	2020 (restated)
Real estate tax	6,423,300.83	6,114,736.01
Urban maintenance and construction tax	3,888,346.14	627,084.17
Land use tax	3,289,835.61	2,397,310.04
Education surcharge	3,081,884.72	575,523.58
Water conservancy construction funds	1,725,874.07	1,624,118.45
Stamp duty and other Others	2,747,594.25	2,060,747.39
<b>Total</b>	<b>21,156,835.62</b>	<b>13,399,519.64</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XL) Selling expenses

Item	2021	2020 (restated)
Payroll	3,719,032.91	5,459,131.68
Traveling expenses	1,693,240.48	1,554,941.26
Entertainment expenses	472,969.91	512,490.98
Certification test fees	323,584.91	366,509.44
Commission and handling fees	288,190.97	3,001,337.79
Advertising and promotion expenses	247,524.75	168,854.53
Others	396,626.66	1,389,029.42
Total	7,141,170.59	12,452,295.10

#### (XLI) Administrative expenses

Item	2021	2020 (restated)
Repair maintenance expenses	34,888,743.23	41,922,715.06
Depreciation and amortisation expenses	23,723,113.21	28,106,386.45
Payroll	25,676,645.39	36,951,132.71
Loss on shutdown	10,250,097.91	27,031,878.45
Agency expenses	7,077,822.41	14,638,192.41
Property rental income	3,166,230.88	4,242,481.95
Office expenses	1,030,610.22	1,819,698.87
Traveling expenses	1,020,409.30	1,749,394.23
Entertainment expenses	449,131.37	507,027.37
Insurance	243,523.16	18,169,753.59
Others	2,601,554.65	5,469,867.53
Total	110,127,881.73	180,608,528.62

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XLII) Research and development expenses

Item	2021	2020 (restated)
Materials costs	25,997,929.13	36,686,470.41
Payroll	11,868,051.75	14,108,195.41
Power expenses	11,672,345.11	11,194,838.90
Depreciation	4,795,608.63	4,072,074.33
Others	66,249.09	718,635.08
<b>Total</b>	<b>54,400,183.71</b>	<b>66,780,214.13</b>

#### (XLIII) Finance costs

Item	2021	2020 (restated)
Interest expenses	69,107,769.77	116,589,732.43
Including: Interest expenses on lease liabilities	449,714.39	749,424.42
Less: Interest income	6,146,823.05	8,629,348.73
Exchange gains or losses	-186,876.02	17,839,167.47
Others	6,662,472.52	15,210,489.94
<b>Total</b>	<b>69,436,543.22</b>	<b>141,010,041.11</b>

#### (XLIV) Other incomes

Item	2021	2020 (restated)
Government grants	16,853,177.60	61,666,782.08
Suspension of production subsidies for Xianyang Photovoltaic	8,464,167.00	20,280,000.00
Refund of individual income tax handling fees	112,509.07	22,896.98
<b>Total</b>	<b>25,429,853.67</b>	<b>81,969,679.06</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XLIV) Other incomes (Continued)

Government grants included in other incomes:

Item	2021	2020 (restated)	Related to assets/ Related to income
Funds for award and subsidy for industrialization development policy projects in the second half of 2018	5,195,300.00		Related to income
Subsidies by government for the production lines of solar photovoltaic glass and coated tempered glass	3,200,000.00	200,000.00	Related to assets
Cash out of subsidy policy for photovoltaic power station sponsored from the Economic and Trade Development Bureau of Xinzhan District of Hefei	3,037,386.00	3,144,367.50	Related to income
Subsidy for photovoltaic industry supportive policy project for encouraging enterprises to increase production and sales in Hefei	1,848,000.00	1,536,000.00	Related to income
Local incentives fund	1,550,697.84	1,550,697.84	Related to assets
Awards for financing allocated by Shaanxi Financial Supervisory Authority	1,000,000.00		Related to income
Award funds for contriution of fiscal increment of technological upgrading from the Economic and Trade Development Bureau of Xinzhan District of Hefei (at municipal-level)	450,900.00		Related to income
Subsidy for stabilizing employment	274,910.43	5,855,260.39	Related to income
Pre-job skill training subsidies for staffs newly employed by Human Resources Bureau of Xinzhan District	153,000.00		Related to income
Monetary awards from cultivating projects of industrial enterprises	100,000.00		Related to income
Technological upgrading projects incentive funds for small and medium-sized enterprises	23,833.33		Related to assets
Subsidy for Leasing of Instruments and Equipment of Article 45 of municipal-level independent innovation policy	7,200.00		Related to income
Subsidies for vocational skills improvement training	4,050.00		Related to income
Reward of the 8th Industrial Design Competition in Anhui Province	4,000.00		Related to income
Labour subsidies for enterprises from Human Resources and Labour Bureau of Xinzhan District	3,900.00		Related to income

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XLIV) Other incomes (Continued)

Item	2021	2020 (restated)	Related to assets/ Related to income
Subsidies for enterprises with special difficulties		26,330,000.00	Related to income
Subsidies for new materials application insurance		15,050,000.00	Related to income
Subsidies for industrial development policy project from the Economic and Trade Development Bureau of Xinzhan District of Hefei		1,805,200.00	Related to income
Summary table of green ecological development projects under the category of "Post-grant Award" in 2019		1,000,000.00	Related to income
District-level funds support for the award and subsidy of industrial fixed asset investment from the Economic and Trade Development Bureau of Xinzhan District of Hefei		784,200.00	Related to income
Product Sales Award of Fiancial Department of Shaanxi Province		690,000.00	Related to income
Proposed projects for supporting robot industry development policy in 2019		502,000.00	Related to income
Awards and subsidies for the "Big Enterprise Upgrading" Project in 2019		500,000.00	Related to income
Research and development and industrialization of photoreceptive electrode paste for PDP		98,020.97	Related to income
Other small sums		2,621,035.38	Related to income
<b>Total</b>	<b>16,853,177.60</b>	<b>61,666,782.08</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XLV) Investment gains

Item	2021	2020 (restated)
Long-term equity investment gains measured under equity method	-2,778,021.65	-1,784,333.19
Investment income from disposal of financial assets at fair value through profit and loss of the period	334,705.93	663,514.25
Bills discounted interest	-7,589,811.30	-9,807,847.71
Investment gains from disposal of long-term equity investment		73,877,247.66
Income from derecognition of financial asset at amortized cost		-10,581,569.94
Income of CSC-China Electronics second tranches of ABS secondary income right		159,706.55
<b>Total</b>	<b>-10,033,127.02</b>	<b>52,526,717.62</b>

#### (XLVI) Gains from changes in fair value

The source of gains from changes in fair value	2021	2020 (restated)
Held-for-trading financial assets	-34,615.19	-155,343.46
Including: Financial assets at fair value through profit and loss	-34,615.19	-155,343.46
<b>Total</b>	<b>-34,615.19</b>	<b>-155,343.46</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (XLVII) Credit impairment losses

Item	2021	2020 (restated)
Losses on bad debts of account receivables	1,633,329.32	-4,640,382.84
Losses on bad debts of other receivables	2,975.10	3,317,189.51
<b>Total</b>	<b>1,636,304.42</b>	<b>-1,323,193.33</b>

#### (XLVIII) Asset impairment losses

Item	2021	2020 (restated)
Losses on decline in the value of inventory and impairment losses on contract performance costs	15,838,020.96	9,426,259.82
Construction in progress impairment losses		2,573,004.40
<b>Total</b>	<b>15,838,020.96</b>	<b>11,999,264.22</b>

#### (IL) Gains from disposal of assets

Item	2021	2020 (restated)	Amount included in non-recurring profit or loss for the period
Gains from disposal of fixed assets and construction in progress	587,077.11	-51,228,223.47	587,077.11
<b>Total</b>	<b>587,077.11</b>	<b>-51,228,223.47</b>	<b>587,077.11</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (L) Non-operating income

Item	2021	2020 (restated)	Amount included in non-recurring profit or loss for the period
Gains from liquidated damages	1,986,697.66	68,580.43	1,986,697.66
Forfeiture and penalty income	750.00	4,990.20	750.00
Insurance compensation		4,670,000.00	
Others	508,518.38	4,959,441.57	508,518.38
<b>Total</b>	<b>2,495,966.04</b>	<b>9,703,012.20</b>	<b>2,495,966.04</b>

#### (LI) Non-operating expenses

Item	2021	2020 (restated)	Amount included in non-recurring profit or loss for the period
Forfeiture and penalty expenses	1,198,660.52		1,198,660.52
Losses on destroy or scrap of non-current assets	263,818.20	18,155.63	263,818.20
Others	11,987.77	34,325.19	11,987.77
<b>Total</b>	<b>1,474,466.49</b>	<b>52,480.82</b>	<b>1,474,466.49</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (LII) Income tax expenses

##### 1. Table of income tax expenses

Item	2021	2020 (restated)
Income tax expenses for the current period	2,842,697.81	12,630,546.42
Deferred income tax expenses	20,110,530.23	-42,924,955.47
<b>Total</b>	<b>22,953,228.04</b>	<b>-30,294,409.05</b>

##### 2. Adjustment of accounting profit and income tax expenses

Item	2021
Total profit	185,557,371.84
Income tax expenses calculated based on the statutory or applicable tax rate	27,833,605.78
Impact of different applicable tax rates to subsidiaries	-929,856.39
Impact of income tax for the period before adjustment	722,084.09
Impact of non-taxable income	
Impact of cost, expenses and losses not deductible for tax	265,908.14
Impact of utilization of deductible loss of deferred income tax assets not recognized for the previous period	-4,381,536.69
Impact of deductible temporary differences or deductible loss of deferred income tax assets not recognized for the period	470,706.74
Deduction on research and development expenses	-1,027,683.63
<b>Income tax expenses</b>	<b>22,953,228.04</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (LIII) Earnings per share

##### 1. Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to holders of ordinary shares of the parent company by weighted average number of ordinary shares in issue of the Company:

