

Stock abbreviation: Semcorp

Stock code: 002812

Announcement No.: 2024 -070

Bond abbreviation: Energy Convertible Bond

Bond code: 128095



Yunnan Energy New Material Co., Ltd.

2023 Annual Report

April 2024

2023 Annual Report

Section 1 Important Notes, Contents and Definitions

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

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

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

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

The proposed profit distribution plan of the Company as considered and approved by the Board is: Based on 967,343,387 shares which is the Company's total share capital of 977,755,643 shares as at 11 April 2024 minus 10,412,256 shares held in the Company's repurchase special securities account, a cash dividend of RMB15.51 (tax inclusive) per 10 shares will be distributed to all shareholders, 0 bonus shares will be issued (tax inclusive), and no share will be converted from reserve into share capital.

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Documents Available for Inspection

- I. Financial statements signed and sealed by the legal representative, the person in charge of finance and the person in charge of the accounting department of the Company.
- II. The original copies of all documents and announcements of the Company which have been publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the Reporting Period.
- III. The original text of the 2023 annual report signed by the chairman of the Board of Directors.
- IV. The place where the above documents are maintained: the Company's Securities Department.

Definitions

Terms	Definitions
Energy Technology, this Company, the Company	Yunnan Energy New Material Co., Ltd.
Actual controller, Paul Xiaoming Lee family	Paul Xiaoming Lee, Li Xiaohua, Yan Ma, YanYang Hui, Sherry Lee, Jerry Yang Li
Hongta Plastic	Yunnan Hongta Plastic Co., Ltd., a wholly-owned subsidiary of the Company
Dexin Paper	Yunnan Dexin Paper Co., Ltd., a wholly-owned subsidiary of the Company
Hongchuang Packaging	Yunnan Hongchuang Packaging Co., Ltd., a controlled subsidiary of the Company
Shanghai Energy	Shanghai Energy New Material Technology Co., Ltd., a controlled subsidiary of the Company
Zhuhai Energy	Zhuhai Energy New Material Technology Co., Ltd., a subsidiary of the Company
Wuxi Energy	Wuxi Energy New Material Technology Co., Ltd., a subsidiary of the Company
Jiangsu Energy	Jiangsu Energy New Materials Technology Co., Ltd., a subsidiary of the Company
Chongqing Energy	Chongqing Energy New Material Technology Co., Ltd., a subsidiary of the Company
Yuxi Energy	Yuxi Energy New Materials Co., Ltd., a subsidiary of the Company
Xiamen Energy	Xiamen Energy New Materials Co., Ltd., a subsidiary of the Company
Newmi Tech	Chongqing Energy Newmi Technological Co., Ltd., a subsidiary of the Company
Jiangxi Tonry	Jiangxi Tonry New Energy Technology Development Co., Ltd., a subsidiary of the Company
Jiangsu Ruijie	Jiangsu Ruijie New Materials Technology Co., Ltd., a subsidiary of the Company
Jiangsu Sanhe	Jiangsu Sanhe Battery Material Technology Co., Ltd., a subsidiary of the Company
Jiangxi Ruijie	Jiangxi Ruijie New Materials Technology Co., Ltd., a subsidiary of the Company
Jiangxi Energy	Jiangxi Energy New Materials Technology Co., Ltd., a subsidiary of the Company
Jiangxi Enpo	Jiangxi Enpo New Materials Co., Ltd., a subsidiary of the Company
Hubei Energy	Hubei Energy New Materials Technology Co., Ltd., a subsidiary of the Company
Suzhou GreenPower	Suzhou GreenPower New Energy Materials Co., Ltd., a subsidiary of the Company
SEMCORP Hungary KFT	SEMCORP Hungary Korlátolt Felelősségű Társaság (Hungary), a subsidiary of the Company
Heyi Investment	Yuxi Heyi Investment Co., Ltd., a shareholder holding more than 5% of the Company's shares
Heli Investment	Yuxi Heli Investment Co., Ltd., an employee stock ownership platform of the Company
General Meeting of Shareholders	The general meeting of shareholders of Yunnan Energy New Material Co., Ltd.
Board of Directors	The Board of Directors of Yunnan Energy New Material Co., Ltd.
Supervisory Committee	The supervisory committee of Yunnan Energy New Material Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Yunnan Energy New Material Co., Ltd.
Designated information disclosure media	China Securities Journal, Shanghai Securities Journal, Securities Times, Securities Daily, Cninfo (www.cninfo.com.cn)
RMB, RMB10 thousand, RMB100 million	RMB, RMB10 thousand, RMB100 million
Reporting Period, this Reporting Period	January 1, 2023 to December 31, 2023
Same period last year	January 1, 2022 to December 31, 2022
Lithium-ion battery, lithium battery	Rechargeable battery, which mainly depends on the lithium ion moving between the positive and negative electrodes. It generally uses materials containing lithium as the electrodes, and is the representative of modern high-performance batteries
Lithium battery separator, the separator	In the structure of lithium battery, the separator is one of the key inner components. Its main function is to separate the positive and negative electrodes of the battery, preventing the short circuit arising from the contact between the two electrodes, current conduction and overheating
Base film, base separator	The separator immersed in the electrolyte of lithium battery is widely distributed with nano-scale micropores on its surface for lithium ions to move freely between the positive and negative electrodes
Coating film, coated separator	The separator with coating treatment
Wet-process, Wet-processing	A process technique of lithium battery separator, also known as phase separation process or thermally induced phase separation process, is to add small molecules with high boiling point as porogen to polyolefin, heat and melt them into a uniform state, extrude the casting sheet by screw, extract the porogen with organic solvent after simultaneous or sequential biaxial stretching, and then obtain microporous separator material through post-processing such as stretching heat setting process
Dry-process, Dry-processing	Also known as melt-stretching process, including unidirectional stretching process, biaxial stretching process and blow molding process. It refers to a preparation process of melting and extruding polyolefin resin into crystalline thin polymer film, which is crystallized and annealed to obtain a high crystallinity structure, and then further stretching at high temperature to peel off the crystalline interface to form porous structure

Cigarette label	Cigarette packaging, commonly known as “cigarette pack”
Aseptic packaging	Composite packaging materials for aseptic filling of dairy products or non-carbonated soft drinks
Specialty paper	Specialty paper refers to the paper with special functions, a general term for all kinds of special purpose paper or art paper. The term “specialty paper” in this report mainly refers to special packaging paper
BOPP film	The separator made by stretching and processing (such as corona, coating, etc.) the thick film made of polymer polypropylene melt at a certain temperature and speed in a special stretcher
Cigarette film	BOPP film used for the packaging of cigarette, also known as “BOPP cigarette film”
Flat film	BOPP film for general packaging, also known as “BOPP flat film”
Aluminum laminated film	Aluminum laminated composite film for lithium-ion pouch cell, a packaging material for lithium-ion batteries, which protects the internal materials of lithium-ion batteries
Convertible Bonds, Energy Convertible Bonds	The convertible corporate bonds of RMB1.6 billion issued on February 11, 2020 with a code of 128095

Section 2 Company Profile & Key Financial Indicators

I. Corporate Information

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

II. Contact Information

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

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

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

IV. Changes of Registration

Unified social credit code	91530000727317703K
Changes of main businesses since the Company's listing	When the Company was listed, its main businesses were divided into two categories: (1) packaging materials: BOPP films (cigarette film and flat film) and specialty paper

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

V. Other Relevant Information

The accounting firm engaged by the Company

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

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

Applicable Not applicable

Name of sponsor	Office address of sponsor	Name of sponsor representative	Supervision duration
CITIC Securities Company Limited	21/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Wang Jiayi and Liu Chunqin	From June 20, 2023 to December 31, 2024

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

Applicable not applicable

VI. Key Accounting Data and Financial Indicators

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

Yes No

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

	2023	2022	Increase or decrease for the year over last year	2021
Operating revenue (RMB)	12,042,229,789.30	12,590,925,529.68	-4.36%	7,982,426,810.59
Net profits attributable to shareholders of the listed company (RMB)	2,526,688,570.92	4,000,461,964.37	-36.84%	2,717,628,798.01
Net profits attributable to shareholders of the listed company(excluding non-recurring profit and loss) (RMB)	2,461,257,928.99	3,839,792,123.08	-35.90%	2,567,054,537.19
Net cash flows from operating activities (RMB)	2,667,453,259.32	503,587,598.66	429.69%	1,418,645,377.82
Basic earnings per share (RMB/share)	2.68	4.48	-40.18%	3.06
Diluted earnings per share (RMB/share)	2.58	4.46	-42.15%	3.05

Weighted average return on net assets	11.87%	25.39%	-13.52%	21.85%
	End of 2023	End of 2022	Increase or decrease for the year over last year	End of 2021
Total assets (RMB)	47,200,916,635.69	38,622,731,492.57	22.21%	26,122,184,844.54
Net assets attributable to shareholders of the listed company (RMB)	26,926,495,494.24	17,726,202,872.37	51.90%	13,831,866,927.31

Yes No

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

Yes No

VII. Accounting Data Differences under Domestic and Foreign Accounting Standards

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

Applicable Not applicable

There was no difference between the net profit and net assets of the financial report of the Company disclosed in accordance with the international accounting standards and in accordance with the Chinese accounting standards during the Reporting Period.

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

Applicable Not applicable

There was no between the net profit and net assets of the financial report of the Company disclosed in accordance with the overseas accounting standards and in accordance with the Chinese accounting standards during the Reporting Period.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,568,465,530.97	3,000,010,371.70	3,524,931,659.68	2,948,822,226.95
Net profits attributable to shareholders of the listed company	649,239,029.72	755,422,136.90	748,899,694.20	373,127,710.10
Net profits attributable to shareholders of the listed company (excluding non-recurring profit and loss)	627,858,465.64	716,050,741.18	710,064,403.06	407,284,319.11
Net cash flows from operating activities	726,077,344.95	544,779,211.99	1,782,153,270.14	-385,556,567.76

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

Yes No

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

Applicable Not applicable

Unit: RMB

Item	Amount in 2023	Amount in 2022	Amount in 2021	Description
Gains and losses from the disposal of non-current assets	-2,635,244.01	-4,869,891.53	-1,303,244.16	
Government subsidies recognized in current profit or loss (except for those closely related to the Company's normal business and are in line with national policies and in accordance with defined criteria that have a continuing impact on the Company's profit or loss)	91,546,051.06	171,995,624.29	140,888,128.01	
Gains or losses from changes in fair value arising from financial assets and financial liabilities held by non-financial corporation, and gains or losses from disposal of financial assets and financial liabilities, excluding the effective hedging business related to the Company's normal business operations	15,433,062.02	21,836,255.17	137,194.34	
Gains or losses on entrusted investments or assets management		27,838,099.70	25,422,322.79	
Reversal of the provisions for impairment of receivables subject to separate impairment test	102,906.06	2,078,410.35	11,749,733.34	
One-off share-based payment expense recognized as a result of cancellation and modification of the share incentive scheme	-21,942,152.71			
Non-operating income and expenses other than above-mentioned items	-44,249.00	818,785.95	4,316,746.86	
Other items within the definition of non-recurring gains or losses	589,416.97	5,824,344.40	5,038,461.95	
Less: effect of the income tax	12,614,212.47	56,380,407.08	27,937,401.47	
Effect of minority equities	5,004,935.99	8,471,379.96	7,737,680.84	
Total	65,430,641.93	160,669,841.29	150,574,260.82	--

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

Applicable Not applicable

The Company has no details of other profit or loss items that fall within the meaning of non-recurring gain or loss.

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

Applicable Not applicable

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

Section 3 Management Discussion and Analysis

I. Industry Overview of the Company during the Reporting Period

The Company shall comply with the disclosure requirements set out in “Rubber and Plastic Products Manufacturing” under “Chemical Industry Related Business” in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*.

1. Industry conditions and the industry position of the Company

In 2023, with increasing global attention on green, low-carbon, and sustainable development, more than 150 countries set ambitious goals for carbon neutrality. At the United Nations Climate Change Conference, nearly 200 countries reached a milestone agreement - "UAE Consensus", marking the first consensus in nearly three decades on transitioning the energy system from fossil fuels to clean energy. In view of the strong growth momentum of global new energy vehicle market, countries intensified efforts to promote the development of the new energy industry centered around lithium battery technology. Guided by China's national strategic goals of carbon neutrality and carbon peaking, the new energy vehicle and energy storage industries will continue to maintain the rapid development momentum. As one of the four key materials of lithium batteries, lithium battery separators are widely used in electric vehicles, consumer electronics, energy storage batteries, and other fields, playing a pivotal role in driving the development of China's and even global new energy industries.

As a leading company in the lithium battery separator industry, the Company not only possesses significant competitiveness in global production capacity, product quality, cost-effectiveness, and technological research and development, but also has successfully integrated into the supply chain systems of the vast majority of mainstream lithium battery manufacturers worldwide. Our products cover the three major fields of power, consumer electronics, and energy storage, with abundant application scenarios. In 2023, the Company maintained its leading position in the industry, with both production capacity and shipment volume of separator products ranking first in the industry.

2. Industry development trends

The rapid development of the global new energy vehicle industry and energy storage market, along with the continuous expansion of the lithium battery industry market, has brought vast market potential and historic development opportunities for the lithium battery separator industry. According to the China Lithium-ion Battery Separator Industry Development White Paper (2024) released by research institution EV Tank in collaboration with China YiWei Institute of Economics, the shipment volume of lithium-ion battery separators in China increased by 32.8% year-on-year in 2023, reaching 17.69 billion square meters. Specifically, the shipment volume of wet-process separators reached 12.94 billion square meters, while that of dry-process separators reached 4.75 billion square meters. EV Tank stated in the white paper that the global shipment volume of lithium-ion battery separators exceeded 21 billion square meters in 2023, and the global share of shipments from Chinese separator companies had surpassed 83% in the same year.

(1) The separator industry has vast market potential and high production capacity requirements

From a global perspective, China has taken the lead in the development of electric vehicles, while overseas regions such as Europe and America are rapidly catching up. Given the enormous growth potential of overseas new energy vehicle and lithium battery markets, the Gaogong Industry Institute (GGII) predicts that global lithium battery shipments will exceed 4TWh by 2030. The penetration rate of new energy vehicles in overseas markets is still lower compared to domestic markets; therefore, the growth rate of overseas markets is expected to surpass that of domestic markets in the future. As an indispensable key raw material in lithium battery manufacturing, the stable and reliable production capacity and product quality of lithium battery separators is crucial for separator companies to undertake large-scale orders from downstream customers. Leveraging their production capacity, product and technology R&D advantages, separator manufacturers can continuously deepen cooperation with core customers, thereby helping them to further expand market share and enhance market influence.

(2) The importance of enhancing research and development innovation capabilities and optimizing product and customer structures become more prominent

Lithium batteries are the core components of new energy vehicles. As the market gradually transitions from policy-oriented to market-driven, manufacturers have increasingly stringent requirements for key performance attributes of lithium batteries, such as safety, range capacity, and lifespan. The continuous advancement of lithium battery technology imposes higher requirements on the performance improvement and technological iteration of separator products. Therefore, separator companies that possess core technologies and independent R&D and innovation capabilities will have better development prospects and potential.

Since the beginning of 2023, the competition in the separator industry has become increasingly fierce, and optimizing product and customer structures has become one of the trends in the development of separator companies. Coating inorganic ceramic materials, PVDF, aramid, and other materials on the base film can effectively enhance the puncture resistance and heat resistance of lithium battery separators, improving the safety and lifespan of batteries. Compared with base films, coated films are better able to meet the key performance requirements of lithium batteries for separators, offering higher product added value. Therefore, separator companies that possess the core technology of high-quality coated films have better development prospects, and increasing the shipment volume of coated films helps enhance the comprehensive profitability. Meanwhile, separator companies need to continuously develop new products to ensure that they possess new production capabilities. In terms of specific product features, improving the heat resistance, mechanical strength, and other performance aspects of separator products to meet the safety and lifespan requirements of lithium batteries, while meeting the demand for slimming to enhance the energy density and range of lithium batteries,

remains a trend in separator product development. In terms of optimizing customer structure, we must ramp up efforts in the maintenance and development of key customers while in exploring overseas markets and accelerating global outreach.

In addition, the Company has diverse product lines in multiple product segments such as BOPP film, aseptic packaging, and aluminum-plastic film. After approximately 30 years of steady development of the BOPP film industry in China, the technology has become increasingly mature, while the market competition has also become fiercer. In the future, the development direction of the industry will focus more on manufacturing differentiated products that meet customer demands, such as cigarette pack wrapping film and laser film. These products will be widely used in packaging segments such as cigarettes and food, which have enormous market potential. With the continuous expansion of the terminal market, the BOPP film industry will also be poised for new growth opportunities.

In recent years, China's aseptic packaging market has gradually established a product system with mature technology and diverse product types, capable of meeting the needs of aseptic filling of various liquids. The primary application areas of aseptic packaging are concentrated in the food and beverage industries such as liquid dairy products and non-carbonated beverages. With the continuous prosperity of the domestic economy and the increase in urban residents' income, consumer mindset and health awareness have gradually improved, leading to a rapid growth momentum in the consumption of dairy products and non-carbonated beverages. At the same time, the increasing attention from both the government and consumers on food safety has led to stricter requirements for packaging materials, especially aseptic packaging materials, resulting in rising demands. Although international packaging giants still dominate the market due to their first-mover advantage, with the continuous progress of domestic material technology and production technology, the domestic aseptic packaging market is poised for rapid growth opportunities. Looking ahead, leveraging cost-effectiveness advantages, domestic manufacturers are expected to gradually expand their products from the mid-to-low-end market to the high-end aseptic packaging market. As a result, the market share of domestic aseptic packaging manufacturers is expected to gradually increase.

Aluminum laminated film, as a crucial encapsulation material for pouch cells, represents one of the most technically challenging aspects in the pouch cell industry chain, exerting significant influence on the quality of pouch cells. Compared to cylindrical and prismatic batteries, pouch batteries demonstrate evident advantages in energy density, cycle life, safety, and flexibility. In the realm of consumer electronics which seeks high-capacity and lightweight, pouch cells have become the mainstream choice, with their penetration rate surpassing 80% in mobile phones and laptops, and approaching saturation in tablet batteries. In the field of traction batteries, the European and American new energy vehicle markets show a strong preference for pouch power batteries. With continuous advancements in battery technology and declining costs, the competitiveness of pouch batteries is gradually improving. An increasing number of automotive manufacturers are opting for pouch cells as the power source for new energy vehicles, further driving the growth of pouch cell shipments. It is anticipated that, driven by downstream lithium battery demand, the market demand for pouch cells and aluminum laminated film will continue to expand, with the market size of aluminum laminated film expected to grow continuously in the coming years.

3. Industry policies

As an indispensable core component in lithium battery manufacturing, the Company's main product - lithium battery separators, has received significant attention and support from national policies. In recent years, the government has issued a series of related industrial policies for this sector, as detailed below:

Date	Issuing Authority	Name of Policy or Regulation	Main Content
August 2022	Nine departments including MOST, NDRC and MIIT	Technology to Support Carbon Emission Peak and Carbon Neutral Implementation Plan (2022-2030)	Propose the action plan for low-carbon and zero-carbon technology research in urban and rural construction and Transportation, focusing on recent breakthroughs in basic research in key areas such as new energy development and cutting-edge energy storage
November 2022	MIIT, SAMR	Notice on Promoting the Coordinated and Stable Development of the Lithium-ion Battery Industry Supply Chain	Guiding lithium battery enterprises to moderately expand production scale as needed under the premise of stable supply of key materials, sufficient investment in research and development innovation, and adequate supporting funds. It's important to optimize the industrial regional layout, avoid low-level homogeneous development and vicious competition, and establish a development pattern led by innovation, prioritizing technology, fair competition, and orderly expansion.
January 2023	MIIT	Guiding Opinions on Promoting the Development of the Energy Electronics Industry (Draft for Comments)	Promote the intelligent upgrading of basic material production, enhance the production of silicon materials, silicon wafers, energy storage battery materials, and high-performance batteries. Improve the mechanization and automation levels of packaging, storage, and transportation to enhance product consistency and stability.
February 2023	Eight departments including MIIT	Circular on the Organization of Pilot Zones for the Full Electrification of Public Sector Vehicles	The goal is to significantly increase the level of electrification for vehicles, aiming to reach 80% in urban public transportation, taxis, sanitation, postal and express delivery, and urban logistics distribution sectors
June 2023	MIIT, MOF, MOC, GAC, and SAMR	Decision on Amending the "Measure on the Parallel Administration of the Corporate Average Fuel Consumption and New Energy Vehicle Credits of	Adjust the method of point calculation and the upper limit of points; establish a flexible point trading mechanism, explore the establishment of a points pool system; optimize other points management systems.

		Passenger Vehicle Enterprises”	
June 2023	MOF, STA, MIIT	Announcement on Renewal of the Vehicle Purchase Tax Exemption Policy for New Energy Vehicles	During the period from 1 January 2024 to 31 December 2025, new energy vehicles are exempt from vehicle purchase tax, with each new energy passenger car eligible for a tax exemption of up to RMB30,000
September 2023	NDRC, NEA	Basic Rules for the Electricity Spot Market (Trial)	The goal is to enhance the adjustment capacity of the power system, promote the consumption and absorption of renewable energy, and facilitate the transformation of the power system towards a clean, low-carbon, safe, and efficient direction

II. Main Businesses of the Company during the Reporting Period

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*

Procurement model for major raw materials:

Unit: RMB

Major raw materials	Procurement model	Proportion in total procurement amount	Whether there are significant changes in settlement methods	Average price in the first half of the year	Average price in the second half of the year
Raw material A	Market procurement	32.82%	No	23.27	24.30
Raw material B	Market procurement	24.24%	No	12.16	11.92
Raw material C	Market procurement	11.48%	No	7.48	7.35
Raw material D	Market procurement	8.02%	No	7.40	6.80

Energy procurement costs account for over 30% of total production costs

Applicable Not applicable

Production technology for major products

Major products	Phase in production technology	Information about key technical personnel	Patent technology	Strengths in product R&D
Lithium battery separator	Industrialization	All are employees of the Company, who continue to carry out R&D projects and proactively respond to the needs of downstream customers	The Company's R&D team for lithium battery separators has achieved a series of accomplishments in improving production efficiency and lithium battery separator business. Currently, there are a total of 407 valid patents, including 34 international patents. Additionally, 258 patents are currently under application, including 102 international patent applications.	The Company has built a well-established R&D team over the years, covering a wide range of research areas including separator and coating production equipment, improvements in separator preparation processes and raw materials, coating processes, slurry formulations, recycling and energy-saving technologies, as well as the development of forward-looking technological reserve projects. The Company's pioneering online coating technology has further enhanced the quality and production efficiency of coated film products. Additionally, the Company's lithium battery separator R&D team not only customizes the development of various new products for downstream customers but also collaborates with them to develop products that meet diverse customer needs.
BOPP film	Industrialization	All are employees of the Company, who develop relevant products in proactive response to the needs of downstream customers	Currently, there are 60 valid patents, including 6 invention patents and 54 utility model patents; 1 patent is currently under application.	The Company has accumulated nearly thirty years of experience in technical research and development. Leveraging a well-established R&D team within the Company's research institute system, the Company can develop related products according to customer needs. It is one of the few domestic enterprises capable of producing anti-counterfeiting printed cigarette films.
Aseptic packaging	Industrialization	All are employees of the Company, who develop relevant products based on demands of the market and downstream customers	Currently, there are 41 valid patents, including 2 invention patents, 30 utility model patents, and 9 design patents; 2 patents are currently under application.	Leveraging a well-established R&D team within the Company's research institute system, the Company can develop related products according to customer needs to meet diverse customer needs.

Production capacity of major products

Major products	Designed capacity	Capacity utilization	Capacity under	Investment in construction
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		rate	construction	
Lithium battery separator	200 million square meters	83.22%	Chongqing Energy (Phase II), Jiangsu Energy, Hubei Energy, Yuxi Energy	Part of the production lines of Chongqing Energy (Phase II), Jiangsu Energy, and Hubei Energy have been put into operation, while the construction of Yuxi Energy is underway
BOPP film	70,000 tons	70.40%	1 relocation production line in installation	1 relocation production line in installation
Aseptic packaging	5.2 billion packaging boxes	82.42%	Ma'anshan Aseptic Packaging Production Base	The construction work of the Ma'anshan Aseptic Packaging Production Base is currently underway

Note: In the above table, the production capacity of lithium-ion battery separator parent roll is calculated based on the normal wear caused by rotation speed, width and downtime for maintenance, and the time weighted for production line put in operation. In addition, depending on the different products, the final products are sold after cutting, coating and other processes. The wear and tear vary from different processes, and the output of the final product is different from that of the parent roll.

Product categories in major chemical parks

Major chemical park	Product category
Shanghai Energy, Zhuhai Energy, Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Newmi Tech, Jiangsu Energy, Hubei Energy, Hungary Energy, Jiangxi Energy	Lithium battery separator
Hongta Plastics, Chengdu Hongta Plastic	BOPP film
Hongchuang Packaging	Aseptic packaging

Environmental Impact Assessment (EIA) approvals being applied for or newly obtained during the Reporting Period

Applicable Not applicable

During the Reporting Period, Hongchuang Packaging (Anhui) Co., Ltd. received the environmental impact assessment approval of "Ma Jing Kai Huan Shen [2023] No. 36" issued by the Ecology and Environment Bureau of Ma'anshan Economic and Technological Development Zone. As at the end of the Reporting Period, the environmental impact assessment approvals of Jiangxi Tonry and Jiangxi Enpo were in progress. Up to now, the environmental impact assessment approvals of "Gao Huan Ping Zi [2024] No. 2" and "Gao Huan Ping Zi [2024] No. 12" issued by Yichun Gao'an Ecology and Environment Bureau have been obtained.

Abnormal production shutdowns occurring in the listed company during the Reporting Period

Applicable Not applicable

Relevant approvals, permits, qualifications and their validity periods

Applicable Not applicable

Conducting petroleum processing and petroleum trading business

Yes No

Conducting fertilizer business

Yes No

Conducting pesticide business

Yes No

Conducting chlor-alkali and soda ash businesses

Yes No

III. Analysis of Core Competitiveness

1. Scale advantage

As of the end of the Reporting Period, the Company is a world leader in terms of the production scale of wet-processed lithium battery separator, and has the largest lithium battery separator supply capacity in the world. The Company is the world's largest supplier of lithium battery separator, ranking No. 1 globally in terms of market share. The scale advantage of the Company is mainly reflected in cost control and sales expansion. The Company has the ability to take large-scale orders from leading battery manufacturers such as LGES, CATL, CALB, EVE and Gotion High-tech. Furthermore, the Company's scale advantage also helps improve production efficiency and procurement advantage, effectively reducing costs. In terms of cost control, the Company's scale advantage firstly improves its cost advantage in raw materials procurement as large-scale centralized procurement makes the Company's raw materials costs lower than that of its industry peers. Secondly, the Company's huge sales scale brings a large number of orders to the Company, so that the Company can effectively reduce the frequency of downtime during production and effectively reduce costs caused by downtime through reasonable production scheduling. As a result, the Company leads its peers in terms of operating rate and capacity utilization rate. In terms of sales development, the concentration of the lithium battery industry is increasing day by day. The existing and

under-construction production lines of domestic first-class lithium battery manufacturers boast huge production scale. Therefore, whether the suppliers have a supply capacity to meet the current and future demand of world-class lithium battery manufacturers is the first consideration in their selection of suppliers. As the world's largest lithium battery separator supplier, the Company boasts a competitive advantage thanks to its sufficient supply capacity.

2. Cost advantage

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

3. Product advantage

The Company has long been committed to the R&D of lithium battery separators and creating value for customers with high-quality products and excellent services. Mainstream lithium battery manufacturers, especially world-class lithium battery manufacturers, have strict requirements for material quality. As one of the core materials for lithium batteries, the separator has high technical barrier and its performance directly affects the discharge capacity, cycle life and safety of lithium battery. Lithium battery manufacturing has extremely high requirements on separators in terms of properties, such as the size, distribution uniformity and consistency of separator micropores. Mainstream lithium battery manufacturers apply a long system verification process, covering product, process and production flow, when selecting material suppliers. The Company has successfully cooperated with most domestic mainstream lithium battery manufacturers, and is included in the most demanding overseas power battery supply chain systems. The quality of our products has been recognized by many lithium battery manufacturers. In addition, the Company has continually invested in the development of new products and carried out product research and forward-looking technical reserve while meeting customers' demand for customized products. The Company has become a supplier with the most diversified lithium battery separator products to meet various demands of different customers.

4. R&D advantage

The Company has established a R&D team with a sound system through years of accumulation. Its R&D scope covers separator and coating production equipment, improvement of separator preparation process, raw & auxiliary materials, coating process, slurry formula, recovery and energy saving technologies as well as the R&D of forward-looking technical reserve projects. The Company's R&D team of lithium battery separator has made a series of achievements in improving production efficiency, enhancing the quality of lithium battery separators and developing new products. The Company now has 420 effective patents (including 34 international patents) and 291 ongoing patent applications (including 120 international patent applications). The Company's innovative online coating technology further improves the quality and production efficiency of coating film products. The Company's R&D team of lithium battery separator can not only customize a variety of new products for downstream customers, but also jointly develop products with downstream customers to meet their diversified needs.

5. Talent advantage

The lithium battery separator industry is currently an emerging industry in China with a history of only over a decade. With the rapid growth of the global energy industry in recent years, there are insufficient talents and a lack of qualified professionals in the lithium battery separator industry. Relying on a talent pool accumulated through more than 20 years of engagement in the BOPP film industry, which is similar to the lithium battery separator industry, the Company has established a well-functioning talent incentive mechanism to recruit talents worldwide. As of the end of the Reporting Period, the Company had more than 180 employees with a master's degree or above working in the lithium battery separator segment, and has set up a core technological R&D team composed of professional R&D staff from the United States, Japan, South Korea and other countries. Furthermore, through long-term efforts, the Company has established complete professional teams in production management, system construction, quality control, market expansion and equipment design, installation and maintenance, etc. All teams of the Company have achieved fruitful results in their respective professional fields to jointly help the Company become an internationally competitive leader in the lithium battery separator.