Item	2021	2020 (restated)
Consolidated net profit attributable to holders of ordinary shares of the parent company	162,604,143.80	219,661,691.05
Weighted average number of ordinary shares in issue of the Company	133,185,670.00	133,185,670.00
Basic earnings per share	1.2209	1.6493
Including: Basic earnings per share relating to continuing operations	1.2209	1.6321
Basic earnings per share relating to discontinued operations		0.0172

The weighted average of ordinary shares is calculated as follows:

Item	2021
Number of ordinary shares in issue at the beginning of year	2,663,713,400.00
Add: Weighted number of ordinary shares issued during the period	
Less: Number of reduced shares during the period	2,530,527,730.00
Weighted number of ordinary shares in issue at the end of year	133,185,670.00

*Note:* In order to maintain comparability of the accounting indicators in the corresponding period, the earnings per share for the reporting period are recalculated based on the adjusted number of shares to recalculate the earnings per share according to the adjusted number of shares for the reporting period. Therefore, the weighted number of ordinary shares outstanding at the end of 2020 (restated) was 133,185,670.00.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (LIII) Earnings per share (Continued)

##### 2. Diluted earnings per share

Diluted earnings per share is calculated by consolidated net profit attributable to holders of ordinary shares of the parent company (diluted) by the weighted average number of ordinary shares in issue of the Company (diluted):

Item	2021	2020 (restated)
Consolidated net profit attributable to holders of ordinary shares of the parent company (diluted)	162,604,143.80	219,661,691.05
Weighted average number of ordinary shares in issue of the Company (diluted)	133,185,670.00	133,185,670.00
Diluted earnings per share	1.2209	1.6493
Including: Diluted earnings per share relating to continuing operations	1.2209	1.6321
Diluted earnings per share relating to discontinued operations		0.0172

Weighted average number (diluted) of ordinary shares is calculated as follows:

Item	2021	2020 (restated)
Weighted average number of ordinary shares in issue at the end of year when the basic earnings per share is calculated	133,185,670.00	133,185,670.00
Effects of convertible bonds		
Effects of share options		
Weighted average number (diluted) of ordinary shares at the end of the year	133,185,670.00	133,185,670.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIV) Supplementary information of income statement-classification of expenses by nature

Operating costs, selling expenses, administrative expenses, research and development expenses and finance costs in income statement classified by nature were set out as follows:

Item	2021	2020 (restated)
Expenses of material, fuel and labor, etc.	1,343,599,248.89	1,808,974,341.45
Payroll	180,437,728.71	147,568,707.85
Depreciation and amortisation	147,256,140.85	157,913,339.68
Finance expenses	69,436,543.22	141,010,041.11
Transportation expenses	66,757,022.70	73,811,328.72
Repair maintenance expenses	34,888,743.23	41,922,715.06
Loss on shutdown	10,250,097.91	27,031,878.45
Agency expenses	5,360,841.28	14,979,152.84
Audit fees	1,858,490.57	2,660,377.36
Total	1,859,844,857.36	2,415,871,882.52

(LV) Items of statement of cash flows

#### 1. Cash received relating to other operating activities

Item	2021	2020 (restated)
Recovery of accounts receivable, deposits and others	124,218,899.19	81,845,875.88
Government subsidies received	47,095,322.50	33,435,425.70
Interest income received	6,146,823.05	8,629,348.73
Total	177,461,044.74	123,910,650.31

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) Items of statement of cash flows (Continued)

2. Cash paid relating to other operating activities

Item	2021	2020 (restated)
Payment of accounts payable, deposits and others	180,886,581.27	90,855,567.13
Agency fees	4,572,999.69	10,514,110.52
Traveling expenses	3,130,817.16	3,507,227.52
Rental and property management fee	1,526,265.62	1,349,664.63
Office expenses	693,800.48	383,999.41
Commission and handling charges	611,885.41	4,997,695.55
Advertisement fees	255,196.70	7,274.63
Insurance	344,607.35	5,474,455.61
Total	192,022,153.68	117,089,995.00

3. Cash received relating to other investing activities

Item	2021	2020 (restated)
Principal and interest repaid by an associate	4,462,037.93	7,660,000.00
Total	4,462,037.93	7,660,000.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) Items of statement of cash flows (Continued)

4. *Cash paid relating to other investing activities*

Item	2021	2020 (restated)
Loan and interest paid to an associate		206,233.34
Handling charges for equity transfer transaction		90,823.40
Disposal of IRICO Group Electronics (Hong Kong) Company Limited		18,525.63
<b>Total</b>		<b>315,582.37</b>

5. *Cash received relating to other financing activities*

Item	2021	2020 (restated)
Bill discount	97,008,333.37	1,299,400.00
Amounts and interests received from related parties	1,300,000.00	890,708,498.83
Payment received from financing lease		260,500,000.00
<b>Total</b>	<b>98,308,333.37</b>	<b>1,152,507,898.83</b>

6. *Cash paid relating to other financing activities*

Item	2021	2020 (restated)
Payment of principal and interest of finance lease	261,833,243.37	512,479,136.27
Loans and interest due from related parties	5,300,000.00	2,326,147,358.47
Payment of listing intermediary expenses	4,452,000.00	1,376,472.53
Bill discount	184,182.64	
Payment of lease liabilities and interest		57,600.00
<b>Total</b>	<b>271,769,426.01</b>	<b>2,840,060,567.27</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Supplementary information of statement of cash flows

1. *Supplementary information of statement of cash flows*

Supplementary information	2021	2020 (restated)
1. Reconciliation of net profit as cash flows from operating activities		
Net profit	162,604,143.80	201,619,322.93
Add: Credit impairment losses	1,636,304.42	-1,323,193.33
Provision for impairment of assets	15,838,020.96	11,999,264.22
Depreciation of fixed assets	136,317,310.74	145,711,244.10
Depreciation of right-of-use assets	3,214,064.56	3,690,067.87
Amortisation of intangible assets	4,289,335.92	7,802,633.28
Amortisation of long-term deferred expenses	3,435,429.63	709,394.43
Loss on disposal of fixed assets, intangible assets and other longterm assets (“-” denotes gain)	-587,077.11	51,228,223.47
Loss on retirement of fixed assets (“-” denotes gain)	263,818.20	18,155.63
Loss on changes in fair value (“-” denotes gain)	34,615.19	155,343.46
Finance expenses (“-” denotes gain)	69,107,769.77	116,589,732.43
Investment losses (“-” denotes gain)	10,033,127.02	-52,526,717.62
Decrease in deferred income tax assets (“-” denotes increase)	20,110,530.23	-42,288,594.46
Increase in deferred income tax liabilities (“-” denotes decrease)		-636,361.01
Decrease in inventories (“-” denotes increase)	-62,865,443.27	-19,736,284.47
Decrease in operating receivables (“-” denotes increase)	-147,136,719.47	93,905,499.13
Increase in operating payables (“-” denotes decrease)	-754,191,573.72	-117,701,350.63
Others		
Net cash flows from operating activities	-537,896,343.13	399,216,379.43

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Supplementary information of statement of cash flows (Continued)

1. *Supplementary information of statement of cash flows*

Supplementary information	2021	2020 (restated)
2. Major investing and financing activities not involving cash settlements		
Conversion of debts to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net changes in cash and cash equivalents		
Closing balance of cash	411,742,786.14	393,496,091.98
Less: Opening balance of cash	393,496,091.98	163,386,562.37
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	18,246,694.16	230,109,529.61

2. *Net cash received from disposal of subsidiaries in the period*

	2021
Cash and cash equivalents received from disposal of subsidiaries in the period	
Including: Shaanxi IRICO New Material Co., Ltd*	
Xianyang IRICO Green Energy Co., Ltd.* (咸陽彩虹綠色能源有限公司)	
Jiangsu IRICO Yongneng New Energy Company Limited*	
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	
Including: Shaanxi IRICO New Material Co., Ltd*	
Xianyang IRICO Green Energy Co., Ltd.* (咸陽彩虹綠色能源有限公司)	
Jiangsu IRICO Yongneng New Energy Company Limited*	
Add: Cash and cash equivalents received in the period from disposal of subsidiaries in the previous period	226,335,420.00
Including: Shaanxi IRICO New Material Co., Ltd*	143,557,920.00
Xianyang IRICO Green Energy Co., Ltd.* (咸陽彩虹綠色能源有限公司)	52,050,000.00
Jiangsu IRICO Yongneng New Energy Company Limited*	30,727,500.00
Net cash received from disposal of subsidiaries	226,335,420.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Supplementary information of statement of cash flows (Continued)

#### 3. Composition of Cash and cash equivalents

Item	31 December 2021	31 December 2020 (restated)
I. Cash	411,742,786.14	393,496,091.98
Including: Cash on hand		
Bank deposits readily available for payment	411,742,786.14	393,496,091.98
Other monetary funds readily available for payment		
Deposits with the central bank available for payment		
Deposits with banks and other financial institutions		
Loans from banks and other financial institutions		
II. Cash equivalents		
Including: Bond investment due in three months		
III. Closing balance of cash and cash equivalents	411,742,786.14	393,496,091.98
Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVII) Assets with restricted ownerships or right to use

Item	31 December 2021	Reason for such restrictions
Monetary funds	178,858,157.41	Deposit for bills
Monetary funds	110,000,000.00	Pledge of fixed deposit receipt
Monetary funds	1,500,000.00	Deposit for letter of credit
Bills receivable	79,390,695.65	Pledge of bills
Bills receivable	152,531,886.98	Endorsed bills not yet due
Receivables financing	271,908,444.83	Pledge of bills
Fixed assets	848,824,234.55	Mortgaged borrowings
Inrangible assets	30,730,438.96	Mortgaged borrowings
<b>Total</b>	<b>1,673,743,858.38</b>	

(LVIII) Foreign currency items

#### 1. Foreign currency items

Item	31 December 2021	Exchange rate	31 December 2020
Monetary funds			1,948,949.02
Including: USD	294,542.96	6.3757	1,877,917.55
HKD	86,878.02	0.8176	71,031.47
Accounts receivable			4,159,122.86
Including: USD	652,339.80	6.3757	4,159,122.86

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (LIX) Government grants

##### 1. Asset-related government grants

Type	31 December 2021	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			Amount for the period	Amount for the previous period	
Local government incentives	60,916,316.88	Deferred income	1,550,697.84	1,550,697.84	Other income
Subsidies by government for the production lines of solar photovoltaic glass and coated tempered glass	1,240,000.00	Deferred income	3,200,000.00	200,000.00	Other income
Special incentive funds for technological upgrading of small and medium-sized enterprises	86,166.67	Deferred income	23,833.33		Other income

##### 2. Income-related government grants

Type	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		Amount for the period	Amount for the previous period	
2018 municipality-level industry policies subsidies and fiscal increment contribution incentives appropriation by Economic and Trade Development Bureau of Xinzhan District	5,195,300.00	5,195,300.00		Other income
Cash out of subsidies for every Kw/h of electricity for photovoltaic power stations in Hefei by Economic and Trade Development Bureau of Xinzhan District	6,181,753.50	3,037,386.00	3,144,367.50	Other income
Subsidies under supporting policies for photovoltaic industry in Hefei for encouraging enterprises to increase production and sales	3,384,000.00	1,848,000.00	1,536,000.00	Other income
Financing incentives provided by Shanxi Local Finance Supervision and Administration Bureau	1,000,000.00	1,000,000.00		Other income

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (LIX) Government grants (Continued)

##### *Income-related government grants (Continued)*

Type	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		Amount for the period	Amount for the previous period	
Fiscal increment contribution incentives funds (municipality-level) for technological upgrading by Economic and Trade Development Bureau of Xinzhan District	450,900.00	450,900.00		Other income
Subsidy for stabilizing employment	6,130,170.82	274,910.43	5,855,260.39	Other income
Subsidies for pre-employment skill training for new staff of enterprises provided by Personnel Affairs Bureau of Xinzhan District	153,000.00	153,000.00		Other income
Incentive funds for cultivation projects of industrial enterprises	100,000.00	100,000.00		Other income
Subsidies for leasing apparatus and equipment under Clause 45 of municipal independent innovation policies	7,200.00	7,200.00		Other income
Subsidies for occupational skills improvement training Incentives for the 8th Industrial Design Competition of Anhui Province	4,050.00	4,050.00		Other income
Subsidies for staff employing of enterprises provided by Personnel Affairs Bureau of Xinzhan District	4,000.00	4,000.00		Other income
Subsidies to special hardship enterprises	3,900.00	3,900.00		Other income
Subsidies to special hardship enterprises	26,330,000.00		26,330,000.00	Other income
Subsidies for insurance for application of new materials	15,050,000.00		15,050,000.00	Other income
Awards and grants for industrialization development policy projects sponsored by the Economic and Trade Development Bureau of Xinzhan District in Hefei	1,805,200.00		1,805,200.00	Other income
Summary sheet of "retrospective Incentive" projects on green and ecological development for 2019	1,000,000.00		1,000,000.00	Other income
District-level supporting for awards and subsidies for industrial fixed assets investment sponsored from the Economic and Trade Development Bureau of Xinzhan District in Hefei	784,200.00		784,200.00	Other income
Incentives for the products sales from the Department of Finance of Shaanxi Province	690,000.00		690,000.00	Other income
Proposed projects supported under robot industry development policies for 2019	502,000.00		502,000.00	Other income
Rewards and subsidies for "improving large enterprises" for the year of 2019	500,000.00		500,000.00	Other income
Research and development and industrialization of photoreceptive electrode paste for PDP	54,989.70		54,989.70	Other income
Research and development and industrialization of phosphor powder for high-performance PDP	98,020.97		98,020.97	Other income
Research and development and industrialization of phosphor powder for LCD backlight CCFL	9,936.51		9,936.51	Other income
Other small government grants	2,522,603.85		2,522,603.85	Other income

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (LX) Leases

##### 1. As lessee

Items	2021	2020 (Restated)
Interest expenses of lease liabilities	449,714.39	749,424.42
Total cash outflow related to leases		57,600.00

##### 2. As lessor

###### Operating leases

	2021	2020 (Restated)
Revenue from operating leases	5,411,463.15	9,539,855.66
Including: Income related to variable leases payment that are not included into leases receipts		

Undiscounted leases receipts to be received after balance sheet date:

Remaining lease period	Undiscounted lease receipts
Within 1 year	7,519,494.00
1 to 2 years	362,880.00
2 to 3 years	120,960.00
3 to 4 years	
4 to 5 years	
Over 5 years	
Total	8,003,334.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Shaanxi IRICO Xinneng Glass Co., Ltd.\*, a subsidiary of the Company, was canceled in March 2021.
2. The Company established Jiangxi Photovoltaic on 4 January 2021, in which the Company holds 100.00% equity interest. Jiangxi Photovoltaic has been included in the scope of consolidation during the period. The registered capital of Jiangxi Photovoltaic is RMB300 million and its paid-in capital contribution was RMB60 million as of 31 December 2021.
3. The Company established Xianyang Photovoltaic on 7 January 2021, in which the Company holds 100.00% equity interest. Xianyang Photovoltaic has been included in the scope of consolidation during the period. The registered capital of Xianyang Photovoltaic is RMB60 million and its paid-in capital contribution was RMB30 million as of 31 December 2021.

### VII. INTERESTS IN OTHER ENTITIES

#### (I) Interests in subsidiaries

##### 1. Composition of enterprise group

Unit: 0'000

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Registered capital (RMB 0'000)	Shareholding ratio (%)		Method for acquisition
					Direct	Indirect	
IRICO (Hefei) Photovoltaic Co., Ltd.*	Hefei, Anhui	Hefei, Anhui	Photovoltaic glass	115,000.00	100.00		Investment in establishment
IRICO Yan'an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司)	Yan'an, Shaanxi	Yan'an, Shaanxi	Photovoltaic glass	30,000.00	100.00		Investment in establishment
Xianyang IRICO Photovoltaic Glass Co., Ltd.	Xianyang, Shaanxi	Xianyang, Shaanxi	Photovoltaic glass	3,000.00	100.00		Investment in establishment
Jiangxi IRICO Photovoltaic Co., Ltd.	Shangrao, Jiangxi	Shangrao, Jiangxi	Photovoltaic glass	6,000.00	100.00		Investment in establishment

- Notes:
1. As of 31 December 2021, none of the subsidiaries issued any debt securities as at the end of the year or at any time during the year (2020: None).
  2. The subsidiaries of the Company are all limited liability companies.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

#### 2. Aggregated financial information of insignificant joint ventures and associates

	31 December 2021/2021	31 December 2020/2020 (Restated)
Associates:		
Total carrying amount of investments	8,952,949.24	11,730,970.89
Amounts in aggregate in proportion to the shareholdings		
– Net profit	-2,778,021.65	-3,360,158.71
– Other comprehensive income		
– Total comprehensive income	-2,778,021.65	-3,360,158.71

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS

The Company is confronted with various financial risks in its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk.). The above financial risks and the risk management policies adopted by the Company to minimize such risks are listed as follows:

The overall objective of the Company's risk management is to develop a risk management policy that minimizes risks with undue impact on the Company's competitiveness and resilience.

#### (I) Credit risk

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Company. The Company's credit risk mainly arises from cash at bank and on hand, bills receivable, accounts receivable, receivables financing, other receivables, debt investment, other debt investments, financial guarantee contracts, etc. as well as the investment in debt instruments at fair value through profit or loss and derivative financial assets that are not included in the impairment assessment scope.

The Company's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Company considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

In addition, the Company develops relevant policies to limit the credit risk exposure on bills receivable, accounts receivable, receivables financing, other receivables, etc. The Company assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Company regularly monitors the credit record of the customers. For customers with a poor credit history, the Company will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Company is limited to a controllable extent.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

#### (II) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery.

The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department conducts centralized control over liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts for cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonable foreseeable circumstances. Meanwhile, it continued to monitor whether the Company is in line with the requirements of borrowing agreements, and obtain the undertakings to provide sufficient reserve funds from major financial institutions, so as to meet its short-term and long-term capital needs.

(1) The financial liabilities of the Company are analysed by their maturity date below at their undiscounted contractual cash flows:

Items	31 December 2021				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term					
borrowings	942,809,101.30				942,809,101.30
Bills payable	729,078,281.00				729,078,281.00
Accounts payable	530,695,955.76				530,695,955.76
Other payables	67,381,715.92				67,381,715.92
Non-current					
liabilities due					
within one year	203,887,815.77				203,887,815.77
Other current					
liabilities	152,531,886.98				152,531,886.98
Long-term					
borrowings			561,557,299.65		561,557,299.65
Lease liabilities					
Long-term payables			13,653,568.04		13,653,568.04
<b>Total</b>	<b>2,626,384,756.73</b>		<b>575,210,867.69</b>		<b>3,201,595,624.42</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

#### (II) Liquidity risk (Continued)

- (1) The financial liabilities of the Company are analysed by their maturity date below at their undiscounted contractual cash flows: (Continued)

Items	31 December 2020				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term					
borrowings	675,191,483.33				675,191,483.33
Bills payable	793,674,677.38				793,674,677.38
Accounts payable	820,624,567.85				820,624,567.85
Other payables	79,803,624.06				79,803,624.06
Non-current					
liabilities due					
within one year	305,102,565.12				305,102,565.12
Other current					
liabilities	342,504,371.68				342,504,371.68
Long-term					
borrowings			282,896,587.96		282,896,587.96
Lease liabilities	5,716,249.99				5,716,249.99
Long-term payables			114,598,586.72		114,598,586.72
<b>Total</b>	<b>3,022,617,539.41</b>		<b>397,495,174.68</b>		<b>3,420,112,714.09</b>

- (2) The repayment periods of bank borrowings and other finance are analyzed as follows:

Items	31 December 2021		31 December 2020 (Restated)	
	Bank borrowings	Other finance	Bank borrowings	Other finance
Within 1 year	1,146,696,917.07		980,294,048.45	
1-2 years				
2-5 years	472,400,000.00	13,465,592.05	230,060,300.00	114,825,136.68
Over 5 years				
<b>Total</b>	<b>1,619,096,917.07</b>	<b>13,465,592.05</b>	<b>1,210,354,348.45</b>	<b>114,825,136.68</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

#### (III) Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

##### 1. *Interest rate risk*

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate. The Company's interest rate risk mainly arises from short-term bank borrowings, long-term bank borrowings and long-term payable. Interest-bearing financial instruments at fixed rates and at variable rates expose the Company to fair value interest risk and cash flow interest rate risk, respectively. The Company determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate instruments. The Company will adopt interest rate swap instruments to hedge interest rate risk when necessary.