6. Market and customer resources advantages

In 2023, the Company continued to maintain a leading position in the wet-processed lithium battery separator market. So far, the Company has entered the supply chain system of most mainstream lithium battery manufacturers in the world, including overseas lithium battery production giants (e.g. Panasonic, Samsung and LGES, and a leading overseas automobile manufacturer) and domestic mainstream lithium battery enterprises (e.g. CATL, EVE, CALB, BYD, Gotion High-tech, Farasis Energy and Lishen). The Company has established stable and sound partnerships with downstream customers, with in-depth technical exchanges during cooperation. Therefore, the Company has a profound understanding of customer needs, and can quickly respond to customer needs and provide corresponding services. With the rapid development of the industry and continuous unleashing of its production capacity, the Company is poised to grow along with its downstream customers.

IV. Analysis on Main Businesses

1. Overview

In 2023, driven by the goal of carbon emissions reduction, the global new energy EV market and energy storage market continued the robust growth momentum. However, affected by factors such as downstream destocking and cost reduction requirements, the concentrated release of new capacity by separator enterprises, and intensified market competition, the overall product prices in separator industry have been continuously decreasing for a year. In 2023, the Company's operating income was RMB12.042 billion, representing a year-on-year decrease of 4.36%, and the net profit attributable to shareholders of the listed company was RMB2.527 billion, representing a year-on-year decrease of 36.84%.

(1) Focusing on the lithium battery separator business, pursuing global expansion, and optimizing product and customer structures

During the Reporting Period, the Company continued to focus on the separator business and optimize its product and customer structure. In 2023, the Company's revenue from lithium battery separator business reached RMB10.082 billion. Despite a slight year-on-year decrease due to intensified market competition and overall price decline, the proportion of higher value-added coated film products increased. Additionally, the Company's overseas sales revenue grew significantly by 51.45% year-on-year, accounting for a higher proportion of total revenue. According to EV Tank's China Lithium-ion Battery Separator Industry Development White Paper (2024), as of the end of 2023, the Company had maintained its leading market share for six consecutive years. The Company's customer base is now covering major global lithium battery manufacturers and large automobile companies. During the Reporting Period, the Company established partnerships with several global battery giants, including receiving a supplier nomination letter and signing capacity lock-in agreements. Furthermore, the Company's products and services received recognition from customers, earning titles such as LGES's "Excellent Partner of 2023" and "S-level Supplier", Ningde Times' "2023 Annual Safety Production Progress Award", EVE Energy's "Joint Innovation" Award, CALB's "Diamond Supplier" title, Lision's "Strategic Partner" title, Sunwoda's "Best Strategic Partner" title, Gotion High tech's "Outstanding Contribution" award, Farasis Energy's "Quality Progress Award", and DFD New Energy's "Strategic Partner" title.

In the long term, the prospects for the development of the new energy vehicle and energy storage industries are promising, especially in overseas markets where there is ample room for growth. A group of outstanding enterprises, represented by new energy vehicle manufacturers and downstream lithium battery manufacturers, are accelerating their overseas expansion. With the further expansion of their domestic and overseas production capacity, their demand for lithium battery separators in the market will also increase accordingly. Based on factors such as supply continuity and security, enterprises with large-scale, high-quality production capacity and solid supply capabilities are more likely to be favored by large-scale customers. The Company's capacity construction projects are steadily progressing. During the Reporting Period, the Company completed the issuance under the 2021 non-public offering of A shares, raising a total of RMB7.5 billion. The progress of related investment projects was satisfactory. The Chongqing Energy High-performance Lithium-ion Battery Micropore Separator Project (Phase I) and the Suzhou GreenPower Lithium Battery Coating Separator Project with an annual output of 200 million square meters were put into production. The Chongqing Energy High-performance Lithium-ion Battery Micropore Separator Project (Phase II) with 7 production lines has been put into production. Some production lines of Jiangsu Energy Lithium Traction Battery Separator Industrialization Project have been put into operation, while the Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project was under construction as planned. Other domestic projects such as Hubei Energy and Yuxi Energy were still progressing in an orderly manner, with some production lines of Hubei Energy being put into operation during the Reporting Period. The Company's dry-process lithium battery separator project is also progressing steadily, with the first dry-process separator production line put into operation during the Reporting Period, and the remaining production lines are put into operation to meet the demand of the energy storage market.

In terms of overseas expansion, the Company's lithium battery separator production base in Hungary has been completed. The first coating film production line was started during the Reporting Period, and the first base film production line has been fully operational. It is expected that the Hungary production base will be able to rapidly respond to the demands of customers in Europe and other regions starting from 2024. Furthermore, Hungary Energy has signed a cooperation agreement with Debrecen University, a well-known public comprehensive research university in Hungary. The two parties will collaborate on research activities and development projects to further promote the transformation of scientific research results and cultivate talents with international perspectives for the Company. In addition, to accelerate the progress of the Company's lithium battery separator project in the United States and to quickly respond to the needs of customers in North America, as well as to increase the Company's global market share of separator products, the Company adjusted the investment amount for the lithium battery separator project in the United States to approximately USD276 million in January 2024. This adjustment will involve the construction of 14 production lines with a total annual capacity of 700 million square meters for lithium battery coated separators. The Company's global market share is expected to further increase.

(2) Focusing on R&D investment to drive high-quality development through innovation

The Company has always driven high-quality development with innovation. During the Reporting Period, it continued to strengthen its investment in research and development, with R&D expenses accounting for 6.04% of operating income. As of the end of the Reporting Period, the Company and its subsidiaries had a total of 606 patents cumulatively, including 396 utility model patents, 164 domestic invention patents, 34 international patents, and 12 design patents. The Company places importance on international patent layout, with applications for registration for 120 international patents and 175 domestic patents, which have been accepted.

In terms of core product development, the Company made significant progress in several research and development projects during the Reporting Period. In particular, a new generation of ultra-high-strength, high-porosity base film for power applications, independently developed by the

Company, has entered the promotion stage to enhance the fast-charging performance of lithium batteries. The mass production of a new generation of separators with low shutdown temperature and high safety has been achieved. In the field of semi-solid-state batteries, the Company has established Jiangsu Sanhe, a joint venture with Beijing WeLion and Tianmu Guide, for the research and production of semi-solid-state electrolyte-coated separators and various high-end coated separators. The construction of the first-phase factory for this project has been completed, and two high-performance coating film production lines have entered the trial production phase.

During the Reporting Period, the Company's innovation ability and level continued to be recognized by the industry and customers. Shanghai Energy was honored to be listed on the "2023 Shanghai Hardcore Technology Enterprises TOP100" released at the Shanghai Industrial Technology Innovation Conference, and was distinguished from more than 1,500 outstanding enterprises and was awarded the "National Enterprise Technology Center" at the conference. The Company was awarded the "Technology Innovation Award" by SVOLT for overcoming technological difficulties and achieving technological breakthroughs in projects, and was also awarded the "Excellence in Technology Award" by Cosmx in 2023, which was highly praised by customers. In addition, during the Reporting Period, the Company and the National Innovation Center Par Excellence announced the establishment of the "NICE-Energy Joint Innovation Center", which will integrate the strengths of both parties to carry out strategic research, and dedicate itself to make breakthrough in the key technologies, common technologies and cutting-edge technologies of the industry, which is conducive to further enhancing the core competitiveness of the Company.

(3) Enhancing the Company's internal management level and digital empowerment of "smart manufacturing" of separators

Based on the development prospects of the international market in the new energy industry, the Company is bound to go global, excellent internal management is the cornerstone of the globalization of enterprises, while cost control is the eternal theme of enterprise development. In the face of the challenges of the current intensified market competition, the Company actively responded to the situation by hiring an internationally renowned consulting organization to further enhance the Company's internal operation and management level during the Reporting Period, in order to consolidate the foundation for the Company's globalization development, and planned to make constant improvements in production, procurement, market, safety, quality, human resources, informatization, and other aspects. At the same time, based on industrial big data, industrial artificial intelligence and intelligent control technology, the Company continued to empower the "intelligent manufacturing" of separator, helping to improve production efficiency. According to the "Cases of 2023 New Generation of Typical IT Products, Applications and Service (First Batch) List" published by the Ministry of Industry and Information Technology, the Company's IT achievements of the "industrial Internet platform innovation applications based on new energy lithium battery separator manufacturing scenarios" were successfully selected as industrial Internet platform - leading innovation application cases on intelligent manufacturing. The Company was moving towards digitalization and intelligentization.

(4) Steady rise in packaging business

In terms of the packaging business, the Company's BOPP film business achieved steady development during the Reporting Period, with operating revenue increasing by 11.28% year-on-year. The aseptic packaging business of the Company is operating well. The Company mainly serves large dairy enterprises and regional well-known dairy enterprises. Through continuous development of new products, it provides customized services for customers to achieve rapid growth in sales of aseptic packaging products. In 2023, the Company's aseptic packaging business increased significantly, achieving an operating revenue of RMB0.778 billion, representing a year-on-year increase of 25.47%. The sales volume of the Company was more than 4.0 billion units, representing a year-on-year increase of more than 30%. The Company's aseptic packaging products have excellent heat sealability, strong adaptability to different machines, low filling loss and other characteristics, and the product quality and performance indicators have reached the industry-leading level. The Company will strengthen market development, seize market growth opportunities with large dairy enterprises and achieve rapid development of aseptic packaging business. As at the end of the Reporting Period, Hongchuang Packaging's aseptic packaging production base project in Ma'anshan was undergoing infrastructure work.

2. Revenue and cost

(1) Breakdown of operating revenue

Unit: RMB

	2023		2022		Year-on-year increase or decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	12,042,229,789.30	100%	12,590,925,529.68	100%	-4.36%
By industry					
Manufacturing	11,749,728,885.23	97.57%	12,217,521,522.39	97.03%	-3.83%
Other businesses	292,500,904.07	2.43%	373,404,007.29	2.97%	-21.67%
By product					
Film products	10,763,628,558.00	89.38%	11,250,255,657.25	89.35%	-4.33%
Cigarette labels	30,859,185.05	0.26%	129,096,161.72	1.03%	-76.10%
Aseptic packaging	777,626,183.85	6.46%	619,760,249.96	4.92%	25.47%
Specialty paper	147,283,740.79	1.22%	192,672,092.83	1.53%	-23.56%
Other products	30,331,217.54	0.25%	25,737,360.63	0.20%	17.85%

Other businesses	292,500,904.07	2.43%	373,404,007.29	2.97%	-21.67%
By region					
Southwest China	1,244,462,107.76	10.33%	1,713,083,683.51	13.61%	-27.36%
East China	5,489,000,474.42	45.58%	5,797,739,284.92	46.05%	-5.33%
North China	131,870,158.40	1.10%	162,432,864.37	1.29%	-18.82%
South Central China	3,091,888,271.61	25.68%	3,248,090,813.64	25.80%	-4.81%
Northwest China	22,092,075.52	0.18%	290,175,100.70	2.30%	-92.39%
Northeast China	45,904,469.23	0.38%	47,590,945.63	0.38%	-3.54%
Overseas regions	2,017,012,232.36	16.75%	1,331,812,836.91	10.58%	51.45%

Note: In the above table, "film products" include BOPP films and lithium battery separators (grade-A and grade-B products of dry-process and wet-process). In 2023, the operating revenue of lithium battery separator was RMB10,082,122,418.04 (5.22% slight decrease year-on-year), accounting for 83.72% of the operating revenue.

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

Applicable Not applicable

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*

Unit: RMB

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease in operating revenue	Year-on-year increase or decrease in operating cost	Year-on-year increase or decrease in gross margin
By industry						
Manufacturing	11,749,728,885.23	7,486,113,707.42	36.29%	-3.76%	17.69%	-11.61%
By product						
Film products	10,763,628,558.00	6,654,382,003.21	38.18%	-4.33%	19.22%	-12.21%
By region						
Southwest China	1,244,462,107.76	902,364,789.50	27.49%	-27.36%	-9.27%	-14.45%
East China	5,489,000,474.43	3,186,718,242.91	41.94%	-5.33%	13.70%	-9.71%
South Central China	3,091,888,271.61	2,118,793,939.85	31.47%	-4.81%	11.73%	-10.14%
Overseas regions	2,017,012,232.36	1,182,486,916.29	41.37%	51.45%	88.63%	-11.56%

In 2023, the operating revenue of lithium battery separator under film products was RMB10,082,122,418.04 (5.22% slight decrease year-on-year), operating cost was RMB6,066,791,977.45 (19.43% increase year-on-year), with a gross margin of 39.83% (slight decrease year-on-year).

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

Applicable Not applicable

Unit: RMB

Product name	Output	Sales	Revenue achieved	Movement in sales price during the Reporting Period	Reason for change
Lithium battery separator	7,099 million square meters	6,200 million square meters	10,082,122,418.04	Decline	Fierce market competition

In the above table, "lithium battery separator" represents grade-A and grade-B products of dry-process and wet-process.

Operating revenue or net profit arising from offshore operations accounted for 10% or above of the Company's audited operating revenue or net profit in the most recent fiscal year

Yes No

Name of overseas business	Details of the commencement	Impact of tax policy on overseas business during the Reporting Period	Company's response
Lithium battery separator	Sales of lithium battery separator products to overseas	There was no material change in tax policy during the Reporting Period as compared with	Expanding overseas capacity and continuously exploring overseas markets to

	customers through direct sales	the same period last year	increase market share
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(3) Whether the Company's revenue from the sale of physical products is higher than the revenue from service charges

Yes No

Industry category	Item	Unit	2023	2022	Year-on-year increase or decrease
Film products	Sales	Ton	119,948.70	102,765.07	16.72%
	Output	Ton	127,773.43	106,761.27	19.68%
	Inventory	Ton	18,881.63	11,056.90	70.77%
Cigarette labels	Sales	10,000 boxes	22.29	49.27	-54.76%
	Output	10,000 boxes	-0.05	42.97	-100.12%
	Inventory	10,000 boxes	0.95	3.18	-70.13%
Aseptic packaging	Sales	10,000	422,136.62	322,228.15	31.01%
	Output	10,000	428,729.83	328,252.96	30.61%
	Inventory	10,000	38,459.95	31,866.74	20.69%
Specialty paper	Sales	Ton	8,026.38	11,791.64	-31.93%
	Output	Ton	7,364.27	10,877.02	-32.30%
	Inventory	Ton	1,786.46	2,448.57	-27.04%

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

Applicable Not applicable

① The significant changes in the sales and output film products were mainly due to the large increase in the output, sales and inventory of large weight BOPP film products.

② In 2023, the sales of lithium battery separator under film products (grade-A and grade-B products of dry-process and wet-process) was 6,200 million square meters, and the output was 7,099 million square meters, representing a slight year-on-year increase; the inventory was 1,969 million square meters, up largely year-on-year, mainly due to stock preparation.

③ The significant increase in the output, sales and inventory of aseptic packaging products was mainly due to the active market expansion of aseptic packaging business and the increase in operating results.

④ The significant decrease in the cigarette labels and specialty paper products is mainly due to the reduction in business scale.

(4) Execution of material sales contracts and material procurement contracts signed by the Company as of the Reporting Period

Applicable Not applicable

(5) Breakdown of operating cost

Product category

Unit: RMB

Product category	Item	2023		2022		Year-on-year increase or decrease
		Amount	Percentage of the operating cost	Amount	Percentage of the operating cost	
Film products	Raw material	3,583,825,915.48	53.86%	2,930,223,822.90	52.50%	22.31%

	Labor	521,134,511.83	7.83%	397,348,373.24	7.12%	31.15%
	Manufacturing cost	1,314,988,670.49	19.76%	1,430,735,154.33	25.63%	-8.09%
	Energy and power	1,234,432,905.41	18.55%	823,370,486.37	14.75%	49.92%
Cigarette labels	Raw material	11,439,116.45	48.15%	41,880,099.43	71.44%	-72.69%
	Labor	6,464,506.27	27.21%	11,385,802.91	19.42%	-43.22%
	Manufacturing cost	5,053,470.32	21.27%	4,178,744.59	7.13%	20.93%
	Energy and power	799,693.93	3.37%	1,175,089.60	2.00%	-31.95%
Aseptic packaging	Raw material	568,677,917.68	88.60%	442,144,630.94	91.70%	28.62%
	Labor	42,628,863.02	6.64%	22,368,092.22	4.64%	90.58%
	Manufacturing cost	20,466,257.07	3.19%	13,133,577.93	2.72%	55.83%
	Energy and power	10,079,401.67	1.57%	4,492,472.93	0.93%	124.36%
Specialty paper	Raw material	100,096,543.76	89.41%	147,608,537.66	93.00%	-32.19%
	Labor	4,009,313.17	3.58%	3,842,056.17	2.42%	4.35%
	Manufacturing cost	5,930,569.64	5.30%	4,932,633.82	3.11%	20.23%
	Energy and power	1,910,737.13	1.71%	2,328,616.99	1.47%	-17.95%
Other Products	Raw material	27,194,586.27	50.20%	20,402,468.26	58.72%	33.29%
	Labor	6,625,261.90	12.23%	4,119,488.87	11.86%	60.83%
	Manufacturing cost	16,663,483.15	30.76%	8,371,308.39	24.09%	99.05%
	Energy and power	3,691,982.77	6.81%	1,849,782.05	5.32%	99.59%

In 2023, among the operating costs of the lithium battery separator under film products, raw materials were RMB3,080,921,122.89 (accounting for 50.78% of the operating costs), labor was RMB487,866,060.03 (accounting for 8.04% of the operating costs), manufacturing cost were RMB1,287,715,097.84 (accounting for 21.23% of the operating costs), and energy and power were RMB1,210,289,696.69 (accounting for 19.95% of the operating costs).

Notes:

① “Film products” include BOPP cigarette film, BOPP flat film and lithium battery separator products.

② “Other products” referred to in the “Breakdown of operating revenue” and “Breakdown of operating cost” in Section IV of this report mainly include holographic hot stamping foils, film products, packaging films for wrapping by hand, aluminum laminated films, other miscellaneous products and substandard products. These products account for a small volume of business, and the percentage of the sales of such products in the total sales is low. Thus, such products belong to the category of other products of main businesses.

③ “Other businesses” referred to in the “Breakdown of operating revenue” in Section IV of this report mainly refers to the Company’s revenue from the sale of materials, leased assets and the sale of leftover bits and pieces. Other businesses do not belong to the category of the Company’s main businesses.

(6) Whether the scope of the consolidated financial statements changed during the Reporting Period

Yes No

The number of companies included in the scope of the consolidated financial statements during the Reporting Period increased by one as compared with the previous period, without any decrease in the number of such companies. The new subsidiary included in the scope of consolidation during the Reporting Period is Yunnan Jiechen Packaging Materials Co., Ltd., which is a newly invested subsidiary.

(7) Major changes or adjustments in the Company’s businesses, products or services during the Reporting Period

Applicable Not applicable

(8) Key customers and suppliers

The Company's key customers

Total sales of the top five customers (RMB)	6,417,871,928.00
Proportion of total sales of the top five customers over total sales for the year	53.29%
Proportion of sales of related parties in the top five customers over total sales for the year	0.00%

Information on the Company's top five customers

No.	Customer name	Sales (RMB)	Percentage of total sales for the year
1	Customer 1	2,354,630,028.06	19.55%
2	Customer 2	1,394,575,025.37	11.58%
3	Customer 3	1,398,179,548.69	11.61%
4	Customer 4	760,998,770.64	6.32%
5	Customer 5	509,488,555.04	4.23%

Other information on key customers

Applicable Not applicable

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

The Company's key suppliers

Total sales of the top five suppliers (RMB)	3,817,946,411.26
Proportion of total sales of the top five suppliers over total sales for the year	28.54%
Proportion of sales of related parties in the top five suppliers over total sales for the year	0.00%

Information on the Company's top five suppliers

No.	Supplier name	Purchase amount (RMB)	Percentage of the total purchase amount for the year
1	Supplier 1	981,078,879.89	7.33%
2	Supplier 2	945,194,012.35	7.07%
3	Supplier 3	794,020,480.73	5.94%
4	Supplier 4	605,709,466.76	4.53%
5	Supplier 5	491,943,571.53	3.68%

Other information on key suppliers

Applicable Not applicable

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

3. Expenses

Unit: RMB

	2023	2022	Year-on-year increase or decrease	Explanations of material changes
Selling expenses	89,338,734.45	74,455,043.47	19.99%	
Administrative expenses	383,415,488.72	323,291,931.01	18.60%	
Financial expenses	238,639,677.08	211,531,870.97	12.81%	
R&D expenses	727,481,001.67	724,297,699.66	0.44%	

4. Investment in R&D

Applicable Not applicable

Names of key R&D projects	Project purposes	Project progress	Objectives to be achieved	Expected impacts on the Company's future development
Development of ceramic coating products featuring low moisture and high heat resistance	Entering the supply chain of local battery enterprises in Europe and realizing batch supply	Product iteration is underway	Homogenization of base film microstructure and development of coating products featuring high heat resistance and low moisture	Improving the competitiveness and sales volume of the Company's separator products, entering the supply chain of overseas high-quality customers and increasing

				the Company's market share
Development of base films with high safety by using simultaneous biaxial stretching process	Batch supply for a Top Japanese customer	Customer review has been completed, specifications have been signed, and we have the mass production capability	Mass production and shipment	Improving the sales volume of the Company's separator products, improving the stickiness of overseas high-quality key customers and establishing stable cooperative relations
Aramid coating separators	Batch supply for a Japanese end customer	Mass production has been achieved	Mass production and shipment	The added value of the product is higher than that of conventional coated film. The product helps us enter the supply chain of overseas high-end customers and improve the Company's market share
Ultra-thin high-strength separators	Developing ultra-thin 5 μ m separator for high energy density lithium battery	Going through customer validation with mass production capability	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Mass production of semi-solid-state lithium-ion conductivity separators	Developing high energy density and high safety lithium battery separator with an energy density of above 250 wh/kg	Small batch production has been achieved	Mass production and shipment	With the aid of technological innovation, meeting the demand for lithium batteries with high energy density and high safety, enhancing the Company's technical leadership and comprehensive competitiveness
Design and development of the third-generation base films with low shutdown temperature and high safety	Reducing the shutdown temperature and improving the safety of separators	Customer review has been completed, specifications have been signed, and we have the mass production capability	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Basic development of base films with ultra-high melting temperature and high safety	Increasing melting temperature to enhance the safety of separators	Mass production has been achieved	Mass production and shipment	With the aid of technological innovation, comprehensively improving the safety of separators and enhancing the competitiveness of the Company's products and technological advantages
Mass production of high-porosity/high-strength base films	Mass production and shipment for domestic and overseas end customers	Mass production has been achieved	Mass production and shipment	Improving the sales volume of the Company's separator products, improving the stickiness of high-quality customers at home and abroad and establishing stable cooperative relations
Mass production of new-generation coated films featuring low cost, high adherence and high heat-resistance	Mass production and shipment for domestic and overseas end customers	Mass production has been achieved	Mass production and shipment	Reducing costs, improving separator bonding performance and increasing the competitiveness of the Company's products
Ultra-thin ceramic coated films	Ultra-thin, ultra-high heat-resistant coating for improving battery safety	Samples are available, and the product is at promotion stage	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
In-line double-sided coating and double-sided glueing	Coat 4 layers at once	Mass production has been achieved	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share

High puncture strength and high-porosity base films	Responding to the high energy density requirements of terminal batteries and fast charging capabilities	Samples are available, and the product is at promotion stage	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Ultra-low cost base films	Development of ultra-low cost wet-process films that are comparable to dry-process films	Under development	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Self-capturing films	In order to bond the film to the electrode, helping to improve the cycle life of the battery and the stability of the electrode structure	Under development	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Fourth-generation films with low shutdown temperature, high puncture strength and high porosity	Reducing shutdown temperature, increasing puncture strength and improving film safety	Samples are available, and the product is at promotion stage	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Basic development of ultra-small pore size special filtration membranes	Expanding the Company's business and increasing the application scenarios of separators	Pilot production has been completed	Mass production and shipment	Expanding the application scenarios of separators and the Company's scope of business, and strengthening the Company's overall competitiveness
Development of membranes for municipal and industrial wastewater treatment	Expanding the Company's business and increasing the application scenarios of separators	Operational model has been determined	Determining operational model and achieving mass production and shipment	Expanding the application scenarios of separators and the Company's scope of business, and strengthening the Company's overall competitiveness
Development of aluminum laminated films	Achieving mass production and shipment and continually improving product performance to enter the supply chain of high-end customers	Stable mass production has been, and both dry and thermal products are more competitive in the market, which have been supplied in bulk to a large number of customers.	Realizing mass production and shipment, continually improving product performance and entering the supply chain of high-end customers	Comprehensively improving product performance to reach the globally advanced level so as to lay a solid foundation for entering high-end markets and enhance the Company's overall competitiveness
R&D of new-type degradable film materials	Developing degradable film materials	Pilot production is underway	Developing degradable film materials	Complying with the requirements of ecological environment protection, relevant regulations and policies, fulfilling social responsibilities, improving the market competitiveness of the Company's products and improving the Company's economic returns and corporate image
R&D of bio-based polyethylene plastic caps	Meeting market demand with the aid of technical reserve	Going through trial mass production and being in the stage of promoting the product in downstream sectors	Replacing petroleum-based polymer materials with bio-based polymer materials to achieve 100% natural degradation of packaging materials and achieve sustainable development	Adapting to the development concept of "ecological and environmental protection, energy conservation and carbon reduction", and laying a foundation for the Company's aseptic packaging products to enter the market of roof package with cover.
Scratch and sniff gable top packaging	Expanding the market of packaging materials for liquid	Going through trial mass production	Making conventional packaging interesting. Customers can smell the fragrance after scratching the designated area,	Making packaging materials for liquid more innovative and attractive and enhancing the market competitiveness of the

			improving the experience for end customers	Company's aseptic packaging products
High barrier oil packaging materials with Al-PE-Paper complex structure	Expanding the market of edible oil, soy sauce and other condiments	Multiple orders have been received, and the product is being promoted in the flavoring product market	Replacing traditional packaging for edible oil with molded pulp packaging to reduce the use of plastics	The material has a good barrier against light, water vapor and oxygen, thus improving the sealing of the Company's aseptic packaging products and laying a foundation for the Company's aseptic packaging products to develop diversified markets.

Information on the Company's R&D personnel

	2023	2022	Year-on-year change (%)
Number of R&D employees	507	512	-0.98%
R&D employees as a percentage of total employees	5.43%	6.87%	-1.44%
Educational background structure of R&D personnel			
Bachelor's degree	403	408	-1.23%
Master's degree	104	104	0.00%
Age structure of R&D personnel			
Under 30	224	183	22.40%
Aged 30-40	218	252	-13.49%

Information on investment in R&D

	2023	2022	Year-on-year change (%)
Amount of investment in R&D (RMB)	727,481,001.67	724,297,699.66	0.44%
Investment in R&D as a percentage of operating revenue	6.04%	5.75%	0.29%
Capitalized investment in R&D (RMB)	0.00	0.00	0.00%
Capitalized investment in R&D as a percentage of total investment in R&D	0.00%	0.00%	0.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2023	2022	Year-on-year increase or decrease
Subtotal of cash inflows from operating activities	11,626,206,968.78	8,891,273,722.39	30.76%
Subtotal of cash outflows from operating activities	8,958,753,709.46	8,387,686,123.73	6.81%
Net cash flows from operating activities	2,667,453,259.32	503,587,598.66	429.69%
Subtotal of cash inflows from investment activities	174,676,679.85	72,299,752.44	141.60%
Subtotal of cash outflows from investment activities	8,164,800,691.58	5,757,926,436.30	41.80%
Net cash flows from investment activities	-7,990,124,011.73	-5,685,626,683.86	--
Subtotal of cash inflows from financing activities	20,895,450,020.58	14,379,311,728.60	45.32%
Subtotal of cash outflows from financing activities	15,758,526,797.94	7,600,203,806.51	107.34%
Net cash flows from financing activities	5,136,923,222.64	6,779,107,922.09	-24.22%
Net increase in cash and cash equivalents	-183,022,124.16	1,602,756,557.41	-111.42%

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

Applicable Not applicable

(1) The significant increase in subtotal of cash inflows from operating activities and net cash flows from operating activities were mainly due to the increase in sales proceeds received by the Company.

(2) The significant increase in subtotal of cash inflows from investment activities was mainly due to the recovery of time deposits upon maturity, the significant increase in subtotal of cash outflows from investment activities and the significant decrease in net cash flows from investment activities were mainly due to the increase in investment in new production lines.

(3) The significant increase in subtotal of cash inflows from financing activities was mainly due to the completion of the non-public issuance of A shares in 2021 and the proceeds from investment projects; the significant increase in subtotal of cash outflows from financing activities was mainly

due to the repayment of borrowings.