As at 31 December 2021, if other variables remain constant and the borrowing rate calculated at floating interest rates increases or decreases by 100 basis points, the Company's net profit will decrease or increase by RMB11,078,200. The management believes that 100 basis points reasonably reflect the reasonable range of possible changes in interest rates in the next year.

##### 2. *Exchange rate risk*

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company tries to match the revenue and cost in foreign currencies in order to reduce the exchange rate risk. In addition, the Company may consider entering into forward exchange contract or currency swap contract to mitigate the foreign exchange risk. During the period and the previous period, the Company has not entered into any forward exchange contract or currency swap contract.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

#### (III) Market risk (Continued)

##### 2. Exchange rate risk (Continued)

The exchange rate risk faced by the Company mainly arises from financial assets and financial liabilities denominated in US dollars and Euro. The amount of the financial assets and financial liabilities in foreign currencies converted into RMB is as follows:

Item	31 December 2021			31 December 2020 (Restated)		
	US dollars	Other foreign currency	Total	US dollars	Other foreign currency	Total
Monetary funds	1,877,917.55	71,031.47	1,948,949.02	1,922,537.63	75,202.84	1,997,740.47
Accounts receivable	4,159,122.86		4,159,122.86			
Total	6,037,040.41	71,031.47	6,108,071.88	1,922,537.63	75,202.84	1,997,740.47

As at 31 December 2021, a 5% increase or decrease in RMB against USD, with all other variables held constant, would have increased or decreased the profit before tax of the Company by RMB305,403.59 (31 December 2020: RMB74,915.27). The management considers that the 5% reasonably reflected the reasonable range of the possible change in Renminbi against USD for the next year.

##### 3. Other price risk

The Company holds equity investment in other listed companies, and the management believes that the market price risks faced by these investment activities are acceptable.

### IX. DISCLOSURE OF FAIR VALUE

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the relevant assets or liabilities other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### IX. DISCLOSURE OF FAIR VALUE (Continued)

- (I) Fair value of assets and liabilities measured at fair value as at the end of the period

Items	31 December 2021			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuing fair value measurement				
◆ Held-for-trading financial assets	299,398.19			299,398.19
1. Financial assets at fair value through profit and loss	299,398.19			299,398.19
(1) Investment in equity instruments	299,398.19			299,398.19
◆ Receivables financing			354,722,215.86	354,722,215.86
◆ Investment in other equity instruments	241,262,089.86		78,480,597.18	319,742,687.04
Total assets measured at fair value on a recurring basis	241,561,488.05		433,202,813.04	674,764,301.09

- (II) Basis for determining the market price of items persistently and non-persistently measured at fair value at the first level

The Company's investments in equity instruments which are persistently measured at level 1 fair value at the end of the period are publicly issued shares, and the fair value at the end of the period represents the share price as at 31 December 2021. The other investments in equity instruments measured at level 1 fair value are publicly issued shares of IRICO Display Devices Co., Ltd. held by the Company not for short-term trading, and the fair value at the end of the period represents the share price as at 31 December 2021.

- (III) Valuation techniques used and the qualitative and quantitative information of key parameters for items persistently and non-persistently measured at fair value at the Third level

- Other investments in equity instruments held by the Company which are measured at level 3 fair value represent 7.2953% equity interest in Shaanxi Caihong Electronics Glass Co., Ltd., which is an unlisted company. Fair value is determined based on appraised value.
- Receivables financing held by the Company which are measured at level 3 fair value is bill receivable. The intention for holding such bill receivable is for endorsement, its remaining period is short, and the book value is equal to the fair value.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### IX. DISCLOSURE OF FAIR VALUE (Continued)

(IV) Adjustment information and sensitivity analysis of unobservable parameters between the carrying amount at the end of the previous year and the end of the period for items persistently measured at fair value at the third level

1. *Adjustment information of items persistently measured at fair value at the third level*

Item	31 December 2020 (Restated)	Transfers into level 3	Transfers out of level 3	Total gains or losses recognized in the period		Purchase, issue, selling and settlement				31 December 2021	For assets held at the end of the reporting period, the gains or changes are not realised in the current period of item profit or loss	
				In profits and losses	In other comprehensive income	Purchase	Issue	Selling	Settlement			
◆ Receivables financing	249,513,539.10					1,673,764,679.07		1,568,556,002.31			354,722,215.86	
◆ Other investments in equity instruments	73,328,400.98				5,152,196.20						78,480,597.18	
<b>Total</b>	<b>322,841,940.08</b>				<b>5,152,196.20</b>	<b>1,673,764,679.07</b>		<b>1,568,556,002.31</b>			<b>433,202,813.04</b>	

Including: Profit and loss  
related to  
financial assets  
Profit and loss  
related to non-  
financial assets

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES

#### (I) Information on the parent company of the Company

Name of the parent company	Place of registration	Nature of Business	Registered Capital (RMB0'000)	Percentage of shareholding in the Company held by the parent company (%)	Percentage of voting rights in the Company held by the parent company (%)
IRICO Group Corporation Limited* (彩虹集團有限公司)	Beijing	Production and sales of Electronic components	245,129.19	34.44	34.44

#### Notes:

IRICO Group Corporation Limited directly holds 30.15% of the shares of the Company; Rui Bou Electronics (HK) Limited is a wholly-owned subsidiary of IRICO Group Corporation Limited, holding 4.29% of the shares of the Company. IRICO Group Corporation Limited directly and indirectly holds 34.44% of the shares of the Company.

Xianyang Zhongdian IRICO Group Holdings Ltd. is directly held as to 72.08% by China Electronics and Information Industry Group Co., Ltd.\* and as to 27.92% by IRICO Group Corporation Limited, holding 14.30% of the shares of the Company.

CEC Capital Investment Holdings Company Limited\* (中電金投控股有限公司), a wholly-owned subsidiary of China Electronics and Information Industry Group Co., Ltd.\*, holds 26.17% shares of the Company.

China Electronics and Information Industry Group Co., Ltd.\* (place of registration: Beijing, the PRC), through IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd., Rui Bou Electronics (HK) Limited CEC Capital Investment Holdings Company Limited\*(中電金投控股有限公司), holds 74.91% of the shares of the Company in aggregate, and is the ultimate controlling party of the Company.

#### (II) Information on the subsidiaries of the Company

Please refer to Note "VII. Interest in other entities" for details of the information on the subsidiaries of the Company.

#### (III) Information on associates and joint ventures of the Company

Please refer to Note "V. (XI) and VII. Interest in other entities" for details of the joint ventures or associates of the Company.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (IV) Information on other related parties

Name of other related parties	Relationship between other related party and the Company
China Electronics Commercial Financial Leasing Co., Ltd.	Associated enterprise of ultimate controlling party
Xianyang IRICO Green Energy Co., Ltd.	Same parent company
Jiangsu IRICO Yongneng New Energy Company Limited	Same parent company
Hefei IRICO Epilight Industry Co., Ltd.	Same parent company
Anhui Hongchen New Materials Technology Co., Ltd.*	Same parent company
China Electronics System Engineering No. 3 Construction Co., Ltd.	Under the same ultimate control party
China Electronics System Engineering No. 2 Construction Co., Ltd.	Under the same ultimate control party
China Electronics Financial Co., Ltd.	Under the same ultimate control party
CEC Huirong Commercial Factoring (Shenzhen) Co., Ltd.* (中電惠融商業保理(深圳)有限公司)	Under the same ultimate control party
Xianyang IRICO Industry Company Limited	Under the same ultimate control party
Xianyang IRICO Electronic Accessories Co., Ltd.	Under the same ultimate control party
Xi'an IRICO Information Co., Ltd.	Under the same ultimate control party
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	Under the same ultimate control party
Nanjing Zhongdian Panda Property Management Co., Ltd.	Under the same ultimate control party
Zhongdian Panda Trade Development Limited Company	Under the same ultimate control party
Panda Xinxing Industrial Co., Ltd.	Under the same ultimate control party
Nanjing Huadong Electronics Group Co., Ltd.	Under the same ultimate control party
China Elec-Trans Int'l Service Co., Ltd.	Under the same ultimate control party
Yangzhou Hongyun Electronic Materials Co., Ltd.* (揚州虹運電子材料有限公司)	Under the same ultimate control party
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Under the same ultimate control party
Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.	Other related relationship
Xianyang IRICO Optoelectronics Technology Co., Ltd. (咸陽彩虹光電科技有限公司)	Other related relationship
IRICO New Energy (Wuhan) Co., Ltd.	Other related relationship

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (IV) Information on other related parties

Name of other related parties	Relationship between other related party and the Company
IRICO New Energy (Liquan) Co., Ltd. (禮泉彩虹新能源有限公司)	Other related relationship
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Other related relationship
IRICO Labour Service Company (彩虹勞動服務公司)	Other related relationship
Wuhan Lidao Technology Co., Ltd.* (武漢麗島科技有限公司)	Other related relationship
Xianyang Cailian Packaging Materials Co., Ltd.	Investee company of the Company's controlling shareholder
Xianyang Zhongdian IRICO Group Holdings Ltd.	Shareholder of the Company
Nanjing BOE Display Technology Co., Ltd.	Under the same ultimate control party during the reporting period
Hefei Xincheng State-owned Assets Management Co., Ltd.* (合肥鑫城國有資產經營有限公司)	A shareholder which held more than 5% of the shares of the issuer during the reporting period

Notes: 1. Nanjing BOE Display Technology Co., Ltd. was formerly known as Nanjing CEC Panda Flat Panel Display Technology Co., Ltd., which was once an enterprise under the same ultimate control party as the Company. Its equity interest was transferred to BOE Technology Group Co., Ltd. in December 2021 and ceased to be a related party of the Company.