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

Applicable Not applicable

V. Analysis of Non-main Businesses

Applicable Not applicable

VI. Analysis of Assets and Liabilities

1. Significant changes in the composition of assets

Unit: RMB

	End of 2023		Beginning of 2023		Percentage change	Reasons for significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary capital	3,835,530,538.70	8.13%	3,954,316,829.31	10.24%	-2.11%	Mainly due to the relative decrease in bank deposits
Accounts receivable	6,719,699,762.18	14.24%	6,559,717,117.36	16.98%	-2.74%	Mainly due to the increase in sales proceeds
Contract assets		0.00%		0.00%	0.00%	
Inventories	3,000,558,853.64	6.36%	2,463,490,238.80	6.38%	-0.02%	
Investment properties	7,865,069.42	0.02%	8,399,300.54	0.02%	0.00%	
Long-term equity investments	3,209,980.10	0.01%	5,017,642.31	0.01%	0.00%	
Fixed assets	19,380,327,177.42	41.06%	14,306,873,399.88	37.04%	4.02%	
Projects under construction	6,207,408,467.99	13.15%	3,584,554,509.73	9.28%	3.87%	Mainly due to the increase in investment in new production lines
Right-of-use assets	2,387,711.07	0.01%	3,926,781.90	0.01%	0.00%	
Short-term borrowings	7,290,694,906.27	15.45%	9,527,853,434.55	24.67%	-9.22%	Mainly due to the repayment of borrowings upon maturity
Contract liabilities	29,791,971.25	0.06%	24,596,154.15	0.06%	0.00%	
Long-term borrowings	4,685,315,817.70	9.93%	4,179,264,746.86	10.82%	-0.89%	
Lease liabilities	182,663.88	0.00%	1,331,485.16	0.00%	0.00%	

Overseas assets accounted for a high percentage of the Company's total assets

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Amount as at the beginning of the Reporting Period	Profit and loss from the fair value changes during the Reporting Period	Accumulated fair value changes recognized through equity	Impairment provided during the Reporting Period	Amount purchase of the Reporting Period	Amount of sale during the Reporting Period	Other changes	Amount as at the end of the Reporting Period
Financial assets								
2. Derivative financial assets	9,850,069.59					9,850,069.59		
4. Other investment in	110,000,000.00		-21,000,000.00					89,000,000.00

equity instruments								
Sub-total of financial assets	119,850,069.59		-21,000,000.00			9,850,069.59		89,000,000.00
Others	692,286,629.08				408,354,641.63	692,286,629.08		408,354,641.63
Including: Bank acceptance bills	692,286,629.08				408,354,641.63	692,286,629.08		408,354,641.63
Total	812,136,698.67		-21,000,000.00		408,354,641.63	702,136,698.67		497,354,641.63
Financial liabilities	94,394.79					94,394.79		0.00

Other changes

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

Yes No

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

Item	Closing balance	Closing book value	Reasons for restriction
Monetary funds	1,045,522,070.90	1,045,522,070.90	Bank draft margin, letter of credit margin, letter of guarantee margin, performance deposit, security deposits for lock exchange, deposit regulated by banks
Bills receivables	248,473,890.50	248,473,890.50	Bank loans through pledge
Other current assets	251,828,755.71	251,828,755.71	Bank loans through pledge, bank acceptance bills
Other non-current assets	53,500,694.44	53,500,694.44	Bank loans through pledge
Non-current assets within one year	268,759,015.31	268,759,015.31	Bank loans through pledge, bank acceptance bills
Fixed assets	581,698,498.88	518,129,104.90	Bank loans through pledge
Construction in progress	92,118,326.54	92,118,326.54	Bank loans through pledge
Intangible assets	309,173,107.74	288,826,669.43	Bank loans through pledge
Total	2,851,074,360.02	2,767,158,527.73	

In addition to the items listed in the above table, the Company's controlling subsidiary Shanghai Energy pledged its 100% equity interest in Suzhou GreenPower to obtain bank loans, which resulted in Suzhou GreenPower's equity interest being restricted assets.

VII. Analysis of Investments

1. Summary

Applicable Not applicable

Total investment amount during the Reporting Period (RMB)	Total investment amount during the same period of last year (RMB)	Change (%)
9,414,839,968.03	7,648,313,351.79	23.10%

2. Substantial equity investments obtained during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Project name	Investment mode	Whether it is an investment in fixed assets	Industries related to the investment project	Amount of investment during the Reporting Period	Accumulated actual investment as of the end of the Reporting Period	Source of funds	Project progress	Projected revenue	Accumulated realized revenue as at the end of the Reporting Period	Reasons for failing to make planned progress and generate projected revenue	Disclosure date (if any)	Index to disclosure (if any)
Wuxi Energy New Material Industrial Base Phase II	Self-construction	Yes	Lithium battery separator	37,968,802.36	2,405,871,799.95	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2020	98.66%		669,284,321.20	N/A	July 2, 2019	Please refer to the Announcement on Capital Increase by Shanghai Energy to Wuxi Energy and Investment in Wuxi Energy New Material Industrial Base Phase II - Lithium Battery Separator Film (No.: 2019-076) disclosed on the Cninfo website
Jiangxi Tonry Phase I	Self-construction	Yes	Lithium battery separator		1,739,610,313.02	①self-owned and self-raised funds; ②raise funds by convertible bonds	100.00%		1,177,661,572.45	N/A	November 2, 2018	Please refer to the Announcement on A Controlled Subsidiary's Acquisition of 100% Equity of Jiangxi Tonry New Energy Technology Development Co., Ltd. (No.: 2018-141) disclosed on the Cninfo website
Jiangxi Tonry Phase I Expansion	Self-construction	Yes	Lithium battery separator	65,084,421.94	2,536,821,641.06	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2020	98.67%		783,378,774.73	N/A	November 2, 2018	Please refer to the Announcement on A Controlled Subsidiary's Acquisition of 100% Equity of Jiangxi Tonry New Energy Technology Development Co., Ltd. (No.: 2018-141) disclosed on the Cninfo website
Hungary Lithium Battery Separator	Self-construction	Yes	Lithium battery separator	1,712,420,424.58	2,691,911,519.75	self-owned and self-raised funds	76.50%		0.00	N/A	November 11, 2020	Please refer to the Announcement on Construction of Wet-process Lithium Battery Separator Project in Hungary

Project name	Investment mode	Whether it is an investment in fixed assets	Industries related to the investment project	Amount of investment during the Reporting Period	Accumulated actual investment as of the end of the Reporting Period	Source of funds	Project progress	Projected revenue	Accumulated realized revenue as at the end of the Reporting Period	Reasons for failing to make planned progress and generate projected revenue	Disclosure date (if any)	Index to disclosure (if any)
Project												(No.: 2020-204) disclosed on the Cninfo website
Chongqing Energy High-performance Lithium Battery Micropore Separator (Phase I)	Self-construction	Yes	Lithium battery separator	118,586,033.05	780,914,545.41	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2021	100.00 %		192,582,487.03	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website
Chongqing Energy High-performance Lithium Battery Micropore Separator (Phase II)	Self-construction	Yes	Lithium battery separator	996,071,433.63	1,664,917,596.46	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2021	85.00%		145,334,579.06	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website
Chongqing Energy High-performance Lithium Battery Micropore Separator (Phase III)	Self-construction	Yes	Lithium battery separator	2,738,730.35	45,227,719.18	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2021	100.00 %		0.00	N/A	December 8, 2021	Please refer to the Announcement on the Progress of Chongqing Energy High-performance Lithium Battery Micropore Separator Project (No.: 2021-203) disclosed on the Cninfo website
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	Self-construction	Yes	Lithium battery separator	2,374,453,347.86	2,620,238,706.47	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2021	60.00%		56,095,136.14	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website

Project name	Investment mode	Whether it is an investment in fixed assets	Industries related to the investment project	Amount of investment during the Reporting Period	Accumulated actual investment as of the end of the Reporting Period	Source of funds	Project progress	Projected revenue	Accumulated realized revenue as at the end of the Reporting Period	Reasons for failing to make planned progress and generate projected revenue	Disclosure date (if any)	Index to disclosure (if any)
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	Self-construction	Yes	Aluminum laminated film	155,597,069.62	490,163,188.87	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2021	48.00%		0.00	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website
Suzhou GreenPower Annual Production of 200 million Square Meters of Lithium-ion Battery Coating Separators Project	Self-construction	Yes	Lithium battery separator (Coating films)	139,777,126.21	591,333,628.81	①self-owned and self-raised funds; ②raise funds by way of non-public offering in 2021	95.00%		274,599,931.23	N/A	November 23, 2021	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2021 (No.: 2021-188) disclosed on the Cninfo website
Yuxi Energy lithium battery separator production line construction project with an annual production capacity of 1.6 billion square meters	Self-construction	Yes	Lithium battery separator	5,825,641.56	8,236,530.91	self-owned and self-raised funds	5.40%		0.00	N/A	March 30, 2022	Announcement on the progress on Yuxi Municipal People's Government Signing the Strategic Cooperation Framework Agreement (Announcement No.: 2022-044) disclosed on the Cninfo website

Project name	Investment mode	Whether it is an investment in fixed assets	Industries related to the investment project	Amount of investment during the Reporting Period	Accumulated actual investment as of the end of the Reporting Period	Source of funds	Project progress	Projected revenue	Accumulated realized revenue as at the end of the Reporting Period	Reasons for failing to make planned progress and generate projected revenue	Disclosure date (if any)	Index to disclosure (if any)
Dry-process Lithium-ion Battery Separator Films Project	Self-construction	Yes	Lithium battery separator (Dry-process)	574,171,113.17	903,960,750.87	self-owned and self-raised funds	50.00%		24,870,145.36	- N/A	February 1, 2021	Announcement on Gaoan Municipal People's Government in Jiangxi Province Signing the Contract for the Construction of Dry-process Lithium-ion Battery Separators Project (Announcement No.: 2021-018) disclosed on the Cninfo website
Hubei Energy EV Lithium Battery Separator Industrialization Project	Self-construction	Yes	Lithium battery separator	1,781,367,103.17	1,839,067,518.02	self-owned and self-raised funds	40.78%		10,398,197.04	- N/A	August 3, 2021	Announcement on the Plan to Set Up a Joint Venture with EVE to Construct a Wet-Processing Lithium Battery Separator Film Project (Announcement No.: 2021-128) disclosed on the Cninfo website
Total	--	--	--	7,964,061,247.50	18,318,275,458.78	--	--		3,263,668,459.44	--	--	--

4. Financial asset investments

(1) Investments in securities

Applicable Not applicable

No investments in securities during the Reporting Period.

(2) Investments in derivatives

Applicable Not applicable

1) Investments in derivatives for hedging during the Reporting Period

☑Applicable ☐Not applicable

Unit: RMB'0,000

Type of derivative investment	Initial investment amount	Opening amount	Profit and loss from changes in fair value during the current period	Accumulated changes in fair value included in equity	Amount of purchase during the Reporting Period	Amount of sale during the Reporting Period	Closing amount	Investment amount at the end of the period as a percentage of the Company's net assets at the end of the Reporting Period
Forward foreign exchange contract	27,247.85	27,247.85	0	0	0	27,247.85	0	0.00%
Total	27,247.85	27,247.85	0	0	0	27,247.85	0	0.00%
Accounting policies and specific principles of accounting for hedging business during the Reporting Period, and details of whether there are significant changes as compared with the previous Reporting Period	Accounting is carried out in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments, Accounting Standards for Business Enterprises No. 39 - Measurement of Fair Value, etc. There are no significant changes as compared with the previous Reporting Period.							
Actual profit and loss during the Reporting Period	No							
Hedging Effect	With the increasing transparency of the RMB pricing mechanism and the acceleration of the market-oriented reform of the exchange rate, the volatility of exchange rate and interest rate has been increasing, and the uncertainty of foreign exchange market has become increasingly prominent. With the development of the Company's global business layout, the Company's export business revenue increase continuously, foreign currency business is involved in daily operation, and a certain amount of foreign exchange assets and foreign exchange liabilities are held. In order to lock costs and prevent the risk of exchange rate fluctuations, it is necessary for the Company to carry out the foreign exchange derivatives trading business related to the daily business needs according to the specific situation, in order to reduce the risk of exchange rate or interest rate fluctuations that the Company faces. The foreign exchange derivatives trading business carried out by the Company is closely related to the daily operation needs, which can further improve the Company's ability to deal with the risk of foreign exchange fluctuations, avoid and prevent the risk of foreign exchange rate and interest rate market fluctuations better, and enhance the Company's financial stability. The relevant hedging business carried out by the Company this year achieved the expected results.							
Capital source of derivative investment	The Company's foreign exchange hedging transactions are mainly forward foreign exchange contracts, and the fair value of the contract is the price in the valuation notice of each bank							
Risk analysis and control measures of derivative during the Reporting Period (including but not limited to market risks, liquidity risks, credit risks, operational risks, legal risks, etc.)	The Company's foreign exchange derivatives trading business shall follow the principles of legality, prudence, safety and effectiveness, and shall not carry out speculative and pure arbitrage trading. However, the foreign exchange derivatives trading operation still has the following risks, including but not limited to: 1. Market risks: the difference between the exchange rate and interest rate of the contract and the actual exchange rate and interest rate on the maturity date of foreign exchange derivatives trading will generate trading profits and losses. During the duration of foreign exchange derivatives, revaluation gains and losses will be generated in each accounting period. The cumulative value of revaluation gains and losses till the maturity date is equal to the trading gains and losses. 2. Liquidity risks: foreign exchange derivatives are based on the Company's foreign exchange assets and liabilities and match with the actual foreign exchange receipts and payments to ensure that							

	<p>there are sufficient funds for clearing at the time of delivery, so as to reduce the cash flow demand on the maturity date. 3. Performance risk: The counterparties of the Company's foreign exchange derivatives transactions are banks with good credit and have established long-term business relations with the Company, so the performance risk is low. 4. Operational risks: when conducting transactions, if the operators fail to conduct foreign exchange derivatives trading according to the prescribed procedures or fail to fully understand the derivatives information, it will bring operational risks. 5. Legal risks caused by contract terms: if the terms of the transaction contract are not clear, it may bring legal risks.</p> <p>Risk control measures taken by the Company for foreign exchange derivatives transactions:</p> <p>1. The Company has formulated the Foreign Exchange Derivatives Trading Business Management System, which clearly stipulates the operation principles, approval authority, management and internal operation process, information isolation measures, internal risk reporting system, risk handling procedures, information disclosure and other measures of the foreign exchange derivatives trading business to control the transaction risks. 2. The foreign exchange derivatives transactions carried out by the Company are aimed at locking costs, avoiding and preventing exchange rate and interest rate risks, and any risk speculation is prohibited. 3. The Company will carefully review the contract terms signed with banks to prevent legal risks. 4. The Finance Department of the Company will track the changes in the open market price or fair value of foreign exchange derivatives continuously, timely assess the changes of the risk exposure of foreign exchange derivatives transactions, and regularly report to the management of the Company, timely report any abnormalities found, and warn the management of risks and implement emergency measures. 5. The internal audit department of the Company shall supervise and inspect the compliance of the decision-making, management and execution of foreign exchange derivatives transactions.</p>
Changes in market price or product fair value of invested derivatives during the Reporting Period, the analysis of the fair value of derivatives should disclose the specific methodology used and the setting of relevant assumptions and parameters	N/A
Litigations (if applicable)	N/A
Disclosure date of the announcement of the Board of Directors on the approval of derivative investments (if any)	March 3, 2023
Disclosure date of the announcement of the shareholder meeting on the approval of derivative investments (if any)	March 24, 2023
Special opinions of independent directors on the Company's derivative investments and risk control	The Company has issued a feasibility analysis report on the proposed foreign exchange derivative trading business. The main purpose of carrying out the foreign exchange derivative trading business is to avoid foreign exchange risks caused by the fluctuation of RMB exchange rates, effectively control uncertainties in costs caused by foreign exchange risks, and meet the Company's operation and development needs. The Company has formulated the <i>Foreign Exchange Derivatives Trading Business Management Policy</i> and relevant risk control measures, which will help us strengthen the risk management and control of foreign exchange derivatives trading. While carrying out the foreign exchange derivative trading business, the Company has performed the corresponding decision-making procedures and information disclosure obligations, complies with the relevant provisions of the <i>Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 1 - Standardized Operation of</i>

	<i>Companies Listed on the Main Board</i> , and does not harm the interests of the Company and all shareholders, especially minority shareholders. We approve the foreign exchange derivative trading business of the Company.
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The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*

2) Investments in derivatives for speculation during the Reporting Period

Applicable Not applicable

No investments in derivatives for speculation during the Reporting Period.

5. Use of funds raised

Applicable Not applicable

(1) Overall use of funds raised

Applicable Not applicable

Unit: RMB'0,000

Year of raising funds	Way of raising funds	Total amount of funds raised	Net amount of funds raised	Total amount of funds used during the Reporting Period	Cumulative amount of funds used	Total amount of funds raised with changes of use during the Reporting Period	Total cumulative amount of funds raised with changes of use	Total cumulative amount of funds raised with changes of use as a percentage of the total amount of funds raised	Total amount of unused funds	Use and whereabouts of unused funds	Amount of funds raised that have been idle for more than two years
2016	Initial public offering	78,376.68	74,776.70	1,347.23	64,188.02	0	10,588.68	14.16%	9,241.45	Deposited to a special bank account for raised funds	9,241.45
2020	Public offering of convertible corporate bonds in 2020	160,000.00	158,612.26	0	160,000.00	0	0	0.00%	0	N/A	0
2020	Non-public offering of shares in 2020	500,000	498,250.46	0	503,663.58	0	0	0.00%	0	N/A	0
2023	Non-public offering of shares in 2021	750,000.00	745,354.61	654,488.20	654,488.20	0	0	0.00%	90,866.41	Deposited to a special bank account for raised	0

	funds
Explanations of the overall use of the funds raised	
<p>I. Initial Public Offering With the approval of the CSRC in Zheng Jian Xu Ke [2016] No. 1886, the Company made its initial public offering of 33.48 million RMB-denominated ordinary shares. China Merchants Securities Co., Ltd., the main underwriter, issued 33.48 million shares by combining offline enquiry and allotment to investors and online subscription based on market value to public investors. All of the shares issued are new shares, with no transfer of old shares. Among them, 3.348 million shares were allotted offline, 30.1320 million shares were issued online at a price of RMB23.41 per share. After deducting RMB3,599.98 of newly increased external expenses directly related to the issuance of equity securities, such as online issuance fees, prospectus printing fees, accountancy fees relating to filing the relevant documents, lawyer fees and valuation fees, the net amount of raised funds was RMB747.767 million. The availability of the above raised funds was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2016] No. 000897”. As of September 30, 2016, the Company’s self-owned funds invested in the projects financed by funds raised reached RMB236.6591 million, which was audited by Dahua CPAs (SGP) with the issuance of the report titled “Da Hua He Zi No. [2016] No. 004562”. In 2017, the total amount of raised funds used was RMB26,067,736.89. In 2018, the total amount of raised funds used was RMB36,288,006.85. In 2019, the total amount of raised funds used was RMB24,728,775.11. From 2020 to 2022, the total amount of raised funds used was RMB0.00. During the Reporting Period, the total amount of raised funds used was RMB13,472,295.56. As of December 31, 2023, the outstanding balance of funds raised was RMB104,651,892.51 (including the net interest income of the special bank account of RMB12,237,424.12 (after deducting handling charges). As of December 31, 2023, the actual balance of funds raised was RMB23,459,448.07. In Q1 2024, RMB81.4594 million was refunded due to termination of some purchase contracts.</p>	
<p>II. Public Offering of Convertible Corporate Bonds in 2020 Upon the approval of the CSRC with the <i>Reply on Approving the Public Offering of Convertible Corporate Bonds of Yunnan Energy New Material Co., Ltd.</i> (Zheng Jian Xu Ke [2019] No. 2701), the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, with a face value of RMB100 each bond and a total amount of RMB1,600,000,000. After deducting the underwriting and sponsorship fees (pre-tax) of RMB9,433,962.26 and other offering expenses (pre-tax) of RMB4,443,396.23 from the total amount of proceeds from the public offering of convertible corporate bonds, the net amount of proceeds from the offering by the Company was RMB1,586,122,641.51. The availability of funds raised this time was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2020] No. 000047”. As verified by Dahua CPAs (SGP), the Company has utilized the funds raised of RMB1,586,122,641.51 for the complete replacement of part of the self-collected funds that have been previously invested in the proceed financed project. As of December 31, 2020, funds raised from convertible corporate bonds issued by the Company were all used to replace self-raised funds, the outstanding balance of the special account was RMB0.00, and the Company had cancelled the special account.</p>	
<p>III. Non-public Offering of Shares in 2020 Upon the approval of the CSRC with the <i>Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.</i> (Zheng Jian Xu Ke [2020] No. 1476), the Company non-publicly issued 69,444,444 RMB-denominated ordinary shares to 22 specific investors on August 17, 2020, with a face value of RMB 1.00 each share, at the offering price of RMB72.00 per share, and the total amount of the funds raised from this offering was RMB4,999,999,968.00. After deducting the underwriting and sponsorship fees (pre-tax) of RMB14,150,943.40 and other offering expenses (pre-tax) of RMB3,344,470.11 from the total amount of the funds raised from this offering, the net amount of funds raised from this offering by the Company was RMB4,982,504,554.49. The availability of funds raised by this offering was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2020] No. 000460”. As verified by Dahua CPAs (SGP), the Company has utilized the funds raised of RMB254,221,260.11 for the replacement of the self-collected funds that have been previously invested in the proceeds financed project. The amount of raised funds used was RMB1,999,307,646.21 in 2020. The amount of raised funds used was RMB2,637,743,136.15 in 2021. The amount of raised funds used was RMB145,363,757.34 in 2022. As of December 31, 2022, the outstanding balance of the account of funds raised was RMB0.00, and the Company had cancelled the special account of raised funds.</p>	
<p>IV. Non-public Offering of Shares in 2021 Upon the approval of the CSRC with the <i>Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.</i> (Zheng Jian Xu Ke [2022] No. 1343), the Company non-publicly issued 85,421,412 RMB-denominated ordinary shares to specific investors on May 24, 2023, with a face value of RMB1.00 each share, at the offering price of RMB87.80 per share, and the total amount of the funds raised from this offering was RMB7,499,999,973.60. After deducting the pre-tax offering expenses of RMB46,453,872.58, the actual amount of funds raised from this offering by the Company was RMB7,453,546,101.02. The availability of funds raised by this offering was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2023] No. 000250”. As verified by Dahua CPAs (SGP), the Company has utilized the funds raised of RMB3,998,086,272.07 for the replacement of the part of self-collected funds that have been previously invested in the proceeds financed project. The amount of raised funds used during the Reporting Period was RMB6,544,882,040.41. As of December 31, 2023, the outstanding balance of funds raised was RMB1,337,638,064.30 (including the net interest income of RMB37,423,499.21 from the special account of raised funds after deducting handling fees).</p>	

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

☑Applicable ☐Not applicable

Unit: RMB'0,000

Projects in which the Company undertakes to invest the funds raised and the whereabouts of the over raised funds	Whether the project has been changed, including changes of some parts of the project	Total amount of funds the Company undertakes to invest	Total investment amount after the adjustment (1)	Investment amount during the Reporting Period	Cumulative investment amount as of the end of the Reporting Period (2)	Investment progress as of the end of the Reporting Period (3) = (2)/(1)	Date on which the project will be ready for use	Benefits achieved during the Reporting Period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Projects in which the Company undertakes to invest										
1. Reconstruction and expansion project of color packaging boxes with annual production output of 3 billion pieces	No	28,414.7	28,414.7		28,414.7	100.00%	August 15, 2019	6,944.54	Yes	No
2. Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons	Yes	10,684.57	3,617.5		3,617.5	100.00%			N/A	Yes
3. R&D center construction project	Yes	4,993.17	1,471.56		1,471.56	100.00%			N/A	No
4. Repayment of bank loans	No	20,000	20,000		20,000	100.00%			N/A	No
5. Addition to current capital (IPO)	No	10,684.26	10,684.26		10,684.26	100.00%			N/A	No
6. Lithium battery separator project (Phase I) with an annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.	No	58,612.26	58,612.26			58,612.26 %			No	No
7. Wuxi Energy New Material Industrial Base	No	100,000	100,000		100,000	100.00%	September 30, 2020	23,436.83	No	No
8. Expansion of lithium battery separator project (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.	No	148,250.46	148,250.46		149,909.24	100.00%	July 31, 2022	34,050.47	No	No
9. Expansion of Wuxi Energy New Material Industrial Base Phase II	No	200,000	200,000		203,754.33	100.00%	October 31, 2022	25,655.2	No	No
10. Addition to current capital (non-public offering in 2020)	No	150,000	150,000		150,000	100.00%			N/A	No
11. Microporous membrane project of high performance Lithium-ion battery of Chongqing Energy (phase I)	No	41,010	41,010	41,010	41,010	100.00%	July 31, 2022	9,765.71	No	No
12. Microporous membrane project of high performance Lithium-ion battery of Chongqing Energy (phase II)	No	140,630	140,630	140,630	140,630	100.00%	December 31, 2025	13,787.73	No	No
13. Suzhou GreenPower Project with an annual output of 200 million square	No	35,160	35,160	35,160	35,160	100.00%	November 30, 2023	1,585.66	No	No

meters of lithium-ion battery coated separator										
14. Jiangsu Energy EV Lithium Battery Separator Industrialization Project	No	281,250	281,250	225,700.01	225,700.01	80.25%	December 31, 2024	5,894.28	No	No
15. Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	No	76,170	76,170	40,853.58	40,853.58	53.63%	December 31, 2025		No	No
16. Addition to current capital (non-public offering in 2021)	No	171,134.61	171,134.61	171,134.61	171,134.61	100.00%			N/A	No
Subtotal of the projects in which the Company undertakes to invest	--	1,476,994.03	1,466,405.35	654,488.20	1,322,339.79	--	--	121,120.42	--	--
Whereabouts of the over raised funds										
No								0		
Subtotal of whereabouts of over raised funds	--					--	--	0	--	--
Total	--	1,476,994.03	1,466,405.35	654,488.20	1,322,339.79	--	--	121,120.42	--	--
According to the situation of each project, explain the reasons for not achieving the planned progress and estimated benefits (including "whether the estimated benefits have been achieved" and the reasons for selecting "N/A")	The estimated benefit is the estimated annual net profit when the project is ready for use and the capacity is fully released. As of December 31, 2023, under the "Lithium battery separator project (Phase I) with an annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.", "Wuxi Energy New Material Industrial Base", "Expansion of lithium battery separator project (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd." and "Expansion of Wuxi Energy New Material Industrial Base Phase II", base film had release their capacities, but coating film did not release the capacities, and did not reach the estimated benefits for the year. "Microporous membrane project of high performance Lithium-ion battery of Chongqing Energy (phase II)", "Jiangsu Energy EV Lithium Battery Separator Industrialization Project" and "Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project" have not been fully constructed into operation; "microporous membrane project of high performance Lithium-ion battery of Chongqing Energy (phase I)" and "Suzhou GreenPower Project with an annual output of 200 million square meters of lithium-ion battery coated separator" are in ramp-up stage.									
Significant changes in the feasibility of the projects	<p>I. Initial Public Offering</p> <p>1. The "reconstruction and expansion project of high-grade environment-friendly special paper with an additional annual output of 13,000 tons" was planned by the Company based on the market situation and the Company's production capacity before listing. As time goes by, the market has changed dramatically. Since 2016, the procurement mode of downstream tobacco manufacturers for special paper products has been adjusted from quantity allocation by cigarette manufacturers to the independent procurement mode through centralized bidding or commercial negotiation by cigarette label printing enterprises. Cigarette-related enterprises can expand their bargaining range from region to the entire country by means of tendering or commercial negotiation through public market inquiry and bargaining by themselves, breaking the original competitive landscape featuring fixed share and region. As a result, special paper manufacturers took active competition strategies like price cuts to snap up orders, and the industry pattern changed. As a result of the above industrial policy adjustments, the special paper industry has formed a new pattern featuring full market competition, with intensified market competition and a sharp decline in prices. If the project went on as scheduled, we may face risks that the utilization rate of raised funds may decline and the expected investment objective may not be achieved. Therefore, the Company terminated the implementation of this project in 2019.</p> <p>2. The "R&D center construction project" was launched to meet the Company's demand for R&D in its main businesses before listing. With the completion of major asset restructuring in 2018, the Company's main businesses included lithium battery separator, which has high technological requirements. The manufacturing of lithium batteries has a high requirement for the characteristics of separator materials, especially consistency, and the size and uniformity of distribution of separator micropores. Based on the Company's business development plan and market demand, in order to better implement its development strategy, the Company intends to integrate the technology centers currently scattered in subordinate companies, so as to ensure that the Company's R&D technology can further improve production efficiency, product quality and new product development capacity. The above change was deliberated and approved by the 27th Meeting of the Third Board of Directors of the Company, the 22nd Meeting of the Third Supervisory Committee and the 2018 Annual General Meeting.</p>									
Amount, use and status of over raised funds	N/A									
Changes in the location to implement the proceeds financed projects	Applicable									
	Occurred in the past									
	Upon the deliberation and approval of the <i>Proposal on Changing Some Proceeds Financed Projects</i> at the 27th Meeting of the Third Board of Directors of the Company, it was agreed to terminate the "reconstruction and expansion project of high-grade environment-friendly special paper with an additional annual output of 13,000 tons" and the "R&D center construction project", and invest the balance of the funds raised for these two projects, totaling RMB105.8868 million, and corresponding interest income, in the new									

	proceeds financed project of “Energy Technology Research Institute”. The Company will invest to establish a wholly-owned subsidiary (which has not been registered so far, subject to the approval of the industry and commerce authorities) as the entity to implement the project of Energy Technology Research Institute, and will lease the experimental building in the factory area of Shanghai Energy. The location to implement the project is changed to 155 Nanlu Road, Pudong New Area, Shanghai.
Adjustment to the implementation method of the proceeds financed projects	N/A
Preliminary investment in the proceeds financed projects and replacement with the funds raised	<p>Applicable</p> <p>I. Initial Public Offering Upon the deliberation and approval of the <i>Proposal on Replacing Self-collected Funds Preliminarily Invested in Proceeds Financed Projects with Funds Raised</i> at the 18th Meeting of the Second Board of Directors of the Company, it was agreed to replace the self-collected funds of RMB236.6591 million that had been invested in proceeds financed projects. RMB197.9357 million was preliminarily invested in the “the reconstruction and expansion project of color packaging boxes with an additional annual output of 3 billion pieces”, RMB24.2138 million was preliminarily invested in the “reconstruction and expansion project of high-grade environment-friendly special papers with an additional annual output of 13,000 tons”, and RMB14.5096 million was preliminarily invested in the “R&D center construction project”.</p> <p>II. Public Offering of Convertible Corporate Bonds in 2020 At the 42nd Meeting of the Third Board of Directors of the Company, the <i>Proposal on the Use of Proceeds from Convertible Corporate Bonds to Replace Self-collected Funds Preliminarily Invested in Proceeds Financed Projects</i> was deliberated and approved, and it was agreed that the Company used the funds raised from this offering to replace some of the self-collected funds already invested in proceeds financed projects. As of March 16, 2020, the Company accumulatively invested self-collected funds of RMB1,697.9844 million in proceeds financed projects, and the net amount of funds raised from this offering of convertible corporate bonds was RMB1,586.1226 million, which was used fully to replace the preliminarily invested self-collected funds. Specifically, RMB586.1226 million of self-collected funds invested in “Wuxi Energy New Material Industrial Base”, in which RMB596.8886 million was initially invested, was replaced; RMB 1,000 million of self-collected funds invested in the “lithium battery separator project (Phase I) with an annual output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.”, in which RMB1,101.0959 million was initially invested, was replaced.</p> <p>III. Non-public Offering of Shares in 2020 At the 11th Meeting of the Fourth Board of Directors and the 11th Meeting of the Fourth Supervisory Committee, the <i>Proposal on Replacing Preliminarily Invested Self-collected Funds in Proceeds Financed Projects with Proceeds from the Non-public Offering of A Shares in 2020</i> was deliberated and approved, and it was agreed to replace the self-collected funds of RMB254.2213 million already invested in the projects with the funds raised. Specifically, RMB157.1693 million was preliminarily invested in the “expansion project of lithium battery separator (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.”, and RMB97.052 million was preliminarily invested in the “expansion project of Wuxi Energy New Material Industrial Base Phase II”.</p> <p>IV. Non-public Offering of Shares in 2021 At the sixth Meeting of the Fifth Board of Directors and the sixth Meeting of the Fifth Supervisory Committee, the <i>Proposal on Replacing Preliminarily Invested Self-collected Funds in Proceeds Financed Projects with Proceeds from the Non-public Offering of A Shares in 2021</i> was deliberated and approved, and it was agreed to replace part of self-collected funds already invested in the proceeds financed projects with the funds raised. As of June 13, 2023, the amount preliminarily invested by the Company in the proceeds financed projects with self-collected funds was RMB4,017,576,500.58, and the amount replaced with raised funds amounted to RMB3,998,086,272.07. Specifically, preliminarily invested funds amounted to RMB411,491,379.33 for “Chongqing Energy High Performance Lithium-ion Battery Microporous Separator Project (Phase I)”, and RMB410,100,000.00 of such funds were replaced. Preliminarily invested funds amounted to RMB1,409,367,607.63 for “Chongqing Energy High Performance Lithium-ion Battery Microporous Separator Project (Phase II), and RMB1,406,300,000.00 of such funds were replaced. Preliminarily invested funds amounted to RMB1,421,550,504.48 for “Jiangsu Energy EV Lithium Battery Separator Industrialization Project”, and RMB1,421,550,504.48 of such funds were replaced. Preliminarily invested funds amounted to RMB408,535,767.59 for “Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project”, and RMB408,535,767.59 of such funds were replaced. Preliminarily invested funds amounted to RMB366,631,241.55 for “Suzhou GreenPower Lithium-ion Battery Coating Separators Project with an Annual Output of 200 Million Square Meters”, and RMB351,600,000.00 of such funds were replaced.</p>
Use idle funds raised to temporarily replenish working capital	<p>Applicable</p> <p>I. Initial Public Offering On February 24, 2020, at the 41st Meeting of the Third Board of Directors and the 36th Meeting of the Third Supervisory Committee, the <i>Proposal on Using Some Idle Funds Raised to Temporarily Supplement Working capital</i> was deliberated and approved, and it was agreed to use idle funds raised of no more than RMB110 million to temporarily supplement working capital within 12 months from the date of the approval of the above proposal. Both independent directors and sponsor expressed opinions of agreeing upon</p>

	<p>the proposal. On August 26, 2020, the Company returned the aforementioned RMB110 million that was temporarily used to supplement working capital to a special account for funds raised, and informed the sponsor CITIC Securities and sponsor representative of the return of the funds in a timely manner.</p> <p>II. Non-public Offering of Shares in 2020 On September 7, 2020, at the 11th Meeting of the Fourth Board of Directors and the 11th Meeting of the Fourth Supervisory Committee, the <i>Proposal on Using Some Idle Funds Raised to Temporarily Supplement Working capital</i> was deliberated and approved, and it was agreed to use idle funds raised from the non-public offering of shares in 2020 of no more than RMB800 million to temporarily supplement working capital for production and operation activities related to the Company's main business within 12 months from the date on which the Sixth Extraordinary General Meeting of Shareholders of 2020 approved the proposal. Both independent directors and sponsor expressed opinions of agreeing upon the proposal. As of June 1, 2021, the Company returned the idle raised funds of RMB800 million used to temporarily supplement working capital to the Company's special account for raised funds, and timely informed the sponsor CITIC Securities and sponsor representative of the return of the funds.</p>
Amount of and reasons for any balance of the funds raised after the project implementation	N/A
Use and whereabouts of unused raised funds	Deposited to a special bank account for raised funds
Problems and other situations in the utilization and disclosure of the raised funds	None

(3) Project with changed use of funds raised

Applicable Not applicable

Unit: RMB'0,000

Project after the change	Project before the change	Total amount of intended investment from the funds raised in the project after the change (1)	Actual investment amount during the Reporting Period	Actual cumulative investment amount as at the end of the Reporting Period (2)	Investment progress as at the end of the Reporting Period (3)=(2)/(1)	Date on which the project will be ready for use	Benefits achieved during the Reporting Period	Whether the expected benefits are achieved	Whether the feasibility of the changed project has changed significantly after the change
Project of Energy Technology Research Institute	1. Reconstruction and expansion project of high-grade environment-friendly special paper with an additional annual output of 13,000 tons; 2. R&D center construction project	10,588.68	1,347.23	1,347.23	12.72%	-	-	N/A	Yes
Reason for change, decision making procedure and information disclosure (by specific project)			<p>1. The “reconstruction and expansion project of high-grade environment-friendly special paper with an additional annual output of 13,000 tons” was planned by the Company based on the market situation and the Company’s production capacity before listing. As time goes by, the market has changed dramatically. Since 2016, the procurement mode of downstream tobacco manufacturers for special paper products has been adjusted from quantity allocation by cigarette manufacturers to the independent procurement mode through centralized bidding or commercial negotiation by cigarette label printing enterprises. Cigarette-related enterprises can expand their bargaining range from region to the entire country by means of tendering or commercial negotiation through public market inquiry and bargaining by themselves, breaking the original competitive landscape featuring fixed share and region. As a result, special paper manufacturers took active competition strategies like price cuts to snap up orders, and the industry pattern</p>						

	<p>changed. As a result of the above industrial policy adjustments, the special paper industry has formed a new pattern featuring full market competition, with intensified market competition and a sharp decline in prices. If the project went on as scheduled, we may face risks that the utilization rate of raised funds will decline and the expected investment objective may not be achieved. Therefore, the Company terminated the implementation of this project in 2019.</p> <p>2. The “R&D center construction project” was launched to meet the Company’s demand for R&D in its main businesses before listing. With the completion of major asset restructuring in 2018, the Company’s main businesses included lithium battery separator, which has high technological requirements. The manufacturing of lithium batteries has a high requirement for the characteristics of separator materials, especially consistency, and the size and the uniformity of distribution of separator micropores. Based on the Company’s business development plan and market demand, in order to better implement its development strategy, the Company intends to integrate the technology centers currently scattered in subordinate companies, so as to ensure that the Company’s R&D technology can further improve production efficiency, product quality and new product development capacity. The above change was deliberated and approved at the 27th Meeting of the Third Board of Directors of the Company, the 22nd Meeting of the Third Supervisory Committee and the 2018 Annual General Meeting. For details, please refer to the <i>Announcement on Changes in Some of the Proceeds Financed Projects</i> (Announcement No.: 2019-041) published by the Company on Cninfo.com.cn on April 26, 2019.</p>
Status of and reason for failing to make planned progress or achieve expected returns (by specific project)	Not applicable
Description of major changes in project feasibility after the change	Not applicable

VIII. Sale of Significant Assets and Equity Interests

1. Sale of significant assets

Applicable Not applicable

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

2. Sale of significant equity interests

Applicable Not applicable

IX. Analysis of Major Companies in Which the Company Has a Stake or a Controlling Stake

Applicable Not applicable

Major subsidiaries and companies in which the Company has a stake with each contributing to over 10% of the Company's net profit

Unit: RMB100 million

Company name	Company Type	Main Business	Registered Capital	Total Assets	Net Assets	Operating revenue	Operating Profit	Net Profit
Shanghai Energy	Subsidiary	Lithium battery separator	3.89	434.19	123.19	103.78	26.07	23.07

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable Not applicable

Company name	Way of acquisition or disposal of subsidiaries during the Reporting Period	Impact on the Company's overall production, operation and earnings
Yunnan Jiechen Packaging Materials Co., Ltd.	Establishment by investment	No impact so far

Explanation on major companies in which the Company has a stake or a controlling stake

Shanghai Energy is a holding subsidiary of the Company. As at the end of the Reporting Period, the Company held a 95.22% stake in Shanghai Energy, whose major product is lithium battery separator and major subsidiaries include Zhuhai Energy, Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Newmi Tech and Chongqing Energy. Since 2023, market competition intensified with the concentrated release of large-scale production capacity of separator companies, Shanghai Energy achieved operating revenue of RMB10,378 million in 2023, representing a decrease of 5.61% year on year, and a net profit attributable to the owner of the parent company of RMB2,317 million, representing a decrease of 40.18% year on year.

X. Structured Bodies Controlled by the Company

Applicable Not applicable

XI. Future Development Prospect of the Company

1. Corporate strategy

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

2. Operating plan for 2024

The global new energy sector has been thriving. As a leader in the wet-process lithium battery separator sector, the Company will persist in advancing the construction for production bases both domestically and overseas according to our established plans, hastening the process of globalization. The Company maintain a keen focus on cutting-edge technological developments, such as the solid state electrolyte coating separators applicable to semi-solid-state batteries. With the completion of the Jiangsu Sanhe project, the Company's strategic layout in the separator sector will be further refined. In addition, the Company further improved its core competitiveness by actively edging into the aluminum laminated film business and enriching the product lines.

Looking ahead, the Company will continue to enhance our product innovation capabilities by bolstering our research and development efforts. Given the intensifying market competition, the Company need to capitalize on our existing industry-leading scale and cost advantages, place greater emphasis on the development of new products and technologies to drive profitability and innovation-led growth in the long run. In 2024,

the Company continue to actively promote overseas projects, ramp up efforts in overseas market development, accelerate our global layout, optimize product portfolio using our core competitive advantages, and increase market share abroad. Our production base in Hungary has been completed and is set to commence operations in 2024, enabling rapid response to the demand for lithium battery separators from European customers and beyond.

Furthermore, in response to the fiercely competitive environment and the future need for global development, in addition to continuous improvements in equipment, processes, and quality to enhance production efficiency and product quality, thereby achieving cost reduction and efficiency enhancement, and consolidating our core competitive advantages, the Company have engaged a globally renowned consulting firm to further enhance our operational management capabilities for future long-term development. Leveraging industrial big data, industrial artificial intelligence, and intelligent control technologies, we aim to continuously empower the "smart manufacturing" of separators. The focus for the upcoming year will primarily be on developing intelligent control systems for base separator thickness and AI vision inspection and classification systems to achieve online adaptive control of separator thickness, further enhancing consistency. Moving forward, the Company will drive high-quality development through new productive forces, deepen technological innovation, digitize separator "smart manufacturing," and propel our industry towards high-end and intelligent development.

3. Risks the Company may face

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

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

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

(2) Intensified market competition risk

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

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

(3) Risk of price fluctuation of major raw materials

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

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

(4) Risk relating to construction in progress

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

Countermeasures: The Company has raised RMB7.5 billion through non-public issuance of A shares to fund the construction of related projects. Additionally, the Company made reasonable arrangements for future investment plans (including funds) by increasing cooperation with financial institutions, and improving bank credit lines.

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

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

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

(6) Technological progress and product substitution risk

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

batteries will be affected when emerging batteries such as all-solid-state batteries break the technical bottleneck, achieve mass production and are fully commercialized, and the lithium battery separator in the industry chain will also be affected adversely.

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

(7) Risk of exchange rate fluctuation

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

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

(8) Risks arising from changes in the international business and trade environment

The international business and trade environment landscape is fraught with such as fluctuations ranging from shifts in the global economic climate to policy adjustments. Nevertheless, the Company's globalization strategy remains paramount. However, amidst escalating international competition and the backdrop of countries like the United States, major regions represented by Europe and America are progressively introducing policies to support the development of domestic manufacturing industries. Failing to swiftly align with these policies and execute our globalization agenda could potentially impede the Company's market penetration and overall performance.

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

(9) Management risk after expansion of business scale

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

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

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

Applicable Not applicable

Reception Date	Reception Venue	Reception Mode	Type of Visitors	Visitors	Major Discussions and Materials Provided	Index to Main Enquiry Information
March 3, 2023	Live streaming	Online communication on network platform	Others	Investors participating in the conference through live streaming	The Company's presentation of its annual results, production and operation, development and ESG in 2022.	2022 Annual Results Briefing disclosed at Cninfo.com.cn
April 27, 2023	Shanghai Energy Conference Room	Online communication on network platform	Others	Investors participating in the Company's 2023 first quarter results communication meeting via network platforms and telephone	The impact of the IRA Act on the Company, the relative strengths of the Company over its domestic competitors, the localization trend of separator equipment, among others	Record of Investor Relations Activities disclosed at Cninfo.com.cn
May 11, 2023	Shanghai Energy	Online	Others	Investors	The Company's	Announcement on

	Conference Room	communication on network platform		participating in the conference through live streaming	2022 annual results, corporate governance, development strategy, operating conditions, financing plans, equity incentives, sustainable development, and other topics of concerns of investors	<i>Attending the 2022 Annual Online Investors Collective Reception Day for Listed Companies in Yunnan</i> disclosed at Cninfo.com.cn
May 17, 2023	Wuxi Energy New Material Technology Co., Ltd.	On-site investigation	Institutional investors	PIMCO, Genharmony Capital, Origin Fund, Yunnan Energy Investment and other institute investors	The follow-up arrangements for the private placement, how to view the technological revolution in sodium-ion batteries and solid-state batteries, the pricing method for separators and other issues.	The Record of Investor Relations Activities on disclosed at Cninfo.com.cn
August 24, 2023	Telephone conference	Telephone communication	Institutional investors	BOCOM Schroders, Origin Fund, China Asset Management, Harvest Fund, UBS AG, Temasek, Fedelity Fund, Norges Bank, Allianz Global Investors, among others	Global separator demand outlook for the second half of the year, prices of the Company's separators and other issues	The Record of Investor Relations Activities on disclosed at Cninfo.com.cn

XIII. Implementation of the Action Plan for “Dual Improvements in Quality and Returns”

Whether the Company has disclosed the action plan for “Dual Improvements in Quality and Returns”.

Yes No

Section 4 Corporate Governance

I. Basic Information of Corporate Governance

The Company established and improved the modern enterprise system in strict accordance with the Company Law, the Securities Law, the Shenzhen Stock Exchange Listing Rules, the Code of Corporate Governance for Listed Companies in China and other relevant laws and regulations, and constantly improved the corporate governance structure, improved the internal control system and standardized the Company's operation. During the Reporting Period, the Company, in accordance with the Company Law, the Securities Law, the Management Measures for Independent Directors of Listed Companies, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange, the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange* No. 1 -- Standardized Operation of Companies Listed on the Main Board and other relevant laws, regulations and regulatory documents, and in the light of the actual situation of the Company, made the relevant amendments to the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee, System of Independent Directors, Annual Reporting System of Independent Directors, the Rules of Procedure of the Audit Committee, the Rules of Procedure of the Remuneration and Appraisal Committee, the Rules of Procedure of the Strategy Committee, the Rules of Procedure of the Nomination Committee, and other relevant regulations.

During the Reporting Period, the Company held 9 shareholders' general meetings, 18 board meetings, 15 meetings of the Supervisory Committee. The procedures for holding the meetings are legal and the resolutions are legal and effective.

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

Yes No

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

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

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

1. Assets integrity

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

2. Personnel independence

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

3. Finance independence

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

4. Institutional independence

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

5. Business independence

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

III. Horizontal Competition

Applicable Not applicable

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

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

Meeting	Meeting Type	Investor Participation	Date Convened	Disclosure Date	Meeting Resolution
Annual General Meeting of Shareholders of 2022	Annual General Meeting of Shareholders	55.01%	March 24, 2023	March 25, 2023	Announcement on Resolutions of the Annual General Meeting of Shareholders in 2022 (Announcement No. 2023-046) on www.cninfo.com.cn
First Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	53.22%	May 8, 2023	May 9, 2023	Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2023 (Announcement No.2023-072) on www.cninfo.com.cn
Second Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	39.17%	July 11, 2023	July 12, 2023	Announcement on Resolutions of the Second Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-119) on www.cninfo.com.cn
Third Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	42.87%	August 7, 2023	August 8, 2023	Announcement on Resolutions of the Third Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-136) on www.cninfo.com.cn
Fourth Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	41.22%	September 11, 2023	September 12, 2023	Announcement on Resolutions of the Fourth Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-161) on www.cninfo.com.cn
Fifth Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	42.13%	October 9, 2023	October 10, 2023	Announcement on Resolutions of the Fifth Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-185) on www.cninfo.com.cn
Sixth Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	39.93%	October 12, 2023	October 13, 2023	Announcement on Resolutions of the Sixth Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-186) on www.cninfo.com.cn
Seventh Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	35.90%	October 19, 2023	October 20, 2023	Announcement on Resolutions of the Seventh Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-190) on www.cninfo.com.cn
Eighth Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting of Shareholders	41.80%	December 29, 2023	December 30, 2023	Announcement on Resolutions of the Eighth Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-231) on www.cninfo.com.cn

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

Applicable Not applicable

V. Details on Directors, Supervisors, and Senior Management

1. Basic information

Name	Gender	Age	Title	Service status	Start date	End date	Shares held at the beginning of the period (share)	Quantity of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)	Reason for share increase/decrease
Paul Xiaoming Lee	Male	66	Chairman	Incumbent	April 20, 2011	March 23, 2026	126,192,257	1,246,718			127,438,975	Shareholding Increase Plan
Li Xiaohua	Male	62	Director	Incumbent	April 20, 2011	March 23, 2026	66,919,389	831,600			67,750,989	Shareholding Increase Plan
Yan Ma	Female	65	Director	Departure	April 20, 2011	July 18, 2023						
Alex Cheng	Male	66	Director	Departure	April 8, 2020	July 18, 2023						
Zhai Jun	Male	50	Director	Incumbent	August 7, 2023	March 23, 2026						
Xiang Ming	Male	61	Director	Incumbent	August 7, 2023	March 23, 2026						
Ma Weihua	Male	57	Director	Incumbent	November 22, 2021	March 23, 2026		17,000			17,000	Shareholding Increase Plan
Feng Jie	Male	60	Director	Incumbent	January 4, 2017	March 23, 2026		82,000			82,000	Shareholding Increase Plan
Lu Jiankai	Male	46	Independent Director	Departure	April 20, 2017	March 24, 2023						
Tang Changjiang	Male	54	Independent Director	Departure	April 8, 2020	March 24, 2023						
Zheng Haiying	Female	61	Independent Director	Departure	April 8, 2020	March 24, 2023						
Shou Chunyan	Female	53	Independent Director	Departure	March 24, 2023	December 29, 2023		400			400	
Li Zhe	Male	37	Independent Director	Incumbent	December 29, 2023	March 23, 2026						
Pan Siming	Male	47	Independent Director	Incumbent	March 24, 2023	March 23, 2026						

Zhang Jing	Female	63	Independent Director	Incumbent	March 24, 2023	March 23, 2026						
Zhang Tao	Male	47	Supervisor	Incumbent	January 3, 2019	March 23, 2026		10,000			10,000	Shareholding Increase Plan
Chen Tao	Male	46	Supervisor	Departure	April 20, 2011	March 24, 2023						
Li Bing	Male	57	Supervisor	Incumbent	March 24, 2023	March 23, 2026	3,600	7,400			11,000	Shareholding Increase Plan
Kang Wenting	Female	37	Supervisor	Incumbent	April 8, 2020	March 23, 2026						
Yu Xue	Female	37	Board Secretary	Incumbent	November 4, 2021	March 23, 2026	81,100				81,100	
Li Jian	Male	46	Chief Financial Officer	Incumbent	September 30, 2020	March 23, 2026						
Total	--	--	--	--	--	--	193,196,346	2,195,118	0	0	195,391,464	--

Whether there was any departure of Directors and Supervisors and dismissal of senior management during the term of office during the Reporting Period

Yes No

(1) On March 24, 2023, the renewal of the 5th Board of Directors of the Company was concluded, and the members of the 4th Board of Directors of the Company, Mr. Lu Jiankai (Independent Director), Mr. Tang Changjiang (Independent Director) and Ms. Zheng Haiying (Independent Director), departed from the Company upon expiration of their term of office, and will no longer serve as the Company's Independent Directors and the relevant positions of the Specialized Committees of the Board of Directors following their departure from the Board of Directors nor hold any positions in the Company.

(2) On March 24, 2023, the renewal of the 5th Supervisory Committee of the Company was concluded, and Mr. Chen Tao (Supervisor), a member of the 4th Supervisory Committee of the Company, departed upon expiration of his term of office, and will no longer hold the position of Supervisor of the Company, yet he still serves as the deputy general manager of the Company's controlling subsidiary, Yunnan Hongchuang Packaging Co., Ltd.

(3) On July 18, 2023, Ms. Yan Ma, a Director of the Company, applied for resignation as a Director of the Company due to personal reasons and will not hold any position in the Company upon resignation.

(4) On July 18, 2023, Mr. Alex Cheng, a Director of the Company, applied for resignation as a Director of the Company due to personal reasons, yet he still serves as a senior technical advisor in the Company upon his resignation.

(5) On 29 December 2023, Ms. Shou Chunyan, an Independent Director of the Company, applied for resignation as an Independent Director of the Company and related positions in the Specialized Committees of the Board of Directors due to personal reasons, and will no longer hold any position in the Company upon her resignation.

Changes in Directors, supervisors and senior management of the Company

Applicable Not applicable

Name	Position held	Type	Date	Reason
Yan Ma	Director	Departure	July 18, 2023	She has applied for resignation as a Director of the Company due to personal reasons, and will not hold any position in the Company upon her resignation.
Alex Cheng	Director	Departure	July 18, 2023	He has applied for resignation as a Director of the Company due to personal reasons, but will hold the position of senior technical advisor in the Company upon his resignation.
Zhai Jun	Director	Elected	August 7, 2023	Newly-appointed

Xiang Ming	Director	Elected	August 7, 2023	Newly-appointed
Lu Jiankai	Independent Director	Departure on expiration of term of office	March 24, 2023	Departure on expiration of the term of office of the 4th Board of Directors
Tang Changjiang	Independent Director	Departure on expiration of term of office	March 24, 2023	Departure on expiration of the term of office of the 4th Board of Directors
Zheng Haiying	Independent Director	Departure on expiration of term of office	March 24, 2023	Departure on expiration of the term of office of the 4th Board of Directors
Shou Chunyan	Independent Director	Departure	December 29, 2023	She has applied for resignation from the position of Independent Director of the Company and related positions in the Specialized Committees of the Board of Directors due to personal reasons, and will no longer hold any position in the Company upon her resignation.
Li Zhe	Independent Director	Elected	December 29, 2023	Newly-appointed
Pan Siming	Independent Director	Elected	March 24, 2023	Newly-appointed
Zhang Jing	Independent Director	Elected	March 24, 2023	Newly-appointed
Chen Tao	Supervisor	Departure on expiration of term of office	March 24, 2023	Departure on expiration of the term of office of the 4th Supervisory Committee
Li Bing	Supervisor	Elected	March 24, 2023	Newly-appointed

2. Positions Held

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

(I) Members of the Board of Directors

1. Paul Xiaoming Lee, Chairman of the Company, male, born in 1958, American nationality with the right of residence in foreign country, and master's degree. Joined Kunming Plastic Research Institute of China in 1982, acted as the Vice President from 1984 to 1989, graduated from the polymer material discipline at the University of Massachusetts of America in December 1992, served as the Manager of the Technical Department of Inteplast Corporation in America from 1992 to 1995. Since April 1996, he has successively served as the Vice General Manager, General Manager, Vice Chairman and Chairman of Hongta Plastic, Chairman and General Manager of Dexin Paper, and Chairman of Chengdu Hongta Plastic (成都紅塑). Joined Innovative Color Printing as the Chairman in 2006. Now, serves as the Chairman of the Company.

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

3. Zhai Jun, Director of the Company, male, born in 1974, Chinese nationality, and master's degree. He graduated from Wuhan University of Technology majoring in Vehicle Engineering in June 2000 and served as project manager in State Development and Investment Corporation from April 2000 to January 2006. Mr. Zhai worked for Valeo Automotive Air Conditioning Hubei Co., Ltd. as a director and deputy general manager from January 2006 to March 2009; he served as a project manager of The State Development and Hi-tech Investment Corporation from March 2009 to July 2009; and he also served as a managing director of SDIC Investment Management Co., Ltd. from July 2009 to present. He is currently a Director of the Company.

4. Xiang Ming, Director of the Company, male, born in 1963, Chinese nationality, and doctoral candidate. He graduated from the Institute of Polymer Research of Chengdu University of Science and Technology in 1988, and served in the Institute of Polymer Research of Sichuan University since 1988, and retired in April 2023. Mr. Xiang served as the Chairman of Chengdu Huicheng Technology Co., Ltd. since 2011. He is currently a Director of the Company.

5. Ma Weihua, Director of the Company, male, born in 1967, Chinese nationality, and bachelor's degree, engineer. From 1989 to 1997, successively served as Deputy Section Chief of Equipment Section of Zhenyuan Gold Mine, Yunnan Province, and technician of Equipment Section of Yuxi Hydropower Equipment Factory; from 1997 to 2016, successively served as the Director of Production Department, Vice General Manager and Director of Hongta Plastic. He is currently the General Manager of Shanghai Energy.

6. Feng Jie, Director of the Company, male, born in 1964, Chinese nationality, and bachelor's degree and medium industrial economist. Served in Simao Industrial and Commercial Bank of China from 1981 to 1984; served as a statistician of the Comprehensive Management Section, Director of the Computer Center and the Secretary of the Communist Youth League at Yunnan Optical Instrument Factory from 1989 to 1997; served as a technician, statistical officer and Director of the General Manager's Office at Hongta Plastic from 1997 to 2005; served as the Director of Chengdu Office of Hongta Plastic from 2005 to 2009; since 2009, has successively served as the Director of the Sales Department, the Vice General Manager and General Manager of Chengdu Hongta Plastic. He is now the Director of the Sales Department and the General Manager of Chengdu Hongta Plastic, and a Director of the Company.

7. Li Zhe, Independent Director of the Company, male, born in 1987, Chinese nationality, and doctoral candidate. He is the deputy director of the Finance Department, associate professor of the School of Accounting, and the tutor of doctoral candidate of Central University of Finance and Economics. He has been an independent director of Leyard Optoelectronic Co., Ltd. from January 2023 to present. Mr. Li served an independent director of Genertec Kunming Machine Tool Co., Ltd. from August 2023 to present. He is currently an Independent Director of the Company.

8. Pan Siming, an Independent Director of the Company, born in 1977, Chinese nationality, and bachelor's degree. He served as financial analysis of Huachen Automotive Group from July 2001 to December 2009. He served as financial manager of Zhejiang Longsheng Group Co., Ltd. from December 2009 to August 2012. Mr. Pan was appointed as the director of post-loan management of the small and medium-sized department of Minsheng Bank from August 2012 to April 2016, and has been appointed as the director of post-investment management of Yang Yue Shanghai Investment Management Ltd. from April 2016 to the present. He is currently an Independent Director of the Company.

9. Zhang Jing, Independent Director of the Company, born in 1961, Chinese nationality, professor and doctoral tutor of Applied Physics in the College of Science of Donghua University, executive vice president of the College of Science of Donghua University. She was a director of Shanghai Energy from 2016 to 2018. She was a director of the Plasma Science and Technology Committee of the CSTAM from 2015 to 2020. Ms. Zhang has been a director of Shanghai Sunshine Esailchem Technology Corp., Ltd. since 2018. Ms. Zhang an associate editor of the journal Plasma Science and Technology since 2021. She is currently an Independent Director of the Company.

(II) Members of the Supervisory Committee

1. Zhang Tao, Chairman of the Supervisory Committee of the Company, male, born in 1977, Chinese nationality, and bachelor's degree. Worked as a financial analyst at the Financial Center of Beijing Marketing Company of Haci Co., Ltd. from July 2000 to January 2001; worked as an accountant at the Finance Department of Yunnan Hongta Plastic Co., Ltd. from August 2001 to August 2006; and has served as the Manager of the Finance Department of Yunnan Dexin Paper Co., Ltd. from September 2006 to March 2019. He has served as the supervisor of Yuxi Kunshasi Plastic Masterbatch Co., Ltd. from October 2021 to the present. He has served as the Deputy Chief Financial Officer from April 2019 to the present. Currently, he serves as Chairman of the Supervisory Committee of the Company.