2. Hefei Xincheng State-owned Assets Management Co., Ltd.\* (合肥鑫城國有資產經營有限公司) was a shareholder which held more than 5% of the shares of the issuer during the reporting period, which ceased to be a related party of the Company upon disposal of partial equity interest in the Company in August 2020.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions

##### 1. Related party transactions for purchase and sales of goods/receipt and provision of services

###### Purchase of goods/receipt of services

Name of related parties	Subject	2021	2020 (Restated)
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Purchase of goods	50,769,265.55	103,452,878.93
Xianyang Cailian Packaging Materials Co., Ltd.	Purchase of goods	34,586,765.07	31,630,620.40
Hefei IRICO Epilight Industry Co., Ltd.	Purchase of goods	18,869,302.00	25,507,703.31
Anhui Hongchen New Materials Technology Co., Ltd.*	Purchase of goods	14,814,955.70	
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	Purchase of goods/ Receipt of services	11,169,199.20	22,455,340.31
Hanzhong IRICO Jiarunze Mining Co., Ltd	Purchase of goods	11,346,935.23	8,839,988.51
Zhongdian Panda Trade Development Limited Company	Purchase of goods	10,566,748.84	19,641,612.68
China Elec-Trans Int'l Service Co., Ltd.	Transportation expenses	9,945,173.57	7,761,048.73
Wuhan Lidao Technology Co., Ltd* (武漢麗島科技有限公司)	Receipt of services	3,957,798.17	
IRICO Group Corporation Limited	Purchase of equipment	1,884,070.78	225,869,026.01
Xianyang IRICO Green Energy Co., Ltd.	Purchase of goods	1,003,962.26	
Nanjing Zhongdian Panda Property Management Co., Ltd.	Purchase of goods	447,295.44	
Hefei Xincheng State-owned Assets Management Co., Ltd.* (合肥鑫城國有資產經營有限公司)	Receipt of services	381,398.00	370,665.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 1. Related party transactions for purchase and sales of goods/receipt and provision of services (Continued)

##### Purchase of goods/receipt of services (Continued)

Name of related parties	Subject	2021	2020 (Restated)
Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.	Utilities	118,454.49	352,447.80
Yangzhou Hongyun Electronic Materials Co., Ltd.* (揚州虹運電子材料有限公司)	Purchase of goods	20,957.52	
Hefei Epilight Technology Co., Ltd	Purchase of goods	13,805.31	
Nanjing Huadong Electronics Group Co., Ltd.	Purchase of goods		184,436,623.98
Nanjing Zhongdian Panda Property Management Co., Ltd.	Receipt of services		576,809.49
Xianyang IRICO Industry Company Limited (咸陽彩虹集團實業有限公司)	Receipt of services		409,433.96
China Electronics System Engineering No. 3 Construction Co., Ltd.	Purchase of goods		405,085.11
Xianyang Zhongdian IRICO Group Holdings Ltd.	Purchase of goods/ Receipt of services		70,040.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 1. Related party transactions for purchase and sales of goods/receipt and provision of services (Continued)

Sale of goods/provision of services

Name of related parties	Subject	2021	2020 (Restated)
Jiangsu IRICO Yongneng New Energy Company Limited	Sale of goods	24,319,654.90	
Hefei IRICO Epilight Industry Co., Ltd.	Sale of goods	1,107,679.03	1,234,202.80
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Sale of goods	782,694.01	823,303.84
IRICO Group Corporation Limited	Sale of goods	44,247.79	
Xianyang IRICO Optoelectronics Technology Co., Ltd. (咸陽彩虹光電科技有限公司)	Sale of goods		30,070,600.00
Nanjing BOE Display Technology Co., Ltd.	Sale of goods		8,270,020.18
Panda Xinxing Industrial Co., Ltd.	Provision of services		2,832,703.44
Nanjing Huadong Electronics Group Co., Ltd.	Sale of goods		188,522.14
IRICO New Energy (Wuhan) Co., Ltd.	Provision of services		339,622.68
IRICO New Energy (Liquan) Co., Ltd. (禮泉彩虹新能源有限公司)	Provision of services		169,811.28

##### 2. Leasing with related parties

The Company as the lessor:

Name of lessee	Type of assets under lease	2021	2020 (Restated)
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Plants	5,067,693.51	5,809,075.44
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Plants	336,430.19	322,166.04

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 2. Leasing with related parties (Continued)

The Company as the lessee:

Name of lessor	Type of assets under	2021			2020 (Restated)				
		Simplified short-term lease and low value assets lease expense and variable lease payments not included in lease liabilities	Rental paid	Increase of right of use assets	Interest expenses on lease liability assumed	Simplified short-term lease and low value assets lease expense and variable lease payments not included in lease liabilities	Rental paid	Increase of right of use assets	Interest expenses on lease liability assumed
Xianyang Zhongdian IRICO Group Holdings Ltd.	Office		3,063,341.16		398,119.88		3,063,341.16		518,977.17
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Office		582,095.20	1,086,200.17	51,594.51				
Nanjing CEC Panda Modern Services Co., Ltd. (南京中電熊猫現代服務產業有限公司)	Photovoltaic power station						143,985.49		27,976.85
Nanjing CEC Panda Modern Services Co., Ltd. (南京中電熊猫現代服務產業有限公司)	Office						60,899.23		2,538.65
IRICO Labour Service Company (彩虹勞動服務公司)	Plants						44,342.29		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 3. Guarantee with related parties

The Company as a guarantor:

Guaranteed parties	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
Nanjing New Energy Co., Ltd. (南京彩虹新能源有限公司)	46,000,000.00	2018.12.13	2023.12.13	Yes
Shaanxi IRICO New Materials Co., Ltd. (陝西彩虹新材料有限公司)	20,000,000.00	2020.5.7	2021.9.22	Yes
Xianyang IRICO Green Energy Co., Ltd. (咸陽彩虹綠色能源有限公司)	10,000,000.00	2020.3.31	2023.3.31	Yes

Note: As at the 31 December 2021, the Company has released the above two outstanding external guarantees.

The Company as a guaranteed party:

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
Xianyang Zhongdian IRICO Group Holdings Ltd.	300,000,000.00	2017.8.21	2024.8.21	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	220,000,000.00	2019.9.1	2025.6.30	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	200,000,000.00	2020.6.23	2024.6.22	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	200,000,000.00	2020.8.10	2021.8.10	Yes
Xianyang Zhongdian IRICO Group Holdings Ltd.	200,000,000.00	2021.1.25	2027.1.24	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	150,000,000.00	2020.12.16	2023.11.24	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	150,000,000.00	2020.1.7	2026.1.7	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	150,000,000.00	2020.11.11	2023.11.10	No

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 3. Guarantee with related parties

The Company as a guaranteed party:

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd.	110,000,000.00	2018.3.28	2021.4.16	Yes
IRICO Group Corporation Limited	100,000,000.00	2020.1.14	2026.1.14	No
IRICO Group Corporation Limited	100,000,000.00	2021.4.21	2025.4.20	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	100,000,000.00	2021.5.25	2025.4.15	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	100,000,000.00	2021.5.31	2027.5.30	No
IRICO Group Corporation Limited	100,000,000.00	2021.6.16	2027.6.16	No
IRICO Group Corporation Limited	100,000,000.00	2021.6.22	2022.6.21	No
IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd.	80,000,000.00	2019.7.22	2024.8.5	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	55,000,000.00	2015.9.1	2023.10.31	No
IRICO Group Corporation Limited	53,500,000.00	2019.1.23	2024.2.25	No
Xianyang Zhongdian IRICO Group Holdings Ltd.,	53,500,000.00	2019.9.25	2024.9.29	No
IRICO Group Corporation Limited	50,000,000.00	2020.7.15	2025.7.14	No
Xianyang Zhongdian IRICO Group Holdings Ltd.,	50,000,000.00	2019.12.17	2024.12.20	No
Xianyang Zhongdian IRICO Group Holdings Ltd.,	50,000,000.00	2021.3.15	2025.3.14	No
IRICO Group Corporation Limited	40,000,000.00	2021.4.30	2025.4.30	No
IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd.	40,000,000.00	2020.11.25	2023.12.2	No
IRICO Group Corporation Limited	30,000,000.00	2021.11.12	2025.11.12	No
Xianyang Zhongdian IRICO Group Holdings Ltd.,	22,000,000.00	2020.3.20	2024.3.20	No

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 4. Borrowings from or lending to related parties

Related Party	Borrowing/ lending amount	Commencement date	Maturity date	Notes
Lending Hanzhong IRICO Jiarunze Mining Co., Ltd.	19,110,000.00	2019.10.15	2024.06.20	

*Note:* Hanzhong IRICO Jiarunze Mining Co., Ltd. paid interest of RMB1,462,037.93 to the Company during the year.

IRICO Group Corporation Limited provided guarantees to Hanzhong Jiarunze for the borrowing, date of guarantees commencing from 28 December 2021 and expiring on 19 June 2026.