2. Li Bing, Supervisor of the Company, male, born in 1967, Chinese nationality, and Junior college degree, assistant engineer. He served as a technician in the process technology section of Yuxi Hydroelectric Equipment Factory from September 1988 to December 1995. He served as a workshop supervisor and head of the process technology section of Yuxi Globe Colour Printing Carton Co., Ltd. from December 1995 to July 2004. He served as a sales manager of Yunnan Dexin Paper Co., Ltd. from October 2005 to February 2021. He served as a sales manager of Yunnan Energy New Material Co., Ltd. and Yunnan Dexin Paper Co., Ltd. from March 2021 to June 2021. Mr. Li was appointed as the general manager of Yunnan Dexin Paper Co., Ltd. from July 2021 to present. Now he is a Supervisor of the Company.

3. Kang Wenting, Supervisor of the Company, female, born in 1987, Chinese nationality, and bachelor's degree. Served as the Personnel Supervisor of Kunming Xinghe Spa Resort & Hotel from 2013 to 2014, and from 2015 to March 2019, has successively served as the Personnel

Supervisor of the Human Resources Department of the Company. She serves as the manager of the Operation Support Department and Administrative Department from October 2019 to the present. Now she is a Supervisor of the Company.

(III) Senior Management

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

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

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

Positions held at the shareholder's entity

Applicable Not applicable

Positions held at other entities

Applicable Not applicable

Name	Other Entity Names	Positions in other organizations	Start date	End date	Receiving remuneration and allowance at other entities
Paul Xiaoming Lee	Shanghai Ruiji New Material Technology Co., Ltd.	Director	January 20, 2020	March 3, 2023	No
Paul Xiaoming Lee	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Vice Chairman	May 1, 1996	March 3, 2023	No
Li Xiaohua	Shanghai Ruiji New Material Technology Co., Ltd.	Chairman	January 20, 2020	April 25, 2024	No
Li Xiaohua	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Director and General Manager	May 1, 1996	April 25, 2024	No
Li Xiaohua	Suzhou Jiesheng Technology Co., Ltd.	Executive Director	October 29, 2021	April 25, 2024	No
Li Xiaohua	Suzhou RS Technology Co., Ltd.	Chairman	February 24, 2022	April 25, 2024	No
Li Xiaohua	Jiangsu Jiesheng Intelligent Equipment Technology Co., Ltd.	Executive Director	November 26, 2021	April 25, 2024	No
Li Xiaohua	Changshu Juxing Machinery Co., Ltd.	Executive Director and General Manager	May 12, 2022	May 30, 2023	No
Li Zhe	Leyard Optoelectronic Co., Ltd.	Independent Director	January 16, 2023	April 25, 2024	Yes
Li Zhe	Genertec Kunming Machine Tool Co., Ltd.	Independent Director	October 11, 2023	April 25, 2024	Yes
Zhang Tao	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Supervisor	October 11, 2021	April 25, 2024	No
Xiang Ming	Chengdu Huicheng Technology Co., Ltd.	Chairman	July 6, 2011	April 25, 2024	No
Zhai Jun	Henan Kelong new energy Co., Ltd.	Director	December 13, 2016	April 25, 2024	No
Zhai Jun	HXF SAW Co., Ltd.	Director	October 22, 2012	April 25, 2024	No
Zhai Jun	Shanghai Dianda Information Technology Co., Ltd.	Director	April 27, 2015	April 25, 2024	No
Zhai Jun	Intelligent Vehicle and Development Platform (Shanghai) Co., Ltd.	Director		April 25, 2024	No
Zhai Jun	Jingci Material Science Co., Ltd.	Director	June 11, 2018	April 25, 2024	No
Zhang Jing	Shanghai Sunshine Esailchem Technology Co., Ltd.	Director		April 25, 2024	No

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

Applicable Not applicable

3. Remuneration for Directors, Supervisors, and Senior Management

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

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

2. Basis for determining the remunerations of directors, supervisors and senior management: The remunerations for the directors and supervisors are determined in line with the actual working status of the Company and in combination of the current market situation. The remunerations of the senior management are determined in line with related provisions of the Company and in combination of the operating objectives of the Company in 2023 and specific job responsibilities the senior management members of the Company take to complete the annual operating objectives.

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

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

Unit: RMB'000

Name	Gender	Age	Title	Service status	Total pre-tax remunerations received from the Company	Whether remuneration was received from related parties of the Company
Paul Xiaoming Lee	Male	66	Chairman	Incumbent	218.4	No
Li Xiaohua	Male	62	Director	Incumbent	187.2	No
Yan Ma	Female	65	Director	Departure	0	No
Alex Cheng	Male	66	Director	Departure	53	No
Zhai Jun	Male	50	Director	Incumbent	0	No
Xiang Ming	Male	61	Director	Incumbent	0	No
Ma Weihua	Male	57	Director	Incumbent	96.24	No
Feng Jie	Male	60	Director	Incumbent	32.68	No
Lu Jiankai	Male	46	Independent Director	Departure	2.4	No
Tang Changjiang	Male	54	Independent Director	Departure	2.4	No
Zheng Haiying	Female	61	Independent Director	Departure	2.4	No
Shou Chunyan	Female	53	Independent Director	Departure	2.6	No
Li Zhe	Male	37	Independent Director	Incumbent	0	No
Pan Siming	Male	47	Independent Director	Incumbent	2.6	No
Zhang Jing	Female	63	Independent Director	Incumbent	2.6	No
Zhang Tao	Male	47	Supervisor	Incumbent	27.25	No
Chen Tao	Male	46	Supervisor	Departure	6.27	No
Li Bing	Male	57	Supervisor	Incumbent	36.64	No
Kang Wenting	Female	37	Supervisor	Incumbent	12.3	No
Yu Xue	Female	37	Board Secretary	Incumbent	73.64	No
Li Jian	Male	46	Chief Financial Officer	Incumbent	97.91	No
Total	-	-	-	-	856.53	-

Other explanation

Applicable Not applicable

VI. Performance of Directors during the Reporting Period

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

Meeting	Date Convened	Disclosure Date	Meeting Resolution
The 54th meeting of the 4th Board of Directors	January 30, 2023	January 31, 2023	The meeting considered and adopted the Resolution on No Early Redemption of "Energy Convertible Corporate Bonds", the Resolution on Anticipated Daily Connected Transactions in 2023, the Resolution on the Establishment of a Special Account for Raised Funds and Authorization of Entering into a Supervisory Agreement for Raised Funds, and the Resolution on Changes in Accounting Policies
The 55th meeting of the 4th Board of Directors	March 2, 2023	March 3, 2023	The meeting considered and adopted the Resolution on the Work Report of the Board of Directors for 2022, the Resolution on the Company's 2022 General Manager Work Report, the Resolution on the Company's 2022 Annual Financial Settlement Report, the Resolution on 2022 Profit Distribution Plan, the Resolution on the Company's Internal Control Evaluation Report for 2022, the Resolution on the Company's Self-check List for the Implementation of Internal Control Rules for 2022, the Resolution on the Company's Annual Report for 2022 and its Abstract, the Resolution on the Company's 2022 Annual Environmental, Social and Governance Report (ESG Report), the Resolution on Renewing the Employment of Dahua CPAs (SGP) as the Company's Financial Auditor and Internal Control Auditor in 2023, the Resolution on the Deposition and Use of Raised Funds of the Company in 2022, the Resolution on Directors' Remuneration of the Company for 2022, the Resolution on the Remuneration of the Senior Management of the Company for 2022, the Resolution on Applying for the General Credit Limit in Banks in 2023, the Resolution on the Amount of Guarantee Within the Scope of the Company's Consolidated Statements in 2023, the Resolution on Anticipated Deposit, Loan and Guarantee Business in Associated Banks in 2023, the Resolution on Using Some of the Idle Self-owned Funds to Purchase Investment Quotas of Financial Products in Banks, the Resolution on Providing Financial Assistance to Subsidiaries of the Holding Company and their Subsidiaries, the Resolution on Developing Foreign Exchange Derivatives Trading Business, the Resolution on the Conduct of Foreign Exchange Derivatives Transactions in 2023, the Resolution on the Election of the Company's Board of Directors and the Candidates for the Non-Independent Directors of the 5th Board of Directors, the Resolution on the Election of the Company's Board of Directors and the Nomination of the Candidates for the Independent Directors of the 5th Board of Directors, the Resolution on the Establishment of Specialized Committees of the Company's 5th Board of Directors and the Resolution on Convening the Company's 2022 Annual General Meeting of Shareholders
The 1st meeting of the 5th Board of Directors	April 6, 2023	April 7, 2023	The meeting considered and adopted the Resolution on the Election of the Company's Chairman and Vice Chairman and the Resolution on the Re-appointment of the Company's General Manager, Deputy General Manager and Board Secretary
The 2nd meeting of the 5th Board of Directors	April 21, 2023	April 22, 2024	The meeting considered and adopted the Resolution on Extending the Validity Period of the Resolution of the General Meeting of Shareholders on the Company's Non-public Offering of Shares, the Resolution on Requesting the General Meeting of Shareholders to Extend the Validity Period of the Authorization for the Board of Directors to Handle Matters Relating to the Company's Non-public Offering, and the Resolution on the Convening of the First Extraordinary General Meeting of Shareholders of the Company in 2023
The 3rd meeting of the 5th Board of Directors	April 26, 2023	April 27, 2023	The meeting considered and adopted the Resolution regarding the Company's First Quarterly Report in 2023
The 4th meeting of the 5th Board of Directors	May 4, 2023	May 5, 2023	The meeting considered and adopted the Resolution on the Repurchase of the Company's Shares
The 5th meeting of the 5th Board of Directors	May 14, 2023	May 15, 2023	The meeting considered and adopted the Resolution on Adjustment of the Scale of Funds Raised from the Company's Non-public Offering of A Shares
The 6th meeting of the 5th Board of Directors	June 13, 2023	June 14, 2023	The meeting considered and adopted the Resolution on Replacement of Preliminarily Invested Self-collected Funds with the Proceeds from the Non-public Offering of A Shares in 2021, the Resolution on the Payment of Funds for Fund Raising Projects Using Bank Acceptance and Replacement of the Same Amount with Raised Funds, and the Resolution on the Use of Part of the Idle Fund Raised for Cash Management
The 7th meeting of the 5th Board of Directors	June 25, 2023	June 26, 2023	The meeting considered and adopted the Resolution on Adjustment of the Exercise Price of Stock Options and Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Stock Incentive Plan, the Resolution on Compliance with the Exercise Conditions during the First Exercise Period of the Company's 2022 Stock Options and Restricted Stock Incentive Plan, and the Resolution on Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan, the Resolution on Compliance with the Conditions for Release of Restricted Shares during the First Release Period of Restricted Shares under the Company's 2022 Stock Option and Restricted Share Incentive Plan, the Resolution on Changing the Registered Capital and Amending the Articles of Association and Registering the Changes in Industry and Commerce, and the Resolution on Convening the Second Extraordinary General Meeting of

			Shareholders of the Company in 2023
The 8th meeting of the 5th Board of Directors	July 21, 2023	July 22, 2023	The meeting considered and adopted the Resolution on the Addition of Candidates for the Board of Directors, the Resolution on No Early Redemption of "Energy Convertible Corporate Bonds", the Resolution on the Proposed Distribution of Profit in 2022, the Resolution on the Convening of the 3rd Extraordinary General Meeting of Shareholders of the Company in 2023
The 9th meeting of the 5th Board of Directors	August 18, 2023	August 19, 2023	The meeting considered and adopted the Resolution on Changing the Registered Capital and Amending the Articles of Association and Registering the Changes in Industry and Commerce
The 10th meeting of the 5th Board of Directors	August 23, 2023	August 24, 2023	The meeting considered and adopted the Resolution on the Company's Semi-annual Report for 2023 and its Summary, the Resolution on the Deposit and Utilization of the Company's Fund Raised in the Semi-annual Period in 2023, the Resolution on the Proposed Distribution of Interim Profit in 2023, and the Resolution on the Convening of the 4th Extraordinary General Meeting of Shareholders in 2023
The 11th meeting of the 5th Board of Directors	September 18, 2023	September 19, 2023	The meeting considered and adopted the Resolution on Changing the Registered Capital and Amending the Articles of Association and Registering the Changes in Industry and Commerce, and the Resolution on the Convening of the 5th Extraordinary General Meeting of Shareholders in 2023
The 12th meeting of the 5th Board of Directors	September 21, 2023	September 22, 2023	The meeting considered and adopted the Resolution on Changing the Registered Capital and Amending the Articles of Association and Registering the Changes in Industry and Commerce and the Resolution on the Convening of the 6th Extraordinary General Meeting of Shareholders in 2023
The 13th meeting of the 5th Board of Directors	September 28, 2023	September 29, 2023	The meeting considered and adopted the Resolution on the Purchase of Minority Shareholders' Equity Interests in a Controlling Subsidiary and Connected Transaction, the Resolution on the Repurchase of the Company's Shares, and the Resolution on the Convening of the 7th Extraordinary General Meeting of Shareholders in 2023
The 14th meeting of the 5th Board of Directors	October 29, 2023	October 30, 2023	The meeting considered and adopted the Resolution on the Termination of the Purchase of the Minority Shareholders' Equity Interests in a Controlling Subsidiary and Connected Transaction
The 15th meeting of the 5th Board of Directors	October 30, 2023	October 31, 2023	The meeting considered and adopted the Resolution on the Company's Third Quarterly Report in 2023
The 16th meeting of the 5th Board of Directors	December 13, 2023	December 14, 2023	The meeting considered and adopted the Resolution on Amending the Articles of Association of the Company and Certain Systems, the Resolution on Amending the Articles of Association of the Company, the Resolution on Amending the Rules of Procedure of the General Meeting of Shareholders, the Resolution on Amending the Rules of Procedure of the Board of Directors, the Resolution on Amending the Rules of Procedure of the Supervisory Committee, the Resolution on Amending the Rules of Procedure of the Independent Directors, the Resolution on Amending the Working Rules for the Annual Report of the Independent Directors, the Resolution on Amending the Rules of Procedure of the Audit Committee, the Resolution on Amending the Rules of Procedure of the Remuneration and Appraisal Committee, the Resolution on Amending the Rules of Procedure of the Strategy Committee, the Resolution on Amending the Rules of Procedure of the Nomination Committee, the Resolution on the By-election of Independent Directors, the Resolution on Adjusting the Members of Certain Specialized Committees of the Board of Directors of the Company, and the Resolution on Convening the 8th Extraordinary General Meeting of Shareholders in 2023

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

Details of directors' attendance at board meetings and shareholders' general meetings							
Name of director	Meetings required to attend during the Reporting Period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Whether non-attendance in person for two consecutive times or not	Attendance in shareholders' general meeting
Paul Xiaoming Lee	18	15	3	0	0	No	9
Li Xiaohua	18	18	0	0	0	No	9
Yan Ma	9	0	9	0	0	No	3
Alex Cheng	9	0	9	0	0	No	3
Zhai Jun	8	0	8	0	0	No	6
Xiang Ming	8	0	8	0	0	No	6
Ma Weihua	18	18	0	0	0	No	9
Feng Jie	18	0	18	0	0	No	9
Lu Jiankai	2	0	2	0	0	No	1

Tang Changjiang	2	0	2	0	0	No	1
Zheng Haiying	2	0	2	0	0	No	1
Shou Chunyan	16	0	16	0	0	No	8
Li Zhe	0	0	0	0	0	No	0
Pan Siming	16	0	16	0	0	No	8
Zhang Jing	16	0	16	0	0	No	8

Explanations for non-attendance in person for two consecutive times

3. Details on directors' objection to relevant matters

Whether Directors object to relevant matters of the Company

Yes No

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

4. Other details about the performance of directors

Whether advice to the Company from Directors adopted

Yes No

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

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

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

Committee Name	Members	Number of Meetings Held	Date Convened	Meeting Content	Important Opinions and Suggestions Proposed	Other Duty Performance Information	Details on Objection to Matters (If any)
Strategy Committee of the 5th Board of Directors	Mr. PAUL XIAOMING LEE, Mr. Li Xiaohua, Mr. Feng Jie, Ms. Shou Chunyan, Mr. Pan Siming	4	April 20, 2023	The meeting considered the Resolution on Extending the Validity Period of the Resolution of the General Meeting of Shareholders on the Company's Non-Public Offering of Shares	Unanimously adopted	Nil	Nil
Strategy Committee of the 5th Board of Directors	Mr. PAUL XIAOMING LEE, Mr. Li Xiaohua, Mr. Feng Jie, Ms. Shou Chunyan, Mr. Pan Siming	4	May 13, 2023	Resolution on Adjustment of the Scale of Funds Raised from the Company's Non-public Offering of A Shares	Unanimously adopted	Nil	Nil
Strategy Committee of the 5th Board of Directors	Mr. PAUL XIAOMING LEE, Mr. Li Xiaohua, Mr. Feng Jie, Ms. Shou Chunyan, Mr. Pan Siming	4	September 27, 2023	The meeting considered the Resolution on the Purchase of Minority Shareholders' Equity Interests in a Controlling Subsidiary and Connected Transaction	Unanimously adopted	Nil	Nil
Strategy Committee of the 5th Board of Directors	Mr. PAUL XIAOMING LEE, Mr. Li Xiaohua, Mr. Feng Jie, Ms. Shou Chunyan, Mr. Pan Siming	4	October 28, 2023	The meeting considered the Resolution on the Termination of the Purchase of the Minority Shareholders' Equity Interests in a Controlling Subsidiary and Connected Transaction	Unanimously adopted	Nil	Nil
Audit Committee of the 4th Board of Directors	Lu Jiankai, Zheng Haiying, Li Xiaohua	2	January 29, 2023	The meeting considered the Resolution on Changes of Accounting Policies	Unanimously adopted	Nil	Nil
Audit Committee of the 4th Board of Directors	Lu Jiankai, Zheng Haiying, Li Xiaohua	2	March 1, 2023	The meeting considered the Resolution on the Company's Audit Report for 2022 and the Resolution on Renewing the Employment of Dahua CPAs (SGP) as the Company's Financial Auditor and Internal Control Auditor in 2023	Unanimously adopted	Nil	Nil
Audit Committee of the 5th Board of Directors	Ms. Shou Chunyan, Mr. Li Xiaohua, Mr. Pan Siming	5	April 25, 2023	The meeting considered the Resolution on the Company's First Quarterly Report in 2023	Unanimously adopted	Nil	Nil
Audit Committee of the 5th Board of Directors	Ms. Shou Chunyan, Mr. Li Xiaohua, Mr. Pan Siming	5	August 22, 2023	The meeting considered the Resolution on the Company's Semi-annual Report for 2023 and its Summary	Unanimously adopted	Nil	Nil
Audit Committee of the 5th Board	Ms. Shou Chunyan, Mr. Li Xiaohua, Mr. Pan	5	September 27, 2023	The meeting considered the Resolution on the Purchase of Minority Shareholders' Equity Interests	Unanimously adopted	Nil	Nil

of Directors	Siming			in a Controlling Subsidiary and Connected Transaction			
Audit Committee of the 5th Board of Directors	Ms. Shou Chunyan, Mr. Li Xiaohua, Mr. Pan Siming	5	October 28, 2023	The meeting considered the Resolution on the Termination of the Purchase of the Minority Shareholders' Equity Interests in a Controlling Subsidiary and Connected Transaction	Unanimously adopted	Nil	Nil
Audit Committee of the 5th Board of Directors	Ms. Shou Chunyan, Mr. Li Xiaohua, Mr. Pan Siming	5	October 29, 2023	The meeting considered the Resolution on the Company's Third Quarterly Report in 2023	Unanimously adopted	Nil	Nil
Remuneration and Appraisal Committee of the 4th Board of Directors	Mr. PAUL XIAOMING LEE, Ms. Zheng Haiying, Mr. Tang Changjiang	1	March 21, 2023	The meeting considered the Resolution on Directors' Remuneration for 2022 and the Resolution on the Remuneration of the Senior Management the Company for 2022	Unanimously adopted	Nil	Nil
Remuneration and Appraisal Committee of the 5th Board of Directors	Mr. PAUL XIAOMING LEE, Ms. Shou Chunyan, Ms. Zhang Jing	1	June 24, 2023	The meeting considered the Resolution on Compliance with the Exercise Conditions during the First Exercise Period of the Company's 2022 Stock Options and Restricted Stock Incentive Plan and the Resolution on Compliance with the Conditions for Release of Restricted Shares during the First Release Period of Restricted Shares under the Company's 2022 Stock Option and Restricted Share Incentive Plan	Unanimously adopted	Nil	Nil
Nomination Committee of the 4th Board of Directors	Mr. Tang Changjiang, Mr. Lu Jiankai, Mr. Feng Jie	1	March 1, 2023	The meeting considered the Resolution on the Election of the Company's Board of Directors and the Candidates for the Non-Independent Directors of the 5th Board of Directors, the Resolution on the Election of the Company's Board of Directors and the Candidates for the Independent Directors of the 5th Board of Directors, and the Resolution on the Establishment of Specialized Committees of the Company's 5th Board of Directors	Unanimously adopted	Nil	Nil
Nomination Committee of the 5th Board of Directors	Mr. Pan Siming, Ms. Zhang Jing, Mr. Feng Jie	3	April 5, 2023	The meeting considered the Resolution on the Election of the Company's Chairman and Vice Chairman and the Resolution on the Re-appointment of the Company's General Manager, Deputy General Manager and Board Secretary	Unanimously adopted	Nil	Nil
Nomination Committee of the 5th Board of Directors	Mr. Pan Siming, Ms. Zhang Jing, Mr. Feng Jie	3	July 20, 2023	The meeting considered the Resolution on the Addition of Candidates for the Board of Directors	Unanimously adopted	Nil	Nil
Nomination	Mr. Pan Siming, Ms.	3	December 11,	The meeting considered the Resolution on the By-	Unanimously adopted	Nil	Nil

Committee of the 5th Board of Directors	Zhang Jing, Mr. Feng Jie		2023	election of Independent Directors			
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VIII. Details on the Work of the Supervisory Committee

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

Yes No

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

IX. Employees of the Company**1. Number of employees, composition by profession, and educational level**

Incumbent staff of parent company at the end of the Reporting Period (person)	12
Incumbent staff of major subsidiary at the end of the Reporting Period (person)	7,820
Total incumbent staff at the end of the Reporting Period (person)	9,333
Total staff receiving remunerations in current period (person)	13,101
Number of retirees whose expenses shall be borne by the parent company and major subsidiaries (person)	0
Composition by profession	
Category of profession	Number of profession (person)
Production staff	7,745
Sales people	103
Technician	507
Financial staff	75
Administrative staff	903
Total	9,333
Educational level	
Category of educational level	Number (person)
Doctor's degree and above	23
Master's degree	162
Bachelor's degree	955
Junior college	2,035
Technical secondary school and below	6,158
Total	9,333

2. Remuneration policy

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

3. Training plan

During the Reporting Period, the Company kept taking in excellent talents, actively strengthened internal personnel training, established a sound training system and enhanced the professional development ability of employees. The Company has recorded a total of 7,295 training events, including 7,171 internal training session and 124 external training sessions, and recorded a total of 129,800 class hours. These trainings have benefited a total of 165,600 people. These trainings cover new employee training, job skill training, risk management training, quality and safety management training, food safety training, product knowledge training, anti-fraud training, general management training, certification training, safety training and reserve talent training.

4. Labor outsourcing

Applicable Not applicable

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

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

Applicable Not applicable

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

1. The Company's profit distribution policy shall focus on the reasonable investment return to investors, take into account the sustainable

development of the Company, reflect the strong awareness of rewarding shareholders, and maintain continuity and stability.

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

3. Interval for profit distribution: subject to the satisfaction of the cash dividend conditions stipulated in paragraph 4 below, the Company shall, in principle, pay cash dividends once a year, and the Board of Directors of the Company may propose interim cash dividends based on the profit status and capital demands of the Company. The Board of Directors of the Company shall, taking into account the characteristics of the industry in which it operates, its development stage, its own business model, its profitability level, and any plan of its significant capital expenditure, distinguish the following circumstances and propose a differentiated cash dividend policy in accordance with the procedures set forth in the Articles of Association of the Company:

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

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

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

4. Conditions for distributing cash dividends

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

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

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

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

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

(II) During the Reporting Period, the implementation of the equity distribution in 2022 and the 2023 semi-annual equity distribution by the Company was in compliance with the relevant provisions of the Articles of Association of the Company, with due consideration given to the reasonable demands from investors at large, while protecting the lawful rights and interests of small and medium-sized investors. On July 21, 2023, the Company convened the 8th Meeting of the 5th Board of Directors to consider and approve the *Resolution on the Proposed Distribution of Profit in 2022*, the Independent Directors expressed their concurring independent opinions on such resolution, which was implemented after being considered and approved at the 3rd Extraordinary General Meeting of Shareholders in 2023 convened by the Company on August 7, 2023. For details, please refer to the *Announcement on the Resolution on the Proposed Distribution of Profit in 2022* (Announcement No. 2023-130) and the *Announcement on the Implementation of Equity Distribution for 2022* (Announcement No. 2023-141) published by the Company on www.cninfo.com.cn. On August 23, 2023, the Company convened the 10th Meeting of the 5th Board of Directors to consider and approve the *Resolution on the Proposed Distribution of Interim Profit in 2023*, the Independent Directors expressed their concurring independent opinions on such resolution, which was implemented after being considered and approved at the 4th Extraordinary General Meeting of Shareholders in 2023 convened by the Company on September 11, 2023. For details, please refer to the *Announcement on the Resolution on the Proposed Distribution of Interim Profit in 2023* (Announcement No. 2023-150) and the *Announcement on the Implementation of Semi-annual Equity Distribution for 2023* (Announcement No. 2023-166) published by the Company on www.cninfo.com.cn.

Special explanation on cash dividend distribution policy	
Whether or not the policy is in compliance with the provisions of the Articles of Association or requirements of the resolutions of the general meeting of shareholders of the Company:	Yes
Whether or not the standard and proportion of dividends are clear and defined:	Yes
Whether or not the relevant decision-making process and mechanism are complete:	Yes
Whether or not the Independent Directors fully perform their duties and play their roles:	Yes
In case of not conducting cash dividend distribution, the Company shall disclose the specific reasons and the next steps to be adopted to enhance investor return level:	Not applicable
Whether or not minority shareholders have the opportunity to voice their opinions and demands, and whether or not their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or amended, whether or not the conditions and procedures are compliant and transparent:	Yes

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

Applicable Not applicable

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

Applicable Not applicable

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (including tax)	15.51
Equity base for distribution proposal (shares)	967,343,387
Cash dividend amount (RMB) (including tax)	1,500,000,000.00
Amount of cash dividends in other means (e.g., share repurchase) (RMB)	549,976,686.75
Total cash dividends (including other means) (RMB)	2,049,976,686.75
Distributable profit (RMB)	1,667,202,765.19
Total cash dividends (including other means) as a percentage of total profit distribution	73.17%
Cash dividend for the period	
In case of the Company entering into development stage with arrangement of significant capital expenditure, the minimum percentage of cash dividend in the profit distribution for the period shall reach 20%	
The breakdown of the proposed Profit Distribution or Conversion of Capital Reserve to Share Capital	
Based on the 967,342,327 shares calculated by the total share capital as of April 11, 2024 deducting 10,412,256 shares in the designated securities account for repurchase, cash dividend of RMB15.51 (inclusive of tax) per 10 shares, with a total cash dividend of RMB1,500,000,000.00, will be paid to all shareholders without bonus shares. No capital reserve will be converted to share capital.	
In accordance with the relevant provisions of the <i>Guidelines on the Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 -- Share Repurchase</i> , the amount of share repurchases implemented by the Company in 2023 amounting to RMB549,976,686.75 (excluding commissions, transfer fees and other transaction costs) was deemed to be the amount of cash dividends.	
If the total amount of the Company's share capital entitled to profit distribution changes during the period from April 11, 2024 to the implementation of the distribution plan as a result of the listing of new shares, exercise of options under the share incentive, conversion of convertible bonds, share repurchase, etc., the distribution ratio will be adjusted accordingly on the basis of no change in the total distribution.	

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

Applicable Not applicable

1. Equity Incentive

The Company held the 41st meeting of the 4th Board of Directors and the 2nd Extraordinary General Meeting of Shareholders of 2022 on January 24, 2022 and February 14, 2022, respectively, to approve the implementation of the 2022 Stock Option and Restricted Stock Incentive Plan of the Company. On March 14, 2022, the Company completed the registration of granting of 1,585,437 options to 877 incentive objects. On May 23, 2022, the Company completed the registration of granting of 1,585,437 restricted shares to 826 incentive objects. The implementation of the 2022 Stock Option and Restricted Share Incentive Plan during the Reporting Period was as follows:

On June 25, 2023, the 7th meeting of the 5th Board of Directors and 7th meeting of the 5th Board of Supervisors considered and adopted the Resolution on Adjustment of the Exercise Price of Stock Options under the 2022 Stock Option and Restricted Stock Incentive Plan and Cancellation of Partial Stock Options, the Resolution on Compliance with the Exercise Conditions during the First Exercise Period of Stock Options under the 2022 Stock Options and Restricted Stock Incentive Plan of the Company, the Resolution on the Repurchase and Cancellation of Partial Restricted Stocks under the 2022 Stock Option and Restricted Stock Incentive Plan, the Resolution on the Compliance with the Conditions for Release of Restricted Shares during the First Release Period of Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan of the Company; at which it agreed that the Company would release the 1,496,807 restricted shares held by 765 incentive objects; and agreed that the 1,461,960 stock options held by 794 incentive objects of the Company to enter into the first exercise period; agreed that the Company should repurchase and cancel 88,630 restricted shares granted to 68 incentive objects who had not met the conditions for the release of restricted shares; and agreed that the Company should cancel 123,477 stock options held by 90 incentive objects who had not met the conditions for the exercise of stock options, which had been granted but not yet approved for the exercise of stock options. The independent directors of the Company expressed concurring independent opinions on the relevant matters. For details, please refer to the Announcement on Adjustment of the Exercise Price of Stock Options under the 2022 Stock Option and Restricted Stock Incentive Plan and Cancellation of Partial Stock Options (Announcement No. 2023-102), the Announcement on the Compliance with the Exercise Conditions during the First Exercise Period of Stock Options under the 2022 Stock Options and Restricted Stock Incentive Plan of the Company (Announcement No.: 2023-103), and the Announcement on the Repurchase and Cancellation of Partial Restricted Stocks under the 2022 Stock Option and Restricted Stock Incentive Plan (Announcement No.: No. 2023-104) and the Announcement on Compliance with the Conditions for Release of Restricted Shares during the First Release Period of Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan of the Company (Announcement No.: No. 2023-105) disclosed by the Company in the designated information disclosure media on June 26, 2023.