##### 5. Remuneration of key management personnel

Item	2021	2020 (restated)
Remuneration of key management personnel	4,244,342.08	2,940,856.97

The key management personnel is 21 (including senior management, directors, supervisors and etc.) for the current period, among who, 17 are remunerated in the Company.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 5. Remuneration of key management personnel (Continued)

2021

Name	Fees	Salary and allowance	Pension insurance	Other	Total
<b>Senior management</b>					
Tong Xiaofei		633,097.00	34,621.75	52,033.22	719,751.97
Ma Zhibin		472,444.00	34,865.28	39,621.92	546,931.20
Wu Wenchao		433,383.00	34,865.28	39,621.92	507,870.20
Ni Huadong		457,356.00	38,324.16	72,500.63	568,180.79
Huang Weihong		555,699.00	34,865.28	39,621.92	630,186.20
<b>Supervisors</b>					
Zhao Lefei		442,749.00	34,865.28	39,621.92	517,236.20
Wu Mingli		205,201.32	31,959.84	36,323.76	273,484.92
Sun Haiying	77,425.00				77,425.00
Wu Xiaoguang	77,425.00				77,425.00
Zhang Li		14,493.00	2,905.44	3,302.16	20,700.60
Jiang Ahe	2,575.00				2,575.00
Huang Zhen	2,575.00				2,575.00
<b>Directors</b>					
Feng Bing	96,782.00				96,782.00
Wang Jialu	96,782.00				96,782.00
Wang Zhicheng	96,782.00				96,782.00
Wu Xiaoguang	3,218.00				3,218.00
Li Yong	3,218.00				3,218.00
Hao Meiping	3,218.00				3,218.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 5. Remuneration of key management personnel (Continued)

2020

Name	Fees	Salary and allowance	Pension insurance	Other	Total
<b>Senior management</b>					
Tong Xiaofei		211,066.74	2,413.61	40,987.31	254,467.65
Ma Zhibin		322,552.19	2,679.84	32,932.23	358,164.26
Wu Wenchao		321,528.29	2,679.84	32,932.23	357,140.36
Ni Huadong		337,478.39	2,694.72	60,048.96	400,222.07
Huang Weihong		181,064.39	2,679.84	31,392.11	215,136.34
<b>Supervisors</b>					
Chen Xiaoning		242,218.25			242,218.25
Zhao Lefei		331,816.79	2,679.84	32,932.23	367,428.86
Wu Mingli		250,467.09	2,679.84	32,932.23	286,079.16
Sun Haiying	80,000.00				80,000.00
Wu Xiaoguang	80,000.00				80,000.00
Ding Wenhui					
<b>Directors</b>					
Si Yuncong					
Chen Xiaoning					
Fan Laiying					
Ni Huadong					
Feng Bing	100,000.00				100,000.00
Wang Jialu	100,000.00				100,000.00
Wang Zhicheng	100,000.00				100,000.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 5. Remuneration of key management personnel (Continued)

Remuneration of the top five highest paid individuals:

The five individuals whose remuneration were the highest in the Company for 2021 include 0 director (2020: 0 director). The aggregate of the remuneration in respect of the other five (2020: five) individuals during the year are as follows:

Unit: RMB0' 000

Item	2021	2020 (restated)
Wages and subsidies	298.23	176.90
Pension scheme contributions		
Others		
Total	298.23	176.90

Remuneration Bands	Number	
	2021	2020 (restated)
RMB0-RMB1,000,000.00	5	5
Over RMB1,000,000.00	0	0

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 6. Other related party transactions

- (1) Compensation to Xianyang Zhongdian IRICO Group Holdings Ltd. on shutdown of furnaces

IRICO Photovoltaic Glass Factory of the Company leased houses from Zhongdian IRICO for production and operation. In general, the Company's PV glass furnace will need to be stopped for maintenance after its useful life reaches 6 to 7 years. The Company successively shut down three 250t/d furnaces in March 2017, July 2017 and May 2019, respectively. After the shutdown of the furnaces, the maintenance plan of the Company's furnaces were suspended due to the intended acquisition and storage of the state-owned construction land for the leased plant by the Xianyang Municipal Government, resulting in idle personnel expenses and production suspension losses, which have a substantial impact on the Company.

After several rounds of negotiation between the parties and with reference to the provisions of the Regulations on Expropriation and Compensation of Buildings on State-owned Land, the Company and Zhongdian IRICO entered into the Compensation Framework Agreement in June 2019. Pursuant to the agreement, Zhongdian IRICO shall compensate the Company for the idle personnel expenses and losses arising from the above matters, with a total compensation amount of RMB135,687,400. In 2021, the Company recognized the compensation amount of RMB8,464,200.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (V) Related party transactions (Continued)

##### 6. Other related party transactions (Continued)

##### (2) Licensing of trademarks

The Company and IRICO Group entered into the Trademark License Contract between IRICO Group Corporation and IRICO Group New Energy Company Limited, pursuant to which, IRICO Group has granted the right to use a total of 9 trademarks registered with the Trademark Office of the State Intellectual Property Office, namely “992031”, “925645”, “992157”, “1028194”, “1080189”, “40566212”, “40558599”, “40551476” and “40565399”, free of charge to the Company and its subsidiaries for a term commencing from 1 January 2018 to 31 December 2028. Pursuant to the agreement between the Company and IRICO Group, IRICO Group may license the above trademarks to third parties not engaged in the business of photovoltaic glass, and IRICO Group shall not continue to use or license the licensed trademarks to third parties in the field of photovoltaic glass. Within 3 months before the expiry of the above agreement, the Company shall apply for renewal in writing, and the agreement shall be automatically extended for another 10 years.

##### (3) Financing lease with China Electronics Commercial Financial Leasing Co., Ltd.

Related party	Subject	2021
China Electronics Commercial Financial Leasing Co., Ltd.	Payment of interest	844,579.70

##### (4) Deposit and loan with China Electronics Financial Co., Ltd.

Related party	Subject	2021.12.31/ 2021
China Electronics Financial Co., Ltd.	Bank deposit	144,606,239.35
China Electronics Financial Co., Ltd.	Receipts from interest	188,431.24
China Electronics Financial Co., Ltd.	Balance of loan	250,000,000.00
China Electronics Financial Co., Ltd.	Payment of interest	9,417,680.56

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (VI) Receivables from and payables to related parties

##### 1. Receivables from related parties

Item	Related Party	2021.12.31		2020.12.31(restated)	
		Carrying amount	Allowance for bad debts	Carrying amount	Allowance for bad debts
Monetary funds	China Electronics Financial Co., Ltd.	144,606,239.35		200,331,135.54	
Accounts receivable	Jiangsu IRICO Yongneng New Energy Company Limited	8,198,032.95		5,758,103.66	
	IRICO Group Corporation Limited	2,500.00			
	Xianyang Zhongdian IRICO Group Holdings Ltd.			7,137,268.75	
	IRICO (Hefei) LCD Glass Co., Ltd.			121,918.82	36,575.65
Bills receivable	Jiangsu IRICO Yongneng New Energy Company Limited	8,820,000.00		13,500,000.00	
	IRICO Group Corporation Limited			11,000,000.00	
	Xianyang Zhongdian IRICO Group Holdings Ltd.			2,000,000.00	
	Xianyang IRICO Green Energy Co., Ltd.			590,000.00	
Prepayments	Hanzhong IRICO Jiarunze Mining Co., Ltd	2,580,443.47			
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	697,887.00			
	IRICO Labour Service Company	56,710.54			
	Hefei Xincheng State-owned Assets Management Co., Ltd.			278,250.00	
Other receivables	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	15,750.00		6,000.00	
	IRICO Group Corporation Limited			252,665,420.00	
	Xianyang Zhongdian IRICO Group Holdings Ltd.			64,709,449.00	
	China Electronics Commercial Financial Leasing Co., Ltd.			18,000,000.00	
	Hefei Xincheng State-owned Assets Management Co., Ltd.			293,250.00	
Long-term receivables	Hanzhong IRICO Jiarunze Mining Co., Ltd	19,110,000.00		22,923,378.88	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (VI) Receivables from and payables to related parties (Continued)

##### 2. Payables to related parties

Item	Related party	2021.12.31	2020.12.31 (restated)
Short-term borrowings	China Electronics Financial Co., Ltd.	250,313,958.33	200,000,000.00
Accounts payable	IRICO Group Corporation Limited	103,531,999.07	139,322,019.15
	Xianyang Cailian Packaging Materials Co., Ltd.	11,353,535.99	18,134,564.17
	China Elec-Trans Int'l Service Co., Ltd.	2,987,542.76	8,410,238.60
	Hefei IRICO Epilight Industry Co., Ltd.	2,175,260.14	13,000,639.08
	Zhongdian Panda Trade Development Limited Company	1,466,022.34	15,032,273.56
	Anhui Hongchen New Materials Technology Co., Ltd.	1,408,302.65	
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	1,145,771.07	536,481.82
	Xianyang IRICO Electronic Accessories Co., Ltd.	827,705.60	827,705.60
	Xianyang IRICO Green Energy Co., Ltd.	150,000.00	170,000.00
	Hanzhong IRICO Jiarunze Mining Co., Ltd.	39,835.38	
	Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.	33,853.57	691,641.24
	Xianyang CEC Western Zhigu Industrial Co., Ltd.	18,777.26	
	China Electronics System Engineering No. 3 Construction Co., Ltd.	5,000.00	894,974.27
	China Electronics Huirong Commercial Factoring (Shenzhen) Co., Ltd.		48,838,564.24
	IRICO (Hefei) LCD Glass Co., Ltd.		7,085,180.08
	Xianyang Zhongdian IRICO Group Holdings Ltd.		733,321.96
	Nanjing Zhongdian Panda Property Management Co., Ltd.		158,174.79
	China Electronics System Engineering No.2 Construction Co., Ltd.		1,240,540.54

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(VI) Receivables from and payables to related parties (Continued)

#### 2. Payables to related parties (Continued)

Item	Related party	2021.12.31	2020.12.31 (restated)
Bills payable			
	IRICO (Hefei) LCD Glass Co., Ltd.	44,740,000.00	15,000,000.00
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	3,604,000.00	448,091.88
	Hefei IRICO Epilight Industry Co., Ltd.	3,176,409.83	2,723,216.60
	Zhongdian Panda Trade Development Limited Company	2,587,592.70	16,400,000.00
	Xianyang Cailian Packaging Materials Co., Ltd.	3,694,385.00	2,000,000.00
	Anhui Hongchen New Materials Technology Co., Ltd.	2,028,813.89	
	China Electronics System Engineering No. 3 Construction Co., Ltd.	889,974.27	434,000.00
	Hanzhong IRICO Jiarunze Mining Co., Ltd	431,260.00	
	IRICO Group Corporation Limited	396,000.00	5,043,006.31
	Nanjing Zhongdian Panda Property Management Co., Ltd.	63,374.79	70,000.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(VI) Receivables from and payables to related parties (Continued)