(2) On July 3, 2023, the Company completed the procedures for the cancellation of 123,477 stock options held by the aforesaid 90 incentive objects who had not met the conditions for the exercise of stock options. For details, please refer to the Company's Announcement on the Completion of the Cancellation of Partial Stock Options under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company " (Announcement No. 2023-116) disclosed by the Company in the designated information disclosure media on July 4, 2022.

(3) On July 11, 2023, the aforesaid matters relating to the repurchase and cancellation of 88,630 restricted shares granted to 68 incentive objects were considered and approved by the Second Extraordinary General Meeting of Shareholders of 2023 of the Company, and the relevant procedures for the repurchase and cancellation of restricted shares were completed on July 19, 2023. For details, please refer to the Company's Announcement on the Completion of Repurchase and Cancellation of Partial Restricted Shares under the 2022 Share Option and Restricted Share Incentive Plan (Announcement No. 2023-123) disclosed by the Company in the designated information disclosure media on July 20, 2022.

The Company did not implement any new share incentive plan during the Reporting Period.

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

Applicable Not applicable

Unit: share

Name	Post	The number of stock options held at the beginning of the year	The number of newly granted stock options during the Reporting Period	The number of exercisable options during the Reporting Period	The number of exercised options during the Reporting Period	The exercise price of the number of options exercised during the Reporting Period (RMB per share)	The number of stock options held at the end of the period	The market price at the end of the Reporting Period (RMB per share)	The number of restricted shares held at the beginning of the period	The number of unlocked shares during the current period	The number of newly granted restricted shares during the Reporting Period	The grant price of restricted shares (RMB per share)	The number of restricted shares held at the end of the period
Yu Xue	Board Secretary	40,000	0	16,000	0		40,000		70,825	10,000	0	0	60,825
Total	--	40,000	0	16,000	0	--	40,000	--	70,825	10,000	0	--	60,825
Remarks (if any)	The 30,825 restricted shares held by Yu Xue as at the beginning of the period are executive locked-up shares, and the 36,825 executive locked-up shares are included in the restricted shares held by Yu Xue at the end of the period.												

Evaluation mechanism and incentive of senior management

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

2. Implementation of Employee Stock Ownership Plan

Applicable Not applicable

3. Other Employee Incentives

Applicable Not applicable

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

1. Internal control construction and implementation

During the Reporting Period, the Company, in accordance with the Basic Norms for Enterprises' Internal Control and related guidelines, updated and perfected its internal control system in due time, and established an internal control system featuring scientific design, simplicity, applicability, and effective running. The Audit Committee of the Board of Directors and internal audit department jointly formed the Company's risk management and internal control organization system to supervise and evaluate the internal control management of the Company. Through the operation, analysis and evaluation of the internal control system, the Company effectively prevented risks in operational management and promoted the realization of internal control objectives.

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

Yes No

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

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

XIV. Internal Control Assessment Report or Internal Control Audit Report

1. Assessment report on internal control

Disclosure date of the assessment report on internal control	April 25, 2024	
Disclosure index of the assessment report on internal control	2023 Assessment Report on Internal Control disclosed on http://www.cninfo.com.cn/ on April 25, 2024	
Ratio of total assets of the unit included in the assessment scope to the total assets on the Company's consolidated financial statements	100.00%	
Ratio of operating revenue of the unit included in the assessment scope to the operating revenue on the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Type	Financial report	Non-financial report
Qualitative criteria	General defects: There is little possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Material defects: There is some possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Major defects: There is the possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives.	General defects: There is little possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Material defects: There is some possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Major defects: There is the possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives.
Quantitative criteria	General defects: < 0.25% of Total Assets, < 0.5% of Operating revenue; material defects: $\geq 0.25\%$ of Total Assets and < 1% of Total Assets, $\geq 0.5\%$ of Operating revenue and < 1.5% of Operating revenue; major defects: $\geq 1\%$ of Total Assets, $\geq 1.5\%$ of Operating revenue.	General defects: < 0.25% of Total Assets, < 0.5% of Operating revenue; material defects: $\geq 0.25\%$ of Total Assets and < 1% of Total Assets, $\geq 0.5\%$ of Operating revenue and < 1.5% of Operating revenue; major defects: $\geq 1\%$ of Total Assets, $\geq 1.5\%$ of Operating revenue.
Number of major defects in the financial report	0	
Number of major defects in the non-financial report	0	
Number of material defects in the financial report	0	
Number of material defects in the non-financial report	0	

2. Audit report on internal control

Applicable Not applicable

Audit opinion in the audit report on internal control	
According to the identification of major defects in the internal control of the Company's financial report, there were no major defects in the internal control of the financial report as of the base date of the internal control assessment report. The Board of Directors believed that the Company maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the enterprise internal control standard system and related regulations. According to the identification of major defects in the internal control of the Company's non-financial report, there were no major defects in the internal control of the non-financial report as of the base date of the internal control assessment report. From the base date of the internal control assessment report to the issue date of the internal control assessment report, no factors affecting the assessment conclusion of the effectiveness of internal control occurred.	
Disclosure of the audit report on internal control	Disclosed
Disclosure date of the full audit report on internal control	April 25, 2024
Disclosure index of the audit report on internal control	The Authentication Report on Internal Control of Yunnan Energy New Material Co., Ltd. (Da Hua Nei Zi No. [2024] 0011000067) disclosed

	by the Company on http://www.cninfo.com.cn on April 25, 2024
Type of opinion in the audit report on internal control	Standard unqualified opinion
Whether there was any major defect in the non-financial report	No

Whether the accounting firm issue a qualified audit report on internal control or not

Yes No

Whether the audit report on internal control issued by the accounting firm consistent with the self-assessment report from the Board of Directors or not

Yes No

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

Not applicable

Section 5 Environment and Social Responsibility

I. Major Environmental Protection Issues

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

Yes No

Environmental protection related policies and industry standards

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

Environmental protection administrative permits

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

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

Name of Company or Subsidiary	Category of the Major Pollutants and Specific Pollutants	Name of the Major Pollutants and Specific Pollutants	Discharge Method	Number of Discharge Outlets	Distribution of Discharge Outlets	Concentration /intensity of the Discharge	Pollutant Discharge Standards Implemented	Total Discharge	Total Discharge Approved	Excess Discharge	
Wuxi Energy	Exhaust gas	Carrene	Organized emission	12	Plant area	19.7799mg/m ³	Integrated Emission Standard of Air Pollutants DB31033-2015	6.15392	49.6345	Nil	
		Nitrogen oxide		12	Plant area	18.7869mg/m ³		3.786	5.88	Nil	
		Sulfur dioxide		12	Plant area	17.2782mg/m ³		2.468	3.36	Nil	
		Particulate matter		12	Plant area	24.5452mg/m ³		1.879	2.65672	Nil	
		Non-methane total hydrocarbon		12	Plant area	Not monitored	Emission Standard of Pollutants for Synthetic Resin Industry CB31572-2015	/	0.224	Nil	
Suzhou GreenPower	Exhaust gas	Carrene	Organized emission	5	Plant area	5.4mg/m ³	Integrated Emission Standard of Air Pollutants DB32/4041-2021	0.30924	15.24208	Nil	
		Nitrogen oxide		7	Plant area	27mg/m ³	Emission Standard of Air Pollutants for Boilers DB32/4385-2022	2.4408	10.2005	Nil	
		Sulfur dioxide		7	Plant area	3mg/m ³		1.90008	4.302	Nil	
		Particulate matter		7	Plant area	1mg/m ³		0.5796	3.207	Nil	
		Non-methane total hydrocarbon		12	Plant area	2.14mg/m ³	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	0.1494472	8.861888	Nil	
	Solid waste	DMAC waste liquid	Handled by qualified disposal units	Temporary storage of hazardous waste	/	/	/	Directory of National Hazardous Wastes (Version 2021)	258.5	1000	Nil
		Waste white clay			/	/	/		324.36	350	Nil
		Sludge			/	/	/		65.42	150	Nil
		Waste slurry			/	/	/		40.22	100	Nil
		Waste motor oil			/	/	/		0	0.5	Nil
		Laboratory waste liquid			/	/	/		0	0.5	Nil
		Waste rag			/	/	/		0	0.3	Nil
		Waste empty drums			/	/	/		0	0.5	Nil
		Waste activated carbon			/	/	/		0	200	Nil
		Waste activated carbon fibers			/	/	/		0	10	Nil
Waste paraffin oil	/	/	/	0	50	Nil					
Shanghai Energy	Exhaust gas	Nitrogen oxide	Organized emission	20	Plant area	40.28mg/m ³	Emission Standard of Air Pollutants for Boilers GB13271-2018	3.8662	4.9841	Nil	
	Exhaust gas	Sulfur dioxide	Organized emission	20	Plant area	10mg/m ³	Emission Standard of Air Pollutants for Boilers GB13271-2018	0.2064	0.2065	Nil	
	Exhaust gas	Particulate matter	Organized	20	Plant area	3.33mg/m ³	Emission Standard of Air Pollutants for	0.0688	0.0765	Nil	

Name of Company or Subsidiary	Category of the Major Pollutants and Specific Pollutants	Name of the Major Pollutants and Specific Pollutants	Discharge Method	Number of Discharge Outlets	Distribution of Discharge Outlets	Concentration /intensity of the Discharge	Pollutant Discharge Standards Implemented	Total Discharge	Total Discharge Approved	Excess Discharge
			emission				Boilers GB13271-2018			
	Exhaust gas	Non-methane total hydrocarbon	Organized emission	20	Plant area	10.67mg/m ³	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	3.528	4.1343	Nil
	Wastewater	CODcr	Organized emission	1	Plant area	60mg/L	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	0.484	0.526	Nil
	Wastewater	Ammonia nitrogen (NH3-N)	Organized emission	1	Plant area	8.0mg/L	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	0.0401	0.0416	Nil
	Wastewater	Total nitrogen	Organized emission	1	Plant area	40mg/L	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	0.0635	0.07001	Nil
Zhuhai Energy,	Wastewater	CODcr	Organized emission	1	Sewage station	74mg/l	Discharge Limits of Water Pollutants DB44/26-2001	0.13482	0.2552	Nil
		BOD		1	Sewage station	23.2mg/l		0.04128	/	Nil
		Petroleum		1	Sewage station	0.59mg/l		0.000762	/	Nil
	Exhaust gas	Nitrogen oxide	Organized emission	5	Plant area	20.01mg/m ³	Emission Standard of Air Pollutants for Boilers (DB44/765-2019)	4.825	35.998	Nil
		Sulfur dioxide		5	Plant area	0.4mg/m ³		0.264	1.96	Nil
		Non-methane total hydrocarbon		14	Plant area	4.5mg/m ³	Emission Standard of Pollutants for Synthetic Resin Industry (GB31572-2015)	12.493	8.79	Nil
Solid waste	Solid waste	Transferred by qualified disposal units	/	Temporary storage of hazardous waste	595.632t/a	Directory of National Hazardous Wastes (Version 2021)	595.632	/	Nil	
Chongqing Energy	Solid waste	Waste filter	Transferred by qualified disposal units	/	Temporary storage of hazardous waste	/	/	3	Nil	
		Waste white oil		/		/	Directory of National Hazardous Wastes (Version 2021)	/	5162.1	Nil
		Waste activated carbon		/		/		/	80.34	Nil
		Waste oil slick		/		/		/	0.3	Nil
		Sludge		/		/		/	21	Nil
		Waste motor oil		/		/		/	4.5	Nil
		Waste white clay		/		/		/	1142.36	Nil

Disposal of Pollutants

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other laws and regulations on the prevention and control of environmental pollution. We have formulated the *Compilation of Environmental and Hazardous Waste Management Policies*, the *Management Regulations of Solid Waste, Waste Gas, Waste Water and Noise* and other relevant policies. The Safety and Environmental Protection Department of each company conducts internal supervision, management and feedback on the discharge of exhaust gas, wastewater and waste based on the standards set by local environmental protection authorities. Meanwhile, we regularly appoint external inspection units and accept external inspections from time to time to ensure that our emissions meet the relevant standards.

1. Exhaust Gas Emission Management

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Action Plan of Yunnan Province on the Prevention and Control of Atmospheric Pollution* and other national and local laws and regulations on exhaust gas emission management, and adheres to standards on emissions. The exhaust gas generated by the Group mainly comes from workshop exhaust gas and boiler exhaust gas, including VOCs (volatile organic compounds) emissions and nitrogen oxide emissions, among which VOCs mainly come from workshop exhaust gas. The Group has formulated relevant exhaust gas management policies, including the *Exhaust Gas Emission Management Policy*, the *Exhaust Gas Absorption System Operating Procedures*, etc., and strictly implements them. The Group continues to invest in waste gas recovery and treatment devices to reduce emissions. It has set up treatment facilities such as plasma purifiers, oil smoke purification devices and two-stage activated carbon adsorption devices in the workshops. Jiangxi Ruijie adopts regenerative thermal oxidizers ("RTO") to recover waste heat while treating waste gas. We require that the exhaust gas absorption facilities and exhaust gas treatment systems of each workshop must operate normally, and we carry out regular repair and maintenance of related equipment. We have set up monitoring instruments in the workshops, which will alert employees to evacuate once the preset concentration is exceeded. The VOCs exhaust gas online monitoring system has also been put into operation in certain plants, and will become available in additional areas in the future, so that we will gradually achieve real-time monitoring of emission concentration. In addition, each base of the Group has dedicated personnel who are responsible for safety and environmental protection work and regularly conduct on-site supervision and inspection to check whether emissions, such as exhaust gas and wastewater emissions, are compliant with the relevant standards and regulations. In accordance with the requirements of relevant national laws and regulations, we have also engaged qualified third parties to conduct regular and ongoing monitoring of various indicators of exhaust emissions.

2. Wastewater Discharge Management

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Work Plan of Yunnan Province on the Prevention and Control of Water Pollution* and other national and local laws and regulations on wastewater discharge management, and adheres to standards on emissions. The Group has formulated the *Wastewater Discharge Management Policy* and strictly implements them. Wastewater discharged by the Group includes production wastewater and domestic wastewater. Production wastewater is treated by sewage treatment facilities, such as MBR separator, anaerobic pool and grid sedimentation pool, in compliance with the relevant regulations based on the production practices in each region where we operate, and then reused or discharged into the municipal sewage pipe network. For domestic sewage, the Company's plants are all equipped with facilities to treat and regularly monitor domestic sewage. Take Shanghai Energy in the new energy segment as an example. There is a sewage treatment station in Shanghai Energy, and the wastewater is discharged to the municipal pipe network after primary precipitation, secondary precipitation, and filtration treatment. We conduct strict and effective internal monitoring on the compliance of wastewater discharge: firstly, the relevant personnel manually carry out inspections on a daily basis; secondly, we engage a third party to check and issue reports on a monthly basis; and thirdly, the Group conducts random inspections on a quarterly basis. In the packaging segment, Chengdu Hongta Plastic has no production wastewater, and its domestic wastewater is discharged to four wastewater pre-treatment tanks (septic tanks) via sewage pipe network before being discharged to the wastewater treatment plant in the local park via the said network. Hongchuang Packaging has wastewater treatment equipment, and its domestic wastewater is directly used for watering greenery and plants in the company after being treated and reaching the prescribed standard.

3. Waste management

The Company strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, the *Implementation Plan of Yunnan Province on Solid Waste Pollution Control* and other national and local laws and regulations on waste management, and adheres to emission and disposal standards. We have formulated relevant management policies such as the *General Solid Waste Management Policy*, the *Hazardous Waste Management Policy*, the *Hazardous Waste Pollution Prevention and Control Responsibility Policy*, the *Hazardous Waste Transfer Policy*, the *Hazardous Waste Storage Facilities Management Policy*, and the *Solid Waste Management Rules*, among others, and strictly enforce them. During the production and research and development process, the Group generates certain types and a small number of hazardous wastes and non-hazardous wastes. We classify and collect waste in accordance with regulations, store and classify waste in separate areas. Among them, all hazardous wastes are handled by qualified third parties after they are taken away from the plants. We carefully confirm their relevant qualifications when signing contracts with third-party processing agencies and regularly learn about their actual treatment methods for the Group's wastes. Hazardous wastes include waste activated carbon, waste ink solvents and waste engine oil as well as heat transfer oil, laboratory wastes, biochemical pond sludge and other wastes. Waste activated carbon, waste ink solvents, waste engine oil, heat transfer oil and laboratory wastes are usually stored in separate hazardous waste warehouses and disposed of two to three times a year. Among non-hazardous wastes, paper and plastic bottles are recycled through the recycling bins set up in the Group, and domestic waste is handled by the sanitation department.

The Company actively carries out technology innovation to reduce the emissions of hazardous wastes and other harmful wastes. We have substituted alcohol-based inks for grease-based inks, and intend to further replace such grease-based inks with water-based inks wherever feasible in the application scenarios. Each plant strictly follows the regulations on garbage sorting and disposal, separates food waste generated in the canteens from other wastes and dumps such waste individually, and explains garbage sorting on the bulletin boards in the workplaces to help employees have a clearer understanding of garbage sorting methods.

Contingency plans for environmental emergencies

In order to effectively respond to security risks arising from emergencies, each company has formulated comprehensive and special contingency plans such as the *Contingency Plan for Fire Accidents*, the *Contingency Plan for Environmental Emergencies*, the *Contingency Plan for Production Safety Accidents*, the *Contingency Plan for Crane Accidents and Injuries*, and the *Special Contingency Plan for Natural Gas Leakage*, and regularly organizes drills for its employees, so as to ensure the effective deployment of its contingency plans.

Environmental self-monitoring plan

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

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

During the Reporting Period, the Company's environmental protection expenditure amounted to RMB51,180,000, including investment in environmental protection equipment and pollutant treatment facilities; and it paid RMB865,700 in environmental protection tax.

Measures taken to reduce carbon emissions during the Reporting Period and their effects

Applicable Not applicable

(I) Energy conservation and emission reduction:

Integrating requirements such as ISO14001 into the Company's management system, we set up a top-down management and monitoring system for energy conservation by formulating the *Measures for Energy Management and Administrative*, *Measures for Energy Conservation and Consumption Reduction* for Group companies, so that energy conservation implementation and management is centralized in the Operations and Maintenance Department (OMD). A 3-tier system centered on the OMD, business units (workshops) and teams (individual) are thus established to take layered ownership of energy conservation management and each party is responsible for its respective role in the network of energy conservation management.

The Operation and Maintenance Department is responsible for guiding, supervising, inspecting and assessing departments' energy management; setting goals and indicators for energy saving and consumption reduction for the coming year based on the energy consumption in the previous year; establishing energy management targets and responsibility system to ensure target achievement and the compliance and effectiveness of the energy management system; as well as penalizing and rectifying internal breach of the energy management system.

Apart from saving energy, reducing consumption, maintaining equipment and reporting exceptions, workshops and manufacturing teams are also working together to organize and conduct energy management promotion, education and training, including focused training and general education targeting energy saving and consumption reduction management and all other employees respectively to enhance the company's energy consumption and saving standard, and raise employees' awareness of energy saving, so that they will participate out of their own initiative.

In the production process, the Group uses electric energy, natural gas and steam as the main energy sources, and sets specific targets for the

consumption of energy each year. Since the factory is order-based production, reducing energy consumption is mainly achieved through scientific production scheduling, time optimization, improvement of equipment production efficiency, and improvement of yield rate. We have established energy-saving concepts such as "saving electricity" and "saving gas" in our daily operations. The practices such as reducing standby energy consumption of equipment, not using illegal electrical appliances, air conditioning temperature setting regulations, air circuit pressure checking, and switching off lights when not in use are clarified through the system and reflected in the slogans of the operation site to achieve full staff awareness and work implementation.

Case: Suzhou GreenPower carried out energy-saving transformation for process cooling water by using converters to reduce the power consumed by water pumps, and carried out 2TD heat recovery transformation for 7 and 8 lines to reduce the power consumed by heating ovens. In addition, Suzhou GreenPower took multiple measures for 5 and 6 lines, such as condensate recovery and recycling and utilization of high-temperature steam condensate to boilers by using dimethylacetamide (DMAC), to reduce the consumption of natural gas and tap water. It also replaced the damaged insulation cotton of all steam pipelines in the plant, to reduce heat loss and save natural gas. For lines 3-8, rectification feed security filters were installed with recovery pipelines to reduce the loss of dichloromethane from replacement of filter bags.

(II) Carbon reduction measures:

The Group actively practices economy and implements green office, following the concept of green development and the requirements of green and low carbon, and effectively reduces unreasonable consumption behaviors. We have formulated the Measures for Use of Air Conditioners in Offices and other systems. We actively practice the concept of energy saving and consumption reduction, create a green and environmentally friendly office model, and strive to be a loyal practitioner in the creation of a "resource-saving" society.

1. Reduce office paper consumption: The Group uses OA, ERP and other office systems to effectively reduce the use of paper and uses e-mail instead of printing and photocopying. When using printers or photocopiers, we use recycled paper as much as possible and adopt double-sided printing; we set up three types of paper recycling bins to collect used double-sided paper separately, such as copy paper, old envelopes, letterheads, newspapers, wrapping paper, packaging boxes; we use newspapers as padding in packaging boxes; choose fax machines that can use plain paper instead of fax machines that use thermal fax paper; The Administrative Department sets the print volume on printers based on each department's work requirements, and worked with the IT Department to set black and white printing as default for each department.

2. Reduce energy consumption: The Group advocates carpooling to reduce vehicle gasoline consumption; we set computers to enter sleep mode if the screen is not used for more than five minutes to save electricity; turn off the lights in the meeting room in time, and use natural lighting as much as possible during the day; when purchasing new electrical appliances, while considering the price factor, we try to choose products with high energy efficiency ratio; we control the air conditioner temperature settings in summer and winter to avoid the temperature being too low or too high.

3. Reduce resource consumption: Each department formulates and submits annual and monthly plans to the Administration Department for review, and place procurement orders as planned on a monthly basis. We replace disposable paper cups or plastic bottles with preferred reusable cups; advocate the use of pens with replaceable cores, toner cartridges, rechargeable batteries, and other recyclable items; set up a simple recycling system to recycle glass bottles, aluminum cans; reduce packaging and food waste by reducing the purchase pre-packaging products and reusing shopping bags.

Meanwhile, we are also committed to creating low-carbon and environmental-friendly products, and implement the concept in the development, design and production process of the product. Our development strategy aims to integrate green design, green technology & process, green production, green management and green supply chain into the whole life cycle of products through technological innovation and system optimization, on the basis of current function and quality of our products, while minimizing adverse impact on the environment and maximizing the efficiency of resource use, with the ultimate goal to achieve higher economic, ecological and social benefits through improved coordination.

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

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

3. In terms of packaging products, in response to the ecological civilization construction strategy implemented by the country and in line with the development ideology of "embrace ecological environmental protection through energy saving and carbon reduction", we continue to embrace innovation in packaging materials. During the reporting period, Hongchuang Packaging used special technology and materials to replace traditional

oil packaging with paper-plastic packaging to reduce the use of plastic. In addition, Hongchuang Packaging also reformed the roof packaging design to reduce the size of trash and improve user-friendliness to promote the green development of the industrial chain.

We believe the industry is leading to a greener future, and life cycle assessment assists companies to determine the strategies and direction of green development. In 2023, we continued to conduct product life cycle environmental impact assessments. For example, Wuxi Energy performed life cycle assessments on certain products in accordance with the requirements of ISO14040 and ISO14044 as the basis for the research on reducing product carbon footprints.

Administrative penalties imposed on environmental issues during the Reporting Period

None

Other environmental information that should be publicly disclosed

Other environmental protection-related information

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*

Information about environmental accidents occurring in the listed company

II. Social Responsibility

For details, please refer to the *Environmental, Social and Governance Report 2023* (ESG report) disclosed by the Company at Cninfo.com.cn on April 25, 2024.

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*

III. Information about Efforts to Consolidate and Extend the Achievements of Poverty Alleviation and Rural Revitalization

No actions were carried out during the Reporting Period.

Section 6 Significant Events

I. Performance of commitments

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

Applicable Not applicable

Commitment	Commitment made by	Type of commitment	Details of commitment	Time of commitment	Term of commitment	Performance of commitment
Commitments made during asset restructuring	The Company and all directors, supervisors and senior management	Commitment to submit true, accurate and complete information	1. There are no false records, misleading statements or major omissions in the information disclosed and application documents submitted by Energy Technology, and those making the commitments shall be jointly and severally liable for the authenticity, accuracy and integrity of such documents 2. If the information provided or disclosed for this major assets restructuring contains false records, misleading statements or major omissions, and is put on file by the judicial organ for investigation or by the CSRC for investigation, before the conclusion of the investigation is made, those making the commitments will not transfer the shares with interests in Energy Technology, and will submit the application for suspending the transfer and share accounts to the Board of Directors of the Energy Technology within two trading days after receiving the notice of the investigation, and the Board of Directors shall apply for lockup to the stock exchange and the registration and clearing company on behalf of those making the commitments; if the Board of Directors fails to submit the lockup application within two trading days, it will authorize the Board of Directors to directly submit the identity and account information of those making the commitments to the stock exchange and the registration and clearing company after verification and apply for lockup; if the Board of Directors fails to submit the identity and account information of those making the commitments to the stock exchange and the registration and clearing company, those making the commitments will authorize the stock exchange and the registration and clearing company to directly lock up the related shares. If the investigation found that there is any violation of laws or regulations, those making the commitments promise to use voluntarily the shares locked up to compensate the related investors.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	The Company	Commitment on legal compliance	1. The Company and its controlling shareholder and actual controller have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations in recent 3 years; 2. the Company and its controlling shareholders and actual controllers have not been publicly censured by the stock exchange and have no other major acts of dishonesty in the past 12 months; 3. The Company and its incumbent directors and senior management have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Directors and senior management of the Company	Commitment on dilution of current return and remedial measures	1. I hereby commit neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways. 2. I hereby commit to restrict my position-related consumption activities. 3. I hereby commit not to use the Company's assets for investment and consumption activities not related to execution of my duties. 4. I hereby commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures. 5. I hereby commit to link the vesting conditions with the implementation of the return recovery measures if	May 25, 2017	Long term	Strictly performed

			the Company will implement any share incentive scheme in the future. 6. Since the date of this commitment up to completion of this major asset restructuring, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.			
Commitments made during asset restructuring	Counterparty	Commitment to submit true, accurate and complete information	The counterparty will timely provide Energy Technology with information related to restructuring, and guarantee the authenticity, accuracy and completeness of the information provided. In case of any false record, misleading statement or major omission of the information provided, resulting in any loss to Energy Technology or investors, it shall be liable for compensation according to law. In case of any false record, misleading statement or major omission in the information provided or disclosed in this material assets restructuring, which is put on file by the judicial organ for investigation or by the CSRC for investigation, the counterparty will suspend the transfer of the shares with interests in Energy Technology until the case investigation conclusion is clear.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Counterparty	Commitment on legal compliance	1. Gao Xiang was the CFO of Shanghai Lvxin Packaging Materials Co., Ltd. (Shunhao). Due to Shunhao's failure to disclose related transactions with related natural persons according to law, in violation of the relevant provisions on information disclosure in the Securities Law and the Administrative Measures for Information Disclosure of Listed Companies, on July 27, 2016, Shanghai Securities Regulatory Bureau issued a warning to Shunhao and related parties, including Gao Xiang, and imposed an administrative penalty of RMB30,000 on Gao Xiang; on January 5, 2017, Shenzhen Stock Exchange made the Decision on Criticism to Shanghai Shunhao New Materials Technology Co., Ltd. and Related Parties through Circulating Notices, and circulated notification of criticism to Shunhao and related parties, including Gao Xiang. In addition, other counterparties have not been subject to administrative or criminal penalties related to the securities market in the past five years, and have not involved in major civil litigation or arbitration related to economic disputes. 2. Counterparties are eligible to purchase shares not publicly offered by Energy Technology, and are not under any circumstances where they are not allowed to purchase shares not publicly offered by Energy Technology as stipulated by laws, regulations, rules or normative documents. 3. Over the last five years, the counterparties have not failed to repay a large amount of debts as scheduled, failed to fulfill its declaration, been subject to administrative measures by the CSRC or disciplined by the stock exchange and there are no ongoing or threatened administrative or judicial proceedings for investigation against my material violation of laws or regulations.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Counterparty	Commitment on integrity of asset ownership	1. Shares of Shanghai Energy held by counterparties according to law. The counterparty has performed its contribution obligation to Shanghai Energy in accordance with the law, and there is no false contribution, delayed contribution, withdrawal of capital and other acts in violation of its obligations and responsibilities as a shareholder, and there is no situation that may affect the legal survival of Shanghai Energy. 2. The equity of Shanghai Energy held by the counterparty is actually legally owned. There is no ownership dispute, there is no trust, entrusted shareholding or similar arrangement, and there is no pledge, freezing, sealing, property preservation or other rights restrictions on the equity of Shanghai Energy held by the counterparty.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Counterparty	Commitment on no insider trading	I/the enterprise and its main management do not leak any insider information of Energy Technology or leverage insider information to conduct insider trading. If the above commitments are violated, all losses caused to the listed company will be borne.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Heyi Investment, Paul Xiaoming Lee family	Commitment to regulate related transactions	After the completion of the major asset restructuring, the enterprises that are controlled by those making the commitments will avoid and reduce the related transactions with Energy Technology as far as possible. For those related transactions that cannot be avoided or have reasonable reasons, the enterprises that are controlled by those making the commitments will sign agreements with Energy Technology and perform legal procedures in accordance with the principles of justice, fairness and compensation for equal value, and shall, in accordance with the provisions of relevant laws, regulations, other normative documents and the Articles of Association of Yunnan Energy New Material Co., Ltd., perform relevant internal decision-making approval procedures in accordance with the law and timely perform information disclosure obligations, guarantee not to trade with Energy Technology under unfair conditions compared with the market, guarantee not to illegally transfer the funds and profits of Energy Technology by using related party transactions, and do not use such transactions to engage in any behavior that damages the legitimate rights	June 13, 2017	Long term	Strictly performed