#### 2. Payables to related parties (Continued)

Item	Related party	2021.12.31	2020.12.31 (restated)
Other payables			
	Xianyang Zhongdian IRICO Group Holdings Ltd.	3,063,341.16	
	Xianyang IRICO Green Energy Co., Ltd.	2,246,500.00	2,246,500.00
	Xi' an IRICO Information Co., Ltd.	1,259,314.14	1,259,314.14
	China Elec-Trans Int'l Service Co., Ltd.	200,000.00	
	China Electronics System Engineering No. 3 Construction Co., Ltd.	51,310.00	31,310.00
	Hefei IRICO Epilight Industry Co., Ltd.	30,000.00	30,000.00
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	15,000.00	
	Xianyang Cailian Packaging Materials Co., Ltd.	10,000.00	
	Nanjing Zhongdian Panda Property Management Co., Ltd.	10,000.00	10,000.00
	Jiangsu IRICO Yongneng New Energy Company Limited		4,000,000.00
	China Electronics System Engineering No.2 Construction Co., Ltd.		50,000.00
	China Electronics Commercial Financial Leasing Co., Ltd.		19,791.72
	Other non-current liabilities due within one year		
	China Electronics Commercial Financial Leasing Co., Ltd.		45,150,000.00

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (VII) Centralized Fund Management

##### 1. Funds transferred by the Company to the Group

Funds deposited directly into Finance Company by the Company which are not transferred to the accounts of the Group's parent company

Item	2021.12.31		2020.12.31 (restated)	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary funds	144,606,239.35		200,331,135.54	
<b>Total</b>	<b>144,606,239.35</b>		<b>200,331,135.54</b>	

Including: Cash withdrawal restricted due to centralized fund management

##### 2. Funds borrowed by the Company from the parent company or member companies of the Group

Item	2021.12.31	2020.12.31 (restated)
Short-term borrowings	250,313,958.33	200,000,000.00
Other payables	3,505,814.14	3,505,814.14
<b>Total</b>	<b>253,819,772.47</b>	<b>203,505,814.14</b>

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XI. COMMITMENTS AND CONTINGENCIES

#### (I) Important commitments

Unit: RMB0'000

Project	Contractual investment	Investment recognized	Investment not recognized
Hefei Photovoltaic Glass Project	203,157.59	182,186.75	20,970.84
Xianyang Photovoltaic Glass Project	19,715.00	743.92	18,971.08
Jiangxi Shangrao Photovoltaic Glass Project	290,289.00	581.96	289,707.04
Total	513,161.59	183,512.63	329,648.96

#### (II) Contingencies

1. For the guarantee provided by the Company for the bank loan of the subsidiary, please refer to note "X. (V).3. Related Party Guarantees".

2. Litigation

(1) Dispute over Contract Default by the Company against LDK Solar High-Tech (Nanchang) Co., Ltd

On 22 March 2016, the Company filed a lawsuit with the Intermediate People's Court of Xianyang City on the ground that LDK Solar High-Tech (Nanchang) Co., Ltd (hereinafter referred to as "LDK") was in breach of the payment obligations under the six solar coated glass purchase contracts signed by both parties, requesting the defendant LDK to pay RMB17,019,237.68 for goods, RMB85,000 for liquidated damages and the interest accrued on the above amount from the date of prosecution based on the bank loan interest for the same period to the date of payment, and bear the litigation costs.

On 4 May 2016, the Intermediate People's Court of Xinyu City, Jiangxi Province accepted the case of LDK Bankruptcy Reorganisation and notified the creditors to declare their claims. The Company has declared its creditor's rights against LDK to the Intermediate People's Court of Xinyu City, Jiangxi Province (totaling RMB16,091,521.17), and the amount recognized by the management of LDK is RMB15,924,308.94.

As at the date of this report, LDK is still in the process of bankruptcy and reorganization, and the Company has not obtained debt repayment.

# Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

## XI. COMMITMENTS AND CONTINGENCIES (Continued)

### (II) Contingencies (Continued)

#### 2. Litigation (Continued)

- (2) Dispute over breach of contract by Jiangsu Dongxin Energy Technology Co., Ltd. against the Company and Shaanxi New Material, a company which has been divested by the Company

On 12 August 2020, Jiangsu Dongxin Energy Technology Co., Ltd. (hereinafter referred to as “Jiangsu Dongxin”) filed a lawsuit with the People’s Court of Dongtai City, Jiangsu Province on the ground that Shaanxi New Material was in breach of its obligations under the Product Processing Agreement signed by both parties, requesting for an order to terminate the Product Processing Agreement signed by it and Shaanxi New Material, and ordering Shaanxi New Material to compensate for its losses of RMB45,638,600 and bear the costs of the litigation. On 8 January 2021, Jiangsu Dongxin applied to the People’s Court of Dongtai City, Jiangsu Province to add the Company as a co-defendant and require the Company to bear joint and several liabilities.

On 30 December 2021, the People’s Court of Dongtai City issued the Civil Judgment of the People’s Court of Dongtai City, Jiangsu Province ((2020) Su 0981 Min Chu No. 4955), dismissing the claims of Jiangsu Dongxin. The judgment stated that “during the performance of the Product Processing Agreement, Dongxing Energy not only has not delivered the products or returned the goods on behalf of IRICO New Material after sales, but also has not returned the raw materials according to the agreement. After the settlement of the payment owed to IRICO New Material, Dongxing Energy did not take the initiative to fulfill its obligations.”

On 21 January 2022, Dongxin Energy filed an appeal to the Intermediate People’s Court of Yancheng City, Jiangsu Province. As at the date of this report, the case is still under trial in the second instance.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XII. POST BALANCE SHEET EVENTS

#### 1. Signing of the Strategic Cooperation Agreement

On 15 February 2022, the Company entered into a strategic cooperation agreement with Jinko Solar Co., Ltd. in relation to the supply and procurement of glass products and services, with an estimated total contract amount of approximately RMB3,600,000,000, which will be effective until October 2024.

#### 2. Profit Distribution

On 29 March 2022, the Board of Directors of the Company announced that no dividend was declared for the period.

#### 3. Disposal of Equity Interest in Hanzhong IRICO Jiarunze Mining Co., Ltd.

On 29 March 2022, the Company entered into an equity transfer agreement with China IRICO Electronics Import & Export Co., Ltd. ("IRICO Import & Export"), pursuant to which the Company agreed to sell and IRICO Import & Export agreed to acquire 39% equity interest in Hanzhong Jiarunze at a cash consideration of RMB9,520,800.

### XIII. CAPITAL MANAGEMENT

	2021.12.31	2020.12.31 (restated)
Total liability	3,209,434,162.95	3,541,748,915.11
Less: cash and cash equivalents	411,742,786.14	393,496,091.98
Adjusted net liability	2,797,691,376.81	3,148,252,823.13
Owners' equity	1,919,697,796.03	1,746,281,348.35
Adjusted capital	1,919,697,796.03	1,746,281,348.35
Adjusted liability/capital ratio	1.46	1.80

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XIV. OTHER SIGNIFICANT EVENTS

#### (I) A Share Offering of the Company

On 2 November 2021, the Board considered and approved the resolutions in relation to the A Share IPO and relevant authorization matters. The Company proposed to apply for the initial public offering of Renminbi ordinary shares (A Shares) and listing on the ChiNext Board of the Shenzhen Stock Exchange to issue not more than 58,780,000 A Shares with a nominal value of RMB1.00 each. The aforesaid matters are subject to the consideration and approval at the EGM, the H shareholders' class meeting and the domestic shareholders' class meeting.

On 24 November 2021, the SASAC of the State Council issued the Reply on Matters Related to the Public Issuance of A Shares by IRICO Group New Energy Company Limited (Guo Zi Chan Quan [2021] No. 582).

On 15 December 2021, the 2021 second extraordinary general meeting, the 2021 first domestic shareholders' class meeting and the 2021 first H shareholders' class meeting considered and approved the resolutions relating to the A Share IPO and relevant authorization matters.

On 28 December 2021, the Shenzhen Stock Exchange accepted and issued the "Letter of Review and Enquiry Regarding the Application Documents for the Initial Public Offering and Listing on the ChiNext Market of IRICO Group New Energy Company Limited" (Shen He Han [2022] No. 010125) on 24 January 2022.

The issuance is subject to the review of the Shenzhen Stock Exchange and the registration of the issuance by the CSRC.

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XIV. OTHER SIGNIFICANT EVENTS (Continued)

#### (II) Adjustments to previous financial statements

Reasons for adjustment	Project Name	2019 (restated)	2020 (restated)
According to the principle of prudence, the credit rating of the acceptor was divided into 6 large commercial banks and 9 listed joint-stock commercial banks with higher credit rating. The bank acceptance bills accepted by banks with higher credit rating were derecognized upon endorsement or discount. The bank acceptance bills accepted by banks with general credit rating and commercial acceptance bills were continuously recognized upon endorsement or discount. The bills receivable were derecognized upon maturity.	Bills receivable	574,724,901.48	473,448,034.86
Reclassification adjustment of new energy subsidies. We re-evaluated the presentation of receivables and contract deposits, and included the deposits in other receivables.	Accounts receivable	5,739,019.44 33,021,228.08	9,907,590.06
The acceptor is a bank acceptance bill issued by a bank with general credit rating, which shall be presented as a note receivable.	Receivables financing	-196,591,366.80	-169,272,853.18
Reclassification adjustment of new energy subsidies. We re-evaluated the presentation of receivables and contract deposits, and included the deposits in other receivables.	Prepayments Other receivables	-5,739,019.44 -33,021,228.08	-9,907,590.06
Reclassification adjustment of current accounts.		512,237.76	
In 2019, the Company lent funds to Hanzhong IRICO Jiarunze Mining Co., Ltd., an associate of the Company, for a term of four and a half years. The amount was reassessed and adjusted from other receivables to long-term receivables.		-22,421,859.36	
In 2019, the Company lent funds to Hanzhong IRICO Jiarunze Mining Co., Ltd., an associate of the Company, for a term of four and a half years. The amount was reassessed and adjusted from other receivables to long-term receivables.	Long-term receivables	22,421,859.36	
The Company holds 7.2953% equity interest in Shaanxi IRICO Electronics Glass Co., Ltd. According to the valuation report, adjustments are made according to its fair value to increase other equity instrument investments.	Other equity instrument investments	8,895,440.26	
The discounted bills receivable that are not derecognised are recognised as short-term borrowings.	Short-term borrowings	76,360,927.01	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XIV. OTHER SIGNIFICANT EVENTS (Continued)