			and interests of Energy Technology and other shareholders. If a breach of the above commitment results in damage to the interests of Energy Technology, those making the commitments will compensate the Energy Technology for the losses caused by the above acts to Energy Technology.			
Commitments made during asset restructuring	Heyi Investment, Paul Xiaoming Lee family	Commitment to avoid horizontal competition	1. At present, those making the commitments are not directly or indirectly engaged in the same or similar business with the existing business of Energy Technology or Shanghai Energy through other operating entities directly or indirectly controlled by it or in the name of natural person, and do not hold any position or act as any kind of consultant in any operating entity with the main business same as or similar to that in Energy Technology or Shanghai Energy, or engage in any other competition with Energy Technology or Shanghai Energy. 2. The commitment maker guarantees that after the completion of this major asset restructuring, it will not carry out or operate the same or similar business with the main business of Energy Technology or Shanghai Energy in its own way, directly or indirectly through other business entities under its direct or indirect control; do not hold any position or act as any kind of consultant in any operating entity with the same or similar business with Energy Technology or Shanghai Energy; do not provide technical services for existing customers of Energy Technology or Shanghai Energy in the name of other than Energy Technology or Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to Energy Technology or Shanghai Energy due to the commitment maker's breach of the above commitments, the operating profit obtained shall be owned by Energy Technology and all losses suffered by Energy Technology or Shanghai Energy shall be compensated.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Heyi Investment, Paul Xiaoming Lee family	Commitment on ensuring the independence of the listed company	Before this major asset restructuring, Energy Technology has been completely separated from other enterprises controlled by the commitment maker in terms of business, assets, institutions, personnel and finance. Energy Technology's business, assets, institutions, personnel and finance are independent. After the completion of this major asset restructuring, the commitment maker undertakes not to use the identity of the controlling shareholder or actual controller of Energy Technology to affect the independence of Energy Technology, and to ensure the independence of Energy Technology in business, assets, institutions, personnel and finance as far as possible.	June 13, 2017	Long term	Long term
Commitments made during asset restructuring	Paul Xiaoming Lee family	Commitment on the existence of previous administrative penalty	There were administrative punishments in fire control and water affairs in Shanghai Energy. As of the date of this letter of commitment, Shanghai Energy and its subsidiaries do not have any administrative penalty that has not been implemented or rectified. In November 2015, Shanghai Pudong New Area Administration of Work Safety ordered Shanghai Energy to rectify the three dichloromethane storage tanks within a time limit. Shanghai Energy has completed the rectification, but has not completed the safety acceptance after the rectification. If the relevant competent departments in the local place where Shanghai Energy and its subsidiaries are located in have made administrative punishment to Shanghai Energy and its subsidiaries for fire control, water service or the three dichloromethane tanks at any time, the commitment maker promises to make cash compensation for all economic losses suffered by Shanghai Energy or its subsidiaries within 30 days after the actual punishment or loss amount is determined, so as to ensure that it will not have a material impact on the production, operation and financial situation of Shanghai Energy and its subsidiaries. Joint and several liability shall be borne by those making the commitments.	May 25, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Li Xiaohua	Commitment on capital source of Shanghai Energy	Although I hold the certificate of permanent residence right of the United States, I have not changed my nationality, I am still a Chinese nationality; my own investment in Shanghai Energy is all China's income, and does not involve the contribution of foreign exchange or foreign assets.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Zhuhai Hengjie	Commitment of the enterprise not belonging to private investment funds or a private fund manager	This enterprise is the employee stock ownership platform of Shanghai Energy, and the enterprise does not exist to raise funds in a non-public way to qualified investors. There is no asset management by the fund manager or general partner, nor does it serve as the manager of any private equity fund. Therefore, the enterprise does not belong to the private investment fund or a private fund manager in the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation), and does not need to follow the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation) and other relevant laws and regulations to fulfill the registration and filing procedures.	June 13, 2017	Long term	Strictly performed
Commitments	Huachen	Commitment of	The Company is not established by raising funds from qualified investors in a non-public way, or doesn't have the	June 13, 2017	Long term	Strictly performed

made during asset restructuring	Investment	the enterprise not belonging to private investment funds or a private fund manager	assets managed by the fund manager or the general partner, or act as the manager of any private investment fund. Therefore, the Company does not belong to the private investment funds or a private fund manager in the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation), and does not need to follow the Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation) and other relevant laws and regulations to fulfill the registration and filing procedures.			
Commitments made during asset restructuring	Paul Xiaoming Lee, Li Xiaohua	Non-competition commitment	During the term of office of Shanghai Energy or within 2 years after the resignation of Shanghai Energy, it will not directly or indirectly operate the same or similar business with Energy Technology or Shanghai Energy on its own or in the name of others, nor will it hold any post or provide any service in entities with the same or similar business with Energy Technology or Shanghai Energy; if they violate the aforesaid non-competition commitment, they shall pay a penalty of RMB5 million to Energy Technology, and shall turn over all the operating profits, wages, remuneration and other income earned by them due to the violation of the commitment to Energy Technology. If the aforesaid compensation still cannot make up for Energy Technology, Energy Technology has the right to request the breach party to be liable for the loss suffered by Energy Technology.	May 2, 2017	Term of service and within two years after resignation	Within the performance period, strictly performed
Commitments made during asset restructuring	Paul Xiaoming Lee, Li Xiaohua	Commitment on no part-time work	During the term of office at Shanghai Energy, without the consent of Energy Technology, it is not allowed to work part-time (except for directors and supervisors) in other companies, and the income violating the prohibition of concurrent operation shall be owned by Innovation Co., Ltd.	May 2, 2017	Term of service	Within the performance period, strictly performed
Commitments made during asset restructuring	Jerry Yang Li	Commitment to ensure the independence of listed companies	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. Therefore, with regard to the independence of listed companies involved in this restructuring, I hereby make the following confirmation and commitment: before this restructuring, Shanghai Energy has been completely separated from other enterprises under my control in terms of business, assets, institutions, personnel and finance, and Shanghai Energy's business, assets, institutions, personnel and finance are independent. After the completion of this restructuring, I promise not to use the identity of the actual controller of the listed company to affect the independence of the listed company, and to ensure the independence of the listed company in business, assets, institutions, personnel and finance as far as possible.	October 25, 2018	Long term	Strictly performed
Commitments made during asset restructuring	Jerry Yang Li	Commitment on regulating related transactions	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. In order to reduce and standardize the related transactions that may occur with the listed company, I hereby make the following commitments: after the completion of this restructuring, the enterprises under my control will avoid and reduce the related transactions with the listed company as much as possible. For the related transactions that cannot be avoided or have reasonable reasons, the enterprises under my control will follow the principles of justice, fairness, equal value and compensation with the listed company in accordance with the law sign the agreement, perform the legal procedures, and in accordance with the provisions of relevant laws, regulations, other normative documents and the Articles of Association of Yunnan Energy New Material Co., Ltd., perform the relevant internal decision-making approval procedures in accordance with the law and timely perform the obligation of information disclosure, ensure that	October 25, 2018	Long term	Strictly performed

			transactions with listed companies will not be conducted in an unfair manner compared with the market, and that the funds and profits of listed companies should not be transferred illegally by related transactions, nor will they engage in any act that damages the legitimate rights and interests of listed companies and other shareholders. If there is any violation of the above commitments, resulting in damages to the interests of the listed company, I will compensate the listed company for the losses caused by the foregoing behavior to the listed Company.			
Commitments made during asset restructuring	Jerry Yang Li	Commitment on avoiding horizontal competition	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. Therefore, in order to protect the legitimate rights and interests of the listed company and other shareholders and avoid horizontal competition with the listed company, I hereby make the following solemn commitment: 1. At present, I have not directly or indirectly engaged in the same or similar business with the existing business of the listed company or Shanghai Energy through other business entities directly or indirectly controlled by me or in the name of natural persons, have not held any position or acted as any kind of consultant in any business entity with the same or similar main business as the listed company or Shanghai Energy, or any other situation of horizontal competition with the listed company or Shanghai Energy. 2. I guarantee that after the completion of this transaction, I will not carry out or operate the same or similar business with the main business of the listed company and Shanghai Energy through other business entities directly or indirectly controlled by myself, directly or indirectly; I will not hold any position or serve as any form of consultant in any business entity with the same or similar business with the listed company or Shanghai Energy; do not provide technical services for listed companies or existing customers of Shanghai Energy in the name of listed companies or other than Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to the listed company or Shanghai Energy due to my violation of the above commitments, the operating profit obtained shall be owned by the listed company and all losses suffered by the listed company or Shanghai Energy shall be compensated.	October 25, 2018	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	The Company, controlling shareholders and the actual controller, directors, supervisors and senior management	Commitment on authenticity, accuracy and completeness of documents related to IPO	(I). Company's commitment: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority finds that the initial prospectus issued by the Company has false records, misleading statements or major omissions, which will make a significant and substantial impact on judging whether it meets the requirements of the law, the Company will repurchase all the new shares of the IPO in accordance with the law. 3. Within 10 trading days after the competent authority determines that the prospectus of the Company has false records, misleading statements or major omissions that have a significant and substantial impact on the judgment of whether the Company complies with the issuance conditions stipulated by the law, the Board of Directors of the Company shall formulate the share repurchase plan and submit it to the General Meeting of Shareholders for deliberation and approval, and after it is approved, reviewed or filed by the relevant competent department (if necessary), share repurchase measures will be started, and all new shares of the initial public offering will be repurchased according to law; the repurchase price (in case of ex-right and ex-dividend due to cash dividend, share distribution, conversion to share capital and new share issuance, the right shall be restored in accordance with the relevant provisions of Shenzhen Stock Exchange, the same below) shall be determined according to relevant laws and regulations, and shall not be lower than the issuance price of the initial public offering shares. 4. If the prospectus of the Company's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, the Company will compensate investors for losses according to law. (II). Commitment of the controlling shareholder and actual controller of the Company: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority determines that there are false records, misleading statements or major omissions in the prospectus of the Company's initial public offering, which have a significant and substantial impact on the judgment of whether it meets the issuance conditions prescribed by law, Heyi Investment and the family will buy back the transferred original	September 14, 2016	Long term	Performed

			<p>restricted shares according to law; Heyi Investment and the family will formulate shares within 10 trading days after the above matters are identified, the original restricted shares issued by the Company's shareholders at the time of initial public offering shall be repurchased in accordance with the law by means of centralized bidding transaction in secondary market, bulk transaction, agreement transfer, tender offer, etc. The repurchase price is determined according to the negotiated price or secondary market price, but not lower than the original transfer price and the price determined according to relevant laws and regulations and regulatory rules. If Heyi Investment and the family buy back the original restricted shares that have been transferred to trigger the tender offer conditions, Heyi Investment and the family will perform the tender offer procedures in accordance with the law and perform the corresponding information disclosure obligations. 3. If the prospectus of the Company's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, Heyi Investment and the family will compensate investors for losses according to law. (III). Commitment of directors, supervisors and senior managers of the Company: 1. the prospectus of the issuer's initial public offering doesn't contain false records, misleading statements or major omissions, and I am jointly and severally liable for its authenticity, accuracy and completeness. 2. If the prospectus of the issuer's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, I will compensate investors for losses according to law.</p>			
<p>Commitments made at the time of IPO or refinancing</p>	<p>Controlling shareholder, actual controller, and Shanghai Guohe, a shareholder holding more than 5% shares</p>	<p>About shareholding intention and reduction intention</p>	<p>(I). Commitment of controlling shareholders and actual controllers' shareholding intention and reduction intention: 1. as the controlling shareholder and actual controller of the Company, Heyi Investment and the family hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, the Company's shares held by Heyi Investment and the family's reduction shall comply with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. Heyi Investment and the family shall not reduce the shares of the Company directly held within three years after the Company's listing; after the Company's listing for three years, the shares of the Company directly or indirectly held by Heyi Investment and the family transferred each year shall not exceed 25% of the total shares of the Company directly or indirectly held by them. 3. Within two years after the expiration of the equity lock-in period promised by Heyi Investment and the family, the shares of the Company shall be reduced at a price not lower than the issue price of the Company's initial public offering shares (in case of ex-right and ex-dividend matters, the issue price shall be treated as ex-right and ex-dividend accordingly). Within two years after the expiration of the lock-up period, the total number of shares held by Heyi Investment and the family shall not exceed 30% of the total shares held by Heyi Investment and the family directly or indirectly before the issuance. 4. Within two years after the expiration of the shareholding lock-in period of Heyi Investment and the family's commitment, the price of shares of the Company reduced by Heyi Investment and the family through the secondary market will be determined according to the market price at that time on the premise of meeting the commitments made by Heyi Investment and the family, and the specific reduction plan will be formulated according to the market situation at that time. 5. Heyi Investment and the family promise to make an announcement through the Company three trading days in advance when carrying out the reduction, and complete the announcement within six months, and fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange. (II). Shanghai Guohe's commitment to shareholding intention and reduction intention: 1. Within two years after the expiration of the shareholding locking period promised by the Company, the Company intends to reduce its shareholding by means of, including but not limited to, centralized competitive trading in the secondary market, block trading, agreement-based transfer, etc. The reduction price will not be lower than the price of net assets per share, and the specific reduction price will be determined according to the market price at the time of the reduction on the premise of meeting the commitments made by the Company; the specific reduction plan will be based on the market conditions at that time. The specific reduction plan will be formulated in accordance with the market conditions and the operating condition of the Company. 2. The enterprise commits that it will make an announcement through the Company three days ahead of schedule in the implementation of the reduction. At the same time, it will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange, except when it holds shares less than 5% equity of the Company. 3. The enterprise will strictly fulfill the above commitments, and promise to abide by the</p>	<p>September 14, 2016</p>	<p>Share holding period</p>	<p>Within the performance period, strictly performed</p>

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

			commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law. 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.			
Commitments made at the time of IPO or refinancing	Directors, supervisors and senior managers	Commitment on remedial measures for breaking faith	1. If any director or senior management of the Company fails to fulfill his obligation to increase the holdings, the Company shall have the right to detain directors and senior management salaries and cash dividends until the directors and senior managers fulfill their obligations to increase their holdings. 2. The directors, supervisors and senior managers have made corresponding commitments on the information disclosure of IPO and listing. The directors, supervisors and senior managers take the dividend of the Company in the current year and the following years obtained by holding the Company's shares directly or indirectly and the salary received from the Company in the current year and the following years as the performance guarantee of the above commitments. If the director, supervisor or senior manager fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the director, supervisor or senior manager such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the director, supervisor or senior manager shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.	September 14, 2016	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Paul Xiaoming Lee family, Heyi Investment and Heli Investment	Commitment on avoiding horizontal competition	1. The undertaker does not, and will not, directly or indirectly engage in any activity that constitutes horizontal competition with the existing and future business of the Company and its holding subsidiaries, and is willing to assume compensation liability for the economic losses caused to the Company due to violation of the above commitments. 2. For other enterprises directly and indirectly controlled by the undertaker, the undertaker will adopt the representative office and personnel (including but not limited to directors, general managers, etc.) and the controlling position of the undertaker in such enterprises, to ensure that such enterprises perform the same obligations as the undertaker under this letter of commitment, to ensure that such enterprises do not compete with the Company and its holding subsidiaries in the same industry, and the undertaker is willing to bear all compensation liabilities for the economic losses caused to the Company due to violation of the above commitments. 3. If the Company further expands its scope of business on the basis of its existing business, and the undertaker and the enterprise controlled by the undertaker have carried out production and operation on this, the undertaker promises to transfer the possible horizontal competition business or equity held by this enterprise, and agrees that the Company has the priority to acquire and operate under the same commercial conditions. 4. Except for the investment in the Company, the undertaker will not invest in or operate the products (or similar products, or products with alternative function) developed, produced or operated by the Company and its holding subsidiaries in any way in any place. 5. This commitment letter is effective during the period when the undertaker and the company controlled by the undertaker are related parties of the Company.	November 10, 2012	Effective during the period in which the undertaker and the companies he/she controlled have relation with the Company	Strictly performed
Commitments made at the time of IPO or refinancing	The Company, controlling shareholder and actual controller, director and senior management	The commitment that the Company's compensation measures can be effectively performed	1. The Company and its controlling shareholder and the actual controller make a commitment to the Company's ability to fill in the return measures. It does not exceed the authority to interfere in the Company's management activities and does not occupy the Company's interests. 2. Directors and senior managers make a commitment to fulfill the Company's return measures: (1) Promise not to transfer interests to other units or individuals free of charge or under unfair conditions, and not to damage the interests of the Company in other ways; (2) Promise to restrict the post consumption behavior of directors and senior managers; (3) Promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of its duties; (4) Commit that the remuneration system formulated by the board of directors or remuneration committee is linked to the implementation of the Company's measures to fill	September 14, 2016	Long term	Strictly performed

			the return; (5) Promised that the exercise conditions of the Company's equity incentive to be announced are linked to the implementation of the Company's compensation measures.			
Commitments made at the time of IPO or refinancing	Heyi Investment, a controlling shareholder, and family members of Paul Xiaoming Lee, the actual controllers of the Company	Commitment on avoiding occupation of the Company's funds	The undertaker, close relative and the affiliated enterprise under control strictly restrict the funds of the Company and its subsidiary companies in the operating capital transactions between the Company and its subsidiaries; the Company and its subsidiaries shall not be required to pay wages, welfare, insurance, advertising and other expenses; the Company and its subsidiary funds are not directly or indirectly provided to the undertaker, close relatives and controlled affiliated enterprises, including: 1. to lend funds to the undertaker, close relatives and controlled affiliated enterprises for use with compensation or free of charge; 2. to provide entrusted loans without commercial substance to the undertaker, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; 3. Entrust the undertaker, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; 4. To issue commercial acceptance bills without real transaction background for the undertaker, close relatives and controlled affiliated enterprises; 5. Repay debts on behalf of the undertaker, close relatives and controlled affiliated enterprises; 6. Provide funds to the undertaker, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; 7. Other methods recognized by China Securities Regulatory Commission.	September 14, 2016	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on remedial measures for breaking faith	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. I promise that I will strictly fulfill the commitments disclosed in the initial public offering and listing prospectus of the controlling shareholder and actual controller. If the commitments of the controlling shareholder and actual controller are not performed, cannot be performed or cannot be performed on schedule (except for objective reasons beyond the control of controlling shareholders and actual controllers such as changes in relevant laws and regulations, policies, natural disasters and another force majeure), I promise to strictly abide by the following measures: 1. If the controlling shareholder or the actual controller has served the Company with the increase notice but failed to fulfill the increase obligation, the Company has the right to withhold the cash dividends payable to the same amount until the controlling shareholder or the actual controller fulfills the increase obligation; 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above commitment, and if the controlling shareholder and the actual controller fails to perform the above-mentioned acquisition or compensation obligations, the shares of the Company held by the controlling shareholder and the actual controller shall not be transferred before the above-mentioned commitments are performed; 3. The controlling shareholder and the actual controller have signed the commitment of the controlling shareholder and the actual controller's shareholding intention and reduction intention. The controlling shareholder and the actual controller will strictly perform the above commitments and promise to abide by the following binding measures: (1) If the above commitments are not performed, the cash dividends to be obtained by the controlling shareholder and the actual controller shall be withheld by the Company and owned by the Company; (2) if the above commitments are not performed, the controlling shareholder and the actual controller shall extend the lock-in period for half a year; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law; 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.	October 25, 2018	Long term	Strictly performed

Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on avoiding capital occupation of Energy Technology	1. The undertaker does not, and will not, directly or indirectly engage in any activity that constitutes horizontal competition with the existing and future business of the Company and its holding subsidiaries, and is willing to assume compensation liability for the economic losses caused to the Company due to violation of the above commitments; 2. For other enterprises directly and indirectly controlled by the undertaker, the undertaker will adopt the representative office and personnel (including but not limited to directors, general managers, etc.) and the controlling position of the undertaker in such enterprises, to ensure that such enterprises perform the same obligations as the undertaker under this letter of commitment, to ensure that such enterprises do not compete with the Company and its holding subsidiaries in the same industry, and the undertaker is willing to bear all compensation liabilities for the economic losses caused to the Company due to violation of the above commitments; 3. If the Company further expands its scope of business on the basis of its existing business, and the undertaker and the enterprise controlled by the undertaker have carried out production and operation on this, the undertaker promises to transfer the possible horizontal competition business or equity held by this enterprise, and agrees that the Company has the priority to acquire and operate under the same commercial conditions; 4. Except for the investment in the Company, the undertaker will not invest in or operate the products (or similar products, or products with alternative function) developed, produced or operated by the Company and its holding subsidiaries in any way in any place; 5. This commitment letter is effective during the period when the undertaker and the company controlled by the undertaker are related parties of the Company.	October 25, 2018	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on reduction intention	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of RMB17.955 million by Heyi Investment, the Company's controlling shareholder. With respect to the Company's shares indirectly held by me through Heyi Investment, my shareholding intention and reduction intention are as follows: 1. as the actual controller of the Company, I hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, I shall reduce my holding of the Company's shares in accordance with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. within three years after the listing of the Company, I will not reduce the shares of the Company I directly hold; upon expiry of three years after the listing of the Company, I will transfer the shares of the Company I directly hold each year not more than 25% of the total shares of the Company I directly hold; 3. within two years after the locking period I committed, the Company's shares will be reduced at a price not lower than the initial public offering price of the Company. If the Company's shares are subject to ex-right and ex-dividend during the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, I will, through the reduction of the price of the Company's shares in the secondary market, meet the commitments made on the basis of the market price, and the specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the implementation of the reduction through the Company three trading days in advance, and complete the announcement within six months. At the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; 6. I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.	October 25, 2018	Holding period	Within the performance period, strictly performed
Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on avoiding capital occupation of Energy Technology	(1) Except for the capital occupation disclosed in writing to the relevant intermediary institutions, there is no other capital occupation that shall be disclosed but not disclosed in accordance with the laws and regulations and the relevant provisions of the CSRC for the time being by the undertaker, close relatives, controlled affiliated enterprises and the Company and its subsidiaries; (2) The undertaker, close relatives and controlled affiliated enterprises will strictly limit the occupation of funds of the Company and its subsidiaries in the operational capital transactions with the Company	October 25, 2018	Long term	Strictly performed

			<p>and its subsidiaries; (3) The undertaker, close relatives and controlled affiliated enterprises shall not require the Company and its subsidiaries to advance wages, welfare, insurance, advertising and other expenses, or require the Company and its subsidiaries to bear costs and other expenses on behalf of them; (4) The undertaker, close relatives and controlled affiliated enterprises do not seek to provide the funds of the Company and its subsidiaries directly or indirectly to the undertaker, close relatives and controlled affiliated enterprises in the following ways, including: a. To lend funds to the undertaker, close relatives and controlled affiliated enterprises for use with compensation or free of charge; b. Provide entrusted loans without commercial substance to the undertaker, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; c. Entrust the undertaker, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; d. To issue commercial acceptance bills without real transaction background for the undertaker, close relatives and controlled affiliated enterprises; e. Repay debts on behalf of the undertaker, close relatives and controlled affiliated enterprises; f. Provide funds to the undertaker, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; g. Other methods recognized by China Securities Regulatory Commission; (5) If the undertaker, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries and require the Company and its subsidiaries to provide guarantees in violation of laws and regulations, the Company's board of directors shall not transfer the shares of the Company held and controlled before all the occupied funds are returned and all the illegal guarantees are released, and handle the procedures of share locking for the relevant parties. The board of directors of the Company shall, within 5 trading days from the date of knowing the fact that the undertaker, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries, and the Company and its subsidiaries provide guarantees in violation of laws and regulations, handle the locking procedures for the relevant parties.</p>			
Commitments made at the time of IPO or refinancing	Sherry Lee	Commitment on reduction intention	<p>Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 15,624,033 shares of the Company held by her according to her will and the contribution of RMB9.045 million by Heyi Investment, the Company's controlling shareholder. Before inheritance, I have held 27,593,884 shares of the Company, of which 15,997,000 shares were held at the time of IPO and listing of the Company, 11,596,884 shares of the Company acquired by the Company's issuance of shares to purchase shares of Shanghai Energy. After inheritance, I hold directly and hold 65,503,802 shares of the Company indirectly through Heyi Investment, accounting for 13.82% of the total share capital of the Company. With respect to locking period for the Company's shares directly and indirectly held by me, I commit as follows: 1. as the actual controller of the Company, I hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, I shall reduce my holding of the Company's shares in accordance with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. within three years after the listing of the Company, I will not reduce the shares of the Company I directly hold; upon expiry of three years after the listing of the Company, I will transfer the shares of the Company I directly hold each year not more than 25% of the total shares of the Company I directly hold; 3. within two years after the locking period I committed, the Company's shares will be reduced at a price not lower than the initial public offering price of the Company. If the Company's shares are subject to ex-right and ex-dividend during the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, I will, through the reduction of the price of the Company's shares in the secondary market, meet the commitments made on the basis of the market price, and the specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the implementation of the reduction through the Company three trading days in advance, and complete the announcement within six months. At the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; 6. I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the</p>	October 25, 2018	Share holding period	Within the performance period, strictly performed

			Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.			
Commitments made at the time of IPO or refinancing	Directors and senior management of the Company	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return recovery measures	1. Neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways; 2. to restrict my position-related consumption activities; 3. not to use the Company's assets for investment and consumption activities not related to execution of my duties; 4. to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. since the date of this commitment up to completion of this public offering of convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. In order to ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement No. [2015] 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.	May 14, 2019	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Company's actual controller and controlling shareholder	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return recovery measures	1. Not interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. since the date of this commitment up to completion of the convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. In order to ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement No. [2015] 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.	May 14, 2019	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	All directors of Energy Technology	Commitment on the authenticity, accuracy and completeness of information submitted in connection with the non-public offering of A shares in 2020	All directors of the Company commit that the report on this offering and the announcement on listing don't contain false records, misleading statements or major omissions, and they will jointly and severally liable for its authenticity, accuracy and completeness.	September 3, 2020	Long term	Strictly performed
Commitments made at the time	Controlling shareholder and actual controller	Commitment on dilution on current returns as	1. I promise not to interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. I commit to properly implementation of the current return recovery measures formulated by the Company and fulfill any commitment I make in relation to the current return recovery	March 23, 2020	Long term	Strictly performed

of IPO or refinancing		a result of the non-public offering of A shares in 2020, and the return recovery measures	measures, and assume the liability for compensation to the Company or investors according to law if I violate such commitments and as a result cause any loss to the Company or investors; 3. since the date of this commitment up to completion of this non-public offering of shares by Energy Technology, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.			
Commitments made at the time of IPO or refinancing	Directors and senior management	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2021, and the return recovery measures	1. I promise not to tunnel to other units or individuals without compensation or under unfair conditions, or to damage the Company's interests in other ways; 2. I commit to restrict my position-related consumption activities; 3. I commit to not use the Company's assets for investment and consumption activities not related to execution of my duties; 4. I commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. I commit to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. since the date of this commitment up to completion of this non-public offering of shares, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	November 21, 2021	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Controlling shareholders and actual controller	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2021, and the return recovery measures	I promise not to interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; I commit to properly implementation of the current return recovery measures formulated by the Company and fulfill any commitment I make in relation to the current return recovery measures, and assume the liability for compensation to the Company or investors according to law if I violate such commitments and as a result cause any loss to the Company or investors; since the date of this commitment up to completion of this non-public offering of shares by the Company, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	November 21, 2021	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	21 shareholders of the non-public offering of shares in 2021	Commitment on the lock-up of shares	The Company agreed not to transfer the shares under this subscription for within six months from the date of completion of the issuance of Energy Technology (i.e. the date on which the shares are listed under the issuance), and to authorize the Board of Directors of Energy Technology to apply for lock-up procedure to the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited regarding the above shares, so as to ensure that the above shares held by the Company will not be transferred within six months from the date of completion of the issuance.	June 20, 2023	June 20, 2023 - December 19, 2023	Performed
Commitment on stock ownership incentive scheme	The Company	Other commitments	Not to offer loans or any other form of financial aids to the incentive objects for them to obtain related stock options or restricted shares according to this incentive plan, including guaranteeing the loans.	January 24, 2022	The period when the Company's 2022 Stock Option and Restricted Stock Incentive Plan was implemented	Strictly performed
Commitment on stock ownership incentive scheme	Incentive objects	Other commitments	In case of any false record, misleading statement or major omission in the information disclosed by the Company, resulting in incompliance with the arrangements for granting or exercising the interests, the incentive objects will, upon acknowledgment of any false record, misleading statement or major omission existing in any related information disclosure document, return all interests obtained from the equity incentive plan.	January 24, 2022	Long term	Strictly performed

Other commitments to small and medium shareholders of the Company	The Company	Shareholder return plan for the next three years (2021-2023)	The Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive and no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make a plan for dividend distribution by stock while satisfying the requirement for cash dividend distribution.	November 21, 2021	November 21, 2021 - November 21, 2024	Within the performance period, strictly performed
Other commitments	Paul Xiaoming Lee	Undertaking not to reduce their shareholding in the Company's shares	In view of his confidence in the future development prospects of the Company and his recognition of the long-term investment value, Mr. Paul Xiaoming Lee undertakes not to reduce his shareholding in the Company's shares within six months from the date of this announcement on voluntary basis. During the above commitment period, any increase of shares due to reasons such as bonus shares, conversion of capital reserve to share capital and rights issue shall also comply with the above commitment of not to diminish his shareholdings.	August 24, 2023	August 24, 2023 - February 23, 2024	Performed
	Paul Xiaoming Lee, Li Xiaohua	Commitment on increase of shares in the Company	1. To comply with the relevant requirements of the CSRC and the Shenzhen Stock Exchange on changes in equity of listed companies and stock trading sensitive periods during the implementation of the share increase plan; 2. During the period for the implementation of the share increase plan and the statutory period, not to reduce the shares in the Company.	June 27, 2023	Period for the implementation of the share increase plan	Performed
	Certain directors, supervisors, senior management and core employees	Commitment on increase of shares in the Company	1. The directors, supervisors and senior management undertake to strictly comply with the relevant laws and regulations on stock trading such as the CSRC and the Shenzhen Stock Exchange, and complete the share increase plan within the period for the implementation of the share increase plan; during the period for the implementation of the share increase plan and the statutory period, not to reduce the shares in the Company; no insider trading or short-term trading, and no trading of the Company's shares during the window period. 2. During period for the implementation of the share increase plan and the statutory period, core management, technical and business employees undertake to complete the share increase plan, not to reduce the shares in the Company, and strictly comply with the relevant laws and regulations on stock trading such as the CSRC and the Shenzhen Stock Exchange.	October 28, 2023	Period for the implementation of the share increase plan	Within the performance period, strictly performed
Whether the commitment is performed on time	Yes					
If the commitments are overdue and have not been fulfilled, the specific reason for non-fulfilment and further work plan shall be explained in detail	Not applicable					

2. Where any earnings forecast was made for any of the Company's assets or projects and the Reporting Period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and the reason

Applicable Not applicable

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

Applicable Not applicable

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

III. Illegal external guarantee

Applicable Not applicable

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

IV. Explanation of the Board of Directors Regarding the "Non-standard Audit Report" Issued for the Latest Period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(I) On January 30, 2023, the Company held the 54th meeting of the 4th Board of Directors and the 47th meeting of the 4th Supervisory Committee to consider and adopt the Resolution on the Changes of Accounting Policies. Since January 1, 2023, the Company has implemented the content on the "Accounting Treatment of Deferred Income Tax Related to Assets and Liabilities Generated by a Single Transaction Not Applicable to Initial Recognition Exemption" as set forth in the Accounting Standards for Business Enterprises No. 16 promulgated by the Ministry of Finance. Such changes in accounting policies are reasonable as per the relevant regulations promulgated by the Ministry of Finance, which is in compliance with relevant regulatory requirements and the actual situation of the Company, without significant impact on the Company's financial position, operating results and cash flow. For details, please refer to the Announcement on Changes in Accounting Policies disclosed on designated information disclosure media by the Company on January 31, 2023 (Announcement No. 2023-010).

(II) On April 10, 2024, the Company held the 22nd meeting of the 5th Board of Directors and the 18th meeting of the 5th Supervisory Committee to consider and adopt the Resolution on the Changes of Accounting Policies. Since October 25, 2023, the Company has implemented the Accounting Standards for Business Enterprises No. 17 "Accounting for Leaseback after Sale" promulgated by the Ministry of Finance in 2023. Such changes in accounting policies are reasonable as per the relevant regulations promulgated by the Ministry of Finance, which is in compliance with relevant regulatory requirements and the actual situation of the Company, without significant impact on the Company's financial position, operating results and cash flow. For details, please refer to the Announcement on Changes in Accounting Policies disclosed on designated information disclosure media by the Company on April 11, 2023 (Announcement No. 2024 -057).

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

Applicable Not applicable

In the Reporting Period, there were one company newly included in the scope of the consolidated statements: Yunnan Jiechen Packaging Materials Co., Ltd., which was newly invested during the Reporting Period.

VIII. Engagement and Disengagement of CPAs Firm

CPA firm engaged at present

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

Whether the CPAs firm was changed in the current period

Yes No

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

Applicable Not applicable

The Company hired Dahua CPAs (SGP) as the auditing and accounting firm for internal control during the Reporting Period; the Company engaged CITIC Securities Co., Ltd. as the sponsor for the non-public offering of A shares to raise funds.

IX. Possibility of Delisting after Disclosure of this Annual Report

Applicable Not applicable

X. Matters Related to Bankruptcy and Reorganization

Applicable Not applicable

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

XI. Material Litigation and Arbitration

Applicable Not applicable

Basic information on litigation (arbitration)	Amount involved (RMB0'000)	Whether caused estimated liabilities	Progress in litigation (arbitration)	Hearing result and impact of litigation (arbitration)	Judgment execution of litigation (arbitration)	Disclosure date	Disclosure Index
Zhuhai Energy sued Hebei Gellec New Energy Science & Technology Co. Ltd ("Gellec") for infringing the company's invention patent No. ZL201810751698.9	3,000	No	Withdrawn in November 2023	No impact on the Company's profit for the current and subsequent periods	--	May 22, 2023	Announcement on Litigation Initiated by Subsidiary of the Company (Announcement No.: 2023-079) on the Cninfo website
Shanghai Energy sued Gellec for infringing the company's utility model patent No. ZL201920914445.9	2,000	No	Withdrawn in March 2024	No impact on the Company's profit for the current and subsequent periods	--	May 22, 2023	Announcement on Litigation Initiated by Subsidiary of the Company (Announcement No.: 2023-079) on the Cninfo website
Shanghai Energy sued Gellec for infringing the company's utility model patent No. ZL201921292978.4	2,000	No	Withdrawn in March 2024	No impact on the Company's profit for the current and subsequent periods	--	May 22, 2023	Announcement on Litigation Initiated by Subsidiary of the Company (Announcement No.: 2023-079) on the Cninfo website

							the Cninfo website
Shanghai Energy sued Gellec for infringing the company's invention patent No. ZL201380061102.8	10,500	No	Commenced on April 17, 2024	The final outcome of the judgement remains uncertain. It is not possible to predict the impact on the Company's profit for the current or subsequent periods. The final actual impact is subject to the outcome of the court's final judgement	--	August 9, 2023	Announcement on Litigation Matters Involving Subsidiary of the Company (No.: 2023-138);, the Corrigendum Announcement on Litigation Initiated by Subsidiary of the Company (Announcement No.: 2023-139) on the Cninfo website.
Shanghai Energy sued Gellec for infringing the company's invention patent No. ZL201810710744.0	10,500	No	Commenced on April 17, 2024	The final outcome of the judgement remains uncertain. It is not possible to predict the impact on the Company's profit for the current or subsequent periods. The final actual impact is subject to the outcome of the court's final judgement	--	August 9, 2023	Announcement on Litigation Matters Involving Subsidiary of the Company (Announcement No.: 2023-138), the Corrigendum Announcement on Litigation Initiated by Subsidiary of the Company (Announcement No.: 2023-139) on the Cninfo website
Gellec sued Shanghai Energy and Zhuhai Energy for infringing the invention patent No. ZL201810969215.2	5,000	No	Not yet commenced	It has not yet commenced. The final outcome of the judgement remains uncertain. It is not possible to predict the impact on the Company's profit for the current or subsequent periods. The final actual impact is subject to the outcome of the court's final judgement	--	December 18, 2023	Announcement on Litigation Matters Involving Subsidiary of the Company (Announcement No.: 2023-223) on the Cninfo website
Gellec sued Shanghai Energy and Zhuhai Energy for infringing the invention patent No. ZL201810859589.9	9,900	No	Not yet commenced	It has not yet commenced. The final outcome of the judgement remains uncertain. It is not possible to predict the impact on the Company's profit for the current or subsequent periods. The final actual impact is subject to the outcome of the court's final judgement	--	December 18, 2023	Announcement on Litigation Matters Involving Subsidiary of the Company (Announcement No.: 2023-223) on the Cninfo website

The total sum involving other litigations incurred by the Company during the Reporting Period amounted to RMB4,195,000, including the outstanding case amounting to RMB0 as at the end of the Reporting Period, which will not result in any estimated liabilities.

XII. Punishments and Rectifications

Applicable Not applicable

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

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

Applicable Not applicable

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

XIV. Significant related transactions

1. Related transactions arising from routine operation

Applicable Not applicable

Related transaction party	Relation	Type of related transaction	Details of related transaction	Pricing principle of the related transaction	Related transaction price	Related transaction amount (RMB0'000)	Proportion in the total amount of transaction of the same type	Approved transaction limit (RMB0'000)	Whether the transaction exceeded the approved limit or not	Settlement mode for related transaction	Obtainable market price for the transaction of the same type	Disclosure date	Disclosure Index	
Kunshasi	A company invested in by the Company	Purchase raw materials from related parties	Purchase additives	Agreed by both parties based on market price	--	3,374.13	52.82%	5,500	No	Bank deposit or acceptance draft	RNB18.53/kg	January 31, 2023	For details, please refer to the Announcement on the Expected Routine Related Transactions in 2023 (No.: 2023-008) disclosed on the Cninfo website.	
		Sell products and commodities to related parties	Sell raw materials	Agreed by both parties based on market price	--	947.86	77.49%	2,500	No		RNB9.46/kg	January 31, 2023		
		Lease to related parties	Lease workshop	Agreed by both parties based on market price	--	2.40	1.33%	2.4	No	Bank deposit	--	January 31, 2023		
Heyi Investment	A shareholder of the Company	Lease to related parties	Lease office	Agreed by both parties based on market price	--	0.33	0.19%	0.33	No	Bank deposit	--	January 31, 2023		For details, please refer to the Announcement on the Expected Routine Related Transactions in 2023 (No.: 2023-008) disclosed on the Cninfo website.
Heli Investment	A shareholder of the Company	Lease to related parties	Lease office	Agreed by both parties based on market price	--	0.24	0.14%	0.24	No	Bank deposit	--	January 31, 2023		
Jiesheng Technology Co., Ltd. and its subsidiaries	A company invested in by the Company	Purchase equipment and spare parts from related parties	Purchase equipment and spare parts	Agreed by both parties based on market price	--	30,715.20	5.37%	32,497.03	No	Bank deposit or acceptance draft	--	January 31, 2023		
Zhuhai Chenyu New	A company invested in by the Company	Purchase materials from related parties	Purchase materials	Agreed by both parties based on market price	--	12,765.89	8.03%	28,350	No	Bank deposit or acceptance draft	--	January 31, 2023		

Material Technology Co., Ltd. and its subsidiaries		Sell packaging materials and others to related parties	Sell packaging materials		--	125.97	0.38%	150	No	Bank deposit or acceptance draft	--	January 31, 2023	
Industrial and Commercial Bank of China Limited	The spouse of Ms. Zheng Haiying (Independent Director) is a Non-executive Director of the ICBC	Apply for loans (including applying for general credit limits, acceptance bill, letter of credit, letter of guarantee, etc.) from related banks	Loan	Market pricing, not higher than the loan benchmark interest rate for the same period or the market interest rate level under the same conditions	--	235,762.75	19.69%	521,000	No	Not applicable	--	March 3, 2023	For details, please refer to the Announcement on the Expected Deposit, Loan and Guarantee with Related Bank in 2023 (No.: 2023-028) disclosed on the Cninfo website.
		Deposits with related banks (including demand deposits, time deposits, call deposits, etc.)	Deposit	Market pricing, not higher than the deposit benchmark interest rate for the same period	--	12,587.48	2.70%	55,000	No	Not applicable	--	March 3, 2023	
		Mutual guarantees between companies for the purpose of the Company's consolidated financial statements through the related banks	Guarantee	Agreed by both parties based on market price	--	498,700.00	14.96%	521,000	No	Not applicable	--	March 3, 2023	
Total				--	--	794,982.25	--	1,133,502.97	--	--	--	--	--
Details of any sales return of a large amount				No									
Give the actual situation during the Reporting Period (if any) where a forecast had been made for the total amounts of routine related transactions by type to occur in the current period				The actual routine transaction amount between the Company and the related parties did not exceed the total amount of routine related transactions estimated by the Company by type.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

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

Applicable Not applicable

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

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

Applicable Not applicable

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

4. Credits and liabilities with related parties

Applicable Not applicable

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

Yes No

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

5. Dealing with related financial companies

Applicable Not applicable

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

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

Applicable Not applicable

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

7. Other significant related party transactions

Applicable Not applicable

On September 28, 2023, the 13th meeting of the 5th Board of Directors and the 10th meeting of the 5th Supervisory Committee of the Company considered and approved the 'Proposal on the Acquisition of Minority Interest in a Controlled Subsidiary and Connected Transaction'. The Company proposed to use its own and self-financing funds to acquire 3.25% equity interest and 1.53% equity interest in Shanghai Energy New Material Technology Co., Ltd. from Ms. Yan Ma and Mr. Alex Cheng. On October 13, 2023, the counterparties, Ms. Yan Ma and Mr. Alex Cheng, voluntarily supplemented their performance undertakings. On October 19, 2023, the 7th extraordinary general meeting of the Company of 2023 considered and approved this connected transaction. On October 29, 2023, the Company held the 14th meeting of the 5th Board of Directors and the 11th meeting of the 5th Supervisory Committee, at which it considered and approved the Proposal on Termination of the Acquisition of Minority Interest in Holding Subsidiary and Connected Transaction. In view of the fact that the Company is currently focusing on accelerating the overseas strategic layout in order to promptly grasp the development opportunities in overseas markets in the future, promote the co-operation with overseas customers, and further strengthen overseas competitive advantages, the relevant development needs are more pressing. By taking into consideration of a variety of factors, including the current market conditions, the Company and the counterparties have decided to terminate the transaction after full communication and arms-length negotiation.

Relevant information regarding the interim announcement disclosure website for significant related party transactions

Name of interim announcement	Disclosure date of the interim announcement	Name of the interim announcement disclosure website
Proposal on the Acquisition of Minority Interest in a Controlled Subsidiary and Connected Transaction	September 29, 2023	The Cninfo website
Proposal on the Acquisition of Minority Interest in a Controlled Subsidiary and Connected Transaction (Revised)	October 13, 2023	The Cninfo website
Announcement on the Response to the Letter of Concern from Shenzhen Stock Exchange	October 13, 2023	The Cninfo website
Announcement on the 7th Extraordinary General Meeting of the Company of 2023	October 20, 2023	The Cninfo website
Proposal on Termination of the Acquisition of Minority Interest in Holding Subsidiary and Connected Transaction (Updated)	October 30, 2023	The Cninfo website

XV. Significant contracts and their execution**1. Trusteeships, Contracts, and Leases****(1) Trusteeships**

Applicable Not applicable

There was no trusteeship during the Reporting Period.

(2) Contracts

Applicable Not applicable

No such cases during the Reporting Period.

(3) Leases

Applicable Not applicable

No leases of the Company during the Reporting Period.

2. Significant guarantees

Applicable Not applicable

Unit: RMB0'000

External guarantees provided by the Company and its subsidiaries (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Performed or not	Guarantee for a related party or not
Guarantees provided by subsidiaries for subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Performed or not	Guarantee for a related party or not
Hongta Plastic	March 4, 2023	4,400	May 18, 2022	1,969.22	Joint-liability guarantee	1 year	No	No
Hongta Plastic	March 4, 2023	4,000	May 17, 2022	0	Joint-liability guarantee	5 years	No	No
Hongta Plastic	March 4, 2023	7,800	November 10, 2020	0	Joint-liability guarantee	3 years	No	No
Hongta Plastic	March 4, 2023	5,165	November 9, 2020	5,000	Joint-liability guarantee	3 years	No	No
Hongta Plastic	March 4, 2023	8,000	March 18, 2021	4,100	Joint-liability guarantee	4 years	No	No
Hongta Plastic	March 4, 2023	3,500	October 29, 2021	3,500	Joint-liability guarantee	3 years	No	No
Hongta Plastic	March 4, 2023	10,000	November 29, 2021	136.67	Joint-liability guarantee	1 year	No	No
Hongta Plastic	March 4, 2023	12,900	January 12, 2022	7,960.55	Joint-liability guarantee	3 years	No	No
Hongta Plastic	March 4, 2023	6,000	May 5, 2022	6,000	Joint-liability guarantee	2 years	No	No
Hongta Plastic	March 4, 2023	5,000	November 30, 2020	0	Joint-liability guarantee	1 year	No	No
Hongta Plastic	March 4, 2023	5,000	October 24, 2022	2,000	Joint-liability guarantee	1 year	No	No
Dexin Paper	March 4, 2023	800	March 30, 2021	0	Joint-liability guarantee	3 years	No	No
Dexin Paper	March 4, 2023	1,000	January 12, 2022	1,000	Joint-liability guarantee	2 years	No	No
Dexin Paper	March 4, 2023	1,000	June 7, 2022	1,000	Joint-liability guarantee	4 years	No	No
Dexin Paper	March 4, 2023	2,000	October 24, 2022	0	Joint-liability guarantee	1 year	No	No
Dexin Paper	March 4, 2023	2,000	November 13, 2019	0	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	March 4, 2023	6,600	May 18, 2022	4,296.26	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	March 4, 2023	5,000	January 12, 2022	0	Joint-liability guarantee	5 years	No	No
Hongchuang Packaging	March 4, 2023	3,000	February 23, 2022	2,904.06	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	March 4, 2023	5,600	March 1, 2022	0	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	March 4, 2023	16,200	March 15, 2022	7,317.25	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	March 4, 2023	4,000	March 21, 2022	0	Joint-liability guarantee	2 years	No	No

Hongchuang Packaging	March 4, 2023	12,000	May 1, 2022	417.21	Joint-liability guarantee	4 years	No	No
Hongchuang Packaging	March 4, 2023	4,000	June 23, 2022	3,114.33	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	March 4, 2023	11,000	July 8, 2022	3,813.25	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	March 4, 2023	843.83	July 21, 2022	616.83	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging, Shanghai Energy, Wuxi Energy, Jiangsu Energy	March 4, 2023	39,224.9	September 30, 2022	30,000	Joint-liability guarantee	八 years	No	No
Hongchuang Packaging	March 4, 2023	10,000	October 21, 2022	0	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	March 4, 2023	6,000	October 21, 2022	4,214.95	Joint-liability guarantee	3 years	No	No
Chengdu Hongta Plastic	March 4, 2023	7,500	May 11, 2022	360	Joint-liability guarantee	1 year	No	No
Chengdu Hongta Plastic	March 4, 2023	3,000	September 30, 2020	0	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	85,600	October 23, 2020	63,600	Joint-liability guarantee	7 years	No	No
Shanghai Energy	March 4, 2023	66,000	March 5, 2021	40,000	Joint-liability guarantee	5 years	No	No
Shanghai Energy	March 4, 2023	11,000	March 16, 2021	0	Joint-liability guarantee	Indefinite term	No	No
Shanghai Energy	March 4, 2023	24,000	July 14, 2021	0	Joint-liability guarantee	3 years	No	No
Shanghai Energy	March 4, 2023	90,000	September 15, 2021	81,800	Joint-liability guarantee	3 years	No	No
Shanghai Energy	March 4, 2023	4,622.59	January 1, 2022	0	Joint-liability guarantee	5 years	No	No
Shanghai Energy	March 4, 2023	45,000	February 7, 2022	20,000	Joint-liability guarantee	5 years	No	No
Shanghai Energy, Wuxi Energy	March 4, 2023	10,000	February 14, 2022	0	Joint-liability guarantee	2 years	No	No
Shanghai Energy	March 4, 2023	30,000	February 14, 2022	0	Joint-liability guarantee	5 years	No	No
Shanghai Energy, Zhuhai Energy	March 4, 2023	34,382	February 15, 2022	0	Joint-liability guarantee	3 years	No	No
Shanghai Energy	March 4, 2023	20,000	March 8, 2022	14,800	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	20,000	March 21, 2022	20,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	12,000	March 17, 2022	12,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	80,000	November 30, 2021	25,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	58,695.9	May 10, 2022	20,000	Joint-liability guarantee	2 years	No	No
Shanghai Energy	March 4, 2023	50,000	June 5, 2022	42,750	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	120,000	June 9, 2022	59,992.5	Joint-liability guarantee	15 years	No	No
Shanghai Energy	March 4, 2023	87,500	April 18, 2022	30,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	20,900	July 21, 2022	0	Joint-liability guarantee	2 years	No	No
Shanghai Energy	March 4, 2023	16,500	June 10, 2022	15,000	Joint-liability guarantee	2 years	No	No
Shanghai Energy	March 4, 2023	60,600	July 21, 2022	26,500	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	19,600	September 2, 2022	400	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	50,000	September 1, 2022	19,000	Joint-liability guarantee	4 years	No	No
Shanghai Energy	March 4, 2023	5,000	September 21, 2022	5,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	March 4, 2023	20,000	September 16, 2022	9,750	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	March 4, 2023	20,000	October 14, 2022	0	Joint-liability guarantee	5 years	No	No
Zhuhai Energy	March 4, 2023	22,000	March 5, 2021	16,911.59	Joint-liability guarantee	2 years	No	No

Zhuhai Energy	March 4, 2023	30,000	October 27, 2022	0	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	March 4, 2023	27,000	December 28, 2022	0	Joint-liability guarantee	3 years	No	No
Zhuhai Energy	March 4, 2023	10,000	December 11, 2019	5,580.15	Joint-liability guarantee	4 years	No	No
Zhuhai Energy	March 4, 2023	3,200	November 30, 2021	3,000	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	March 4, 2023	30,000	May 21, 2021	1,394.2	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	March 4, 2023	20,000	May 18, 2021	1,773.12	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	March 4, 2023	20,000	June 24, 2021	4,800	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	March 4, 2023	30,000	September 1, 2021	30,000	Joint-liability guarantee	2 years	No	No
Zhuhai Energy	March 4, 2023	15,000	September 1, 2021	10,000	Joint-liability guarantee	3 years	No	No
Wuxi Energy	March 4, 2023	10,000	January 19, 2022	0	Joint-liability guarantee	3 years	No	No
Wuxi Energy	March 4, 2023	10,000	February 7, 2022	6,800	Joint-liability guarantee	1 year	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Jiangsu Sanhe, Yuxi Energy	March 4, 2023	70,000	March 30, 2022	0	Joint-liability guarantee	4 years	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Jiangsu Sanhe, Yuxi Energy, Xiamen Energy, Newmi Tech, Jiangxi Energy	March 4, 2023	300,000	May 18, 2022	9,268.49	Joint-liability guarantee	1 year	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Yuxi Energy, Xiamen Energy, Jiangxi Energy	March 4, 2023	150,000	July 08, 2022	19	Joint-liability guarantee	3 years	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Jiangsu Sanhe, Yuxi Energy, Xiamen Energy	March 4, 2023	150,000	September 23, 2022	0	Joint-liability guarantee	3 years	No	No
Wuxi Energy	March 4, 2023	7,000	September 7, 2022	6,954.59	Joint-liability guarantee	1 year	No	No
Wuxi Energy	March 4, 2023	20,000	October 27, 2022	7,700	Joint-liability guarantee	1 year	No	No
Wuxi Energy	March 4, 2023	15,000	May 1, 2021	0	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	13,500	August 7, 2021	10,000	Joint-liability guarantee	3 years	No	No
Jiangxi Tonry	March 4, 2023	10,000	January 5, 2022	10,000	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	10,000	April 11, 2022	10,000	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	10,000	June 10, 2021	10,000	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	20,000	May 30, 2022	19,000	Joint-liability guarantee	1 year	No	No

Jiangxi Tonry	March 4, 2023	5,000	August 12, 2022	5,000	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	10,000	October 8, 2022	10,000	Joint-liability guarantee	1 year	No	No
Suzhou GreenPower	March 4, 2023	10,400	November 1, 2022	0	Joint-liability guarantee	5 years	No	No
Suzhou GreenPower	March 4, 2023	10,000	January 22, 2021	0	Joint-liability guarantee	5 years	No	No
Suzhou GreenPower	March 4, 2023	10,000	October 17, 2022	6,058.95	Joint-liability guarantee	1 year	No	No
Chongqing Energy	March 4, 2023	30,000	October 28, 2022	0	Joint-liability guarantee	1 year	No	No
Jiangxi Ruijie	March 4, 2023	40,000	September 17, 2021	30,000	Joint-liability guarantee	7 years	No	No
SEMCORPHUNGARYKFT.	March 4, 2023	100,000	July 1, 2020	4,341.25	Joint-liability guarantee	5 years	No	No
SEMCORPHUNGARYKFT.	March 4, 2023	45,000	November 30, 2021	0	Joint-liability guarantee	4 years	No	No
Jiangsu Energy	March 4, 2023	20,000	April 8, 2021	5,000	Joint-liability guarantee	1 year	No	No
Hubei Energy	March 4, 2023	49,500	March 9, 2022	36,694.19	Joint-liability guarantee	5 years	No	No
Hubei Energy	March 4, 2023	165,000	May 30, 2022	90,955.68	Joint-liability guarantee	9 years	No	No
Yuxi Energy	March 4, 2023	50,000	October 8, 2022	41,075.44	Joint-liability guarantee	3 years	No	No
Yuxi Energy	March 4, 2023	100,000	November 01, 2021	9,441.25	Joint-liability guarantee	3 years	No	No
Yuxi Energy	March 4, 2023	80,000	May 6, 2022	0	Joint-liability guarantee	9 years	No	No
Shanghai Energy Trading Co., Ltd.	March 4, 2023	1,000	May 5, 2022	1,000	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging (Anhui) Co., Ltd.	March 4, 2023	21,000	July 14, 2021	0	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	50,000	December 27, 2021	0	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	March 4, 2023	180,000	April 13, 2022	0	Joint-liability guarantee	3 years	No	No
Jiangxi Enpo	March 4, 2023	180,000	May 17, 2022	0	Joint-liability guarantee	3 years	No	No
Jiangxi Tonry	March 4, 2023	150,000	November 24, 2022	0	Joint-liability guarantee	5 years	No	No
Zhuhai Energy	March 4, 2023	75,000	June 10, 2021	28,000	Joint-liability guarantee	6 years	No	No
Zhuhai Energy	March 4, 2023	20,000	August 14, 2017	0	Joint-liability guarantee	2 years	No	No
Wuxi Energy	March 4, 2023	116,000	August 1, 2019	45,449.29	Joint-liability guarantee	9 years	No	No
Jiangxi Tonry	March 4, 2023	150,000	May 8, 2020	0	Joint-liability guarantee	5 years	No	No
Suzhou GreenPower	March 4, 2023	55,000	June 9, 2022	22,972.03	Joint-liability guarantee	5 years	No	No
Chongqing Energy	March 4, 2023	160,000	December 1, 2020	88,099.87	Joint-liability guarantee	6 years	No	No
Total line of guarantees granted to subsidiaries during the Reporting Period (B1)			5,738,300	Total actual amount of guarantees in favour of subsidiaries during the Reporting Period (B2)				1,345,041.37
Total line of guarantees granted to subsidiaries as at the end of the Reporting Period (B3)			5,738,300	Total actual amount of guarantees in favour of subsidiaries as at the end of the Reporting Period (B4)				1,182,602.16

Guarantees provided by subsidiaries for subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Performed or not	Guarantee for a related party or not
Jiangsu Energy	March 4, 2023	160,000	June 30, 2022	40,909.74	Joint-liability guarantee	3 years	No	No
Jiangsu Ruijie	March 4, 2023	43,500	June 30, 2022	16,964.27	Joint-liability guarantee	3 years	No	No
Total line of guarantees granted to subsidiaries during the Reporting Period (C1)			203,500	Total line of guarantees granted to subsidiaries during the Reporting Period (C2)				62,747.36
Total line of guarantees granted to subsidiaries as at the end of the Reporting Period (C3)			203,500	Total actual amount of guarantees in favour of subsidiaries as at the end of the Reporting Period (C4)				57,874.02
Total guarantee amount provided by the Company (sum of the aforesaid three categories)								
Total line of guarantees granted during the Reporting Period (A1+B1+C1)			5,941,800	Total actual amount of guarantees during the Reporting Period (A2+B2+C2)				1,407,788.73
Total line of guarantees granted as at the end of the Reporting Period (A3+B3+C3)			5,941,800	Total actual amount of guarantees as at the end of the Reporting Period (A4+B4+C4)				1,240,476.18
Actual total guarantees (A4+B4+C4) in proportion to net asset of the Company								46.07%
Including:								
Balance of guarantees given for shareholders, actual controllers and their related parties (D)								0
Balance of debt guarantees direct or indirectly given for guarantee parties with gearing ratio of over 70% (E)								1,957,625.39
Amount of total guarantees in excess of 50% of net assets (F)								4,591,754.01
Total of the above three guarantee amounts (D+E+F)								4,591,754.01
For unexpired guarantees, descriptions about the guarantee liabilities or possible joint and several liabilities of repayment occurred during the Reporting Period (if any)				Nil				
External guarantees in breach of procedural requirements (if any)				Nil				

3. Entrusted cash assets management

(1) Entrusted wealth management

Applicable Not applicable

Overview of entrusted wealth management during the Reporting Period

Unit: RMB0'000

Type	Source of capital under the entrusted wealth management	Amount of the Entrusted wealth management	Undue amount	Overdue amount not recovered	Impairment of overdue wealth management not recovered
Bank wealth