#### (II) Adjustments to previous financial statements (Continued)

Reasons for adjustment	Project Name	2019 (restated)	2020 (restated)
After the bills were reclassified according to the rating of bills receivable, the bills were re-offset.	Bills payable	-8,127,618.54	-38,329,190.00
Reclassification adjustment of current accounts.	Other payables	512,237.76	
The non-current liabilities due within one year and long-term payables are reclassified and adjusted to reduce the amount of non-current liabilities due within one year.	Non-current liabilities due within one year	-2,635,391.17	
The corresponding notes receivable that have been endorsed but not derecognized are recognized as other current liabilities.	Other current liabilities	309,900,226.21	342,504,371.68
The reclassification adjustment of non-current liabilities due within one year and long-term payables for finance lease service fee.	Long-term payables	2,635,391.17	
The Company holds 7.2953% equity interest in Shaanxi IRICO Electronics Glass Co., Ltd., which is adjusted based on its fair value according to the valuation report.	Other comprehensive income	8,895,440.26	
The transportation fee of the Company is the contract performance cost, and the transportation fee is adjusted from "selling expenses" to "operating costs".	Cost of sales	57,744,920.34	73,811,328.72
The transportation fee of the Company is the contract performance cost, and the transportation fee is adjusted from "selling expenses" to "operating costs".	Selling expenses	-57,744,920.34	-73,811,328.72
The Company received insurance subsidies for the application of new materials, and the original offset of administrative expenses was adjusted to other income.	Administrative expenses		15,050,000.00
Cash received from discounting bills receivable that do not qualify for derecognition shall be recognised as a borrowing in the balance sheet. Therefore, the interest expense calculated at the effective interest rate before the maturity of the bills shall be adjusted from "investment income" to "finance costs".	Finance costs	-33,550.00	
The Company received insurance subsidies for the application of new materials, and the original offset of administrative expenses was adjusted to other income.	Other income		15,050,000.00
Cash received from discounting bills receivable that do not qualify for derecognition shall be recognised as a borrowing in the balance sheet. Therefore, the interest expense calculated at the effective interest rate before the maturity of the bills shall be adjusted from "investment income" to "finance costs".	Investment income	-33,550.00	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XIV. OTHER SIGNIFICANT EVENTS (Continued)

#### (III) Going Concern Issue

As at 31 December 2021, the Company's gearing ratio was 62.57%, current liabilities amounted to RMB2,660,138,500 and current assets amounted to RMB2,172,870,000. From January to December 2021, the Company achieved a net profit attributable to the owners of the parent company of RMB162,604,100. Although the current assets are smaller than the current liabilities, the Company is a heavy asset enterprise. As of 31 December 2021, the Company had monetary funds of RMB702,100,900. Meanwhile, the liquidity of funds is guaranteed for the subsequent A Share Offering of the Company. In addition, benefiting from the recovery of industry demand, the Company further expanded the capacity of the photovoltaic glass business, and the Company's business revenue showed an upward trend. Therefore, the Board believes that the Company will continue to operate as a going concern and will continue to prepare the financial statements for the year on a going concern basis.

#### (IV) Segment information

Due to the highly integrated business and unified internal organizational structure, in terms of technology and marketing strategy, the management of the Company does not separately manage operating activities and there are no reportable segments.

### XV. SUPPLEMENTAL INFORMATION

#### (I) Breakdown of non-recurring profit or loss for the current period

Item	2021	Note
Profit/loss on disposal of non-current assets	586,963.79	
Tax refund, deduction and exemption as a result of ultra vires or without formal approval		
Government grant recognized in current profit or loss, except for those acquired in the ordinary course of business and granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	16,853,177.60	
Funds occupation fee accounted for in the profit or loss of the current period charged to non-financial enterprises		
Gains arising from the difference between the investment cost for acquisition of subsidiaries, associates and joint ventures by an enterprise and the fair value of the identifiable net assets of the invested entity at the time of acquisition		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XV. SUPPLEMENTAL INFORMATION (Continued)

#### (I) Breakdown of non-recurring profit or loss for the current period (Continued)

Item	2021	Note
Profit or loss from swap of non-monetary assets		
Profit or loss from entrusted investment or asset management		
Provision for assets impairment due to force majeure including natural disasters		
Profit or loss from debt restructuring		
Expenses arising from enterprise restructuring, such as staff resettlement, integration, etc.		
Profit or loss from the excess of the fair value compared to the unfair consideration of a transaction		
Current net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger		
Profit or loss from contingencies irrelevant to the normal operations of the Company		
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and other debt investments	300,090.74	
Reversal impairment provision for accounts receivable and contract assets tested for impairment separately		
Fund occupation fee received from non-financial enterprises included in current profit or loss	648,659.05	
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
Effect of one-off adjustment to current profit or loss in accordance with laws and regulations on taxation and accounting, etc.		

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XV. SUPPLEMENTAL INFORMATION (Continued)

#### (I) Breakdown of non-recurring profit or loss for the current period (Continued)

Item	2021	Note
Income from custody fees received for entrusted management		
Other non-operating income and expenses other than the above	1,021,612.87	
Other profit or loss items falling within the meaning of non-recurring profit or loss	-13,401,896.63	
Subtotal	6,008,607.42	
Effect of income tax	901,377.69	
Effect of minority interests (After tax)		
<b>Total</b>	<b>5,107,229.73</b>	

Other explanation for the non-recurring profit or loss:

Item	Amount	Note
Compensation for the shutdown of furnaces by Xianyang Photovoltaic	8,464,167.00	
Refund of personal income tax service fee	112,509.07	
Recognition of deferred tax assets	-21,978,572.70	Recognition of deferred tax assets for losses not made up by subsidiary Hefei Photovoltaic
<b>合計</b>	<b>-13,401,896.63</b>	

## Notes to the Financial Statements for 2021 (Continued)

(All amounts in RMB Yuan unless otherwise stated)

### XV. SUPPLEMENTAL INFORMATION (Continued)

(II) Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	8.87	1.2209	1.2209
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	8.59	1.1825	1.1825

IRICO GROUP NEW ENERGY COMPANY LIMITED

On 29 March 2022

## Five-Year Financial Summary

Unit: RMB0'000

Item	2021	2020 (Restated)	2019 (Restated)	2018 (Restated)	2017
Operating revenue	206,706	251,851	224,511	233,192	247,147
Total profit (total loss is represented by "-")	18,556	17,132	7,616	8,696	10,616
Income tax expense	2,295	-3,029	207	17	587
Net profit (net loss is represented by "-")	16,260	20,162	7,409	8,679	10,028
Including: Net profit attributable to the owners of the parent company	16,260	21,966	9,314	8,130	9,001
Minority interests	-	-1,804	-1,906	549	1,027
Total assets	512,913	528,803	529,964	506,386	459,661
Total liabilities	320,943	354,175	500,167	484,130	435,502
Owners' equity	191,970	174,628	29,797	22,256	24,159
Including: Equity attributable to owners of the parent company	191,970	174,628	19,688	10,202	12,654
Minority interests	-	-	10,109	12,054	11,505
Earnings per share (RMB/share)	1.2209	1.6493	0.6993	0.6104	0.0403

# Corporate Information

## Executive Directors

Si Yuncong	Chairman	Resigned on 18 November 2021
Tong Xiaofei	Chairman	Appointed on 18 November 2021
Jiang Lei		Appointed on 18 November 2021

## Non-executive Director

Fan Laiying	Resigned on 18 November 2021
Ni Huadong	Appointed on 18 November 2021
Huang Weihong	Appointed on 18 November 2021

## Independent Non-executive Directors

Feng Bing	Resigned on 18 November 2021
Wang Jialu	Resigned on 18 November 2021
Wang Zhicheng	Resigned on 18 November 2021
Wu Xiaoguang	Appointed on 18 November 2021
Li Yong	Appointed on 18 November 2021
Hao Meiping	Appointed on 18 November 2021

## Audit Committee

Wang Zhicheng	Resigned on 18 November 2021
Fan Laiying	Resigned on 18 November 2021
Feng Bing	Resigned on 18 November 2021
Wang Jialu	Resigned on 18 November 2021
Wu Xiaoguang	Appointed on 18 November 2021
Li Yong	Appointed on 18 November 2021
Hao Meiping	Appointed on 18 November 2021

## Corporate Information (Continued)

### Chief Financial Officer

Huang Weihong                      Appointed on 18 November 2021

### Secretary to the Board

Ni Huadong                          Ceased to be the secretary to the Board on 6 January 2021  
Huang Weihong                      Appointed as the secretary to the Board on 6 January 2021

### Company Secretary

Chu Xiaohang                        Ceased to be the company secretary on 6 January 2021  
Ni Huadong                            Appointed as the company secretary on 6 January 2021

### Authorized Representatives

Tong Xiaofei  
Ni Huadong  
Huang Weihong                      Appointed on 18 November 2021

### Legal address in the PRC

No. 1 Caihong Road, Xianyang, Shaanxi Province  
The People's Republic of China  
Postal code: 712021

### Place of business in Hong Kong

Units 1607-8, 16/F, Citicorp Centre  
18 Whitfield Road, Causeway Bay  
Hong Kong

## Corporate Information (Continued)

### Company website

[www.irico.com.cn](http://www.irico.com.cn)

### Legal advisers

Baker & McKenzie  
14/F, One Taikoo Place, 979 King's Road  
Quarry Bay, Hong Kong

### Auditor

BDO China Shu Lun Pan Certified Public Accountants LLP, a Non-Hong Kong Accounting Firm accredited by the Stock Exchange  
17–20/F, Block A, China Overseas International Center  
Building No. 7, Court No. 5, An Ding Road  
Chaoyang District, Beijing

### Registrar of H Shares in Hong Kong

Computershare Hong Kong Investor Services Limited  
Rooms 1712–1716, 17th Floor, Hopewell Centre  
183 Queen's Road East, Hong Kong

### Investor and media relations

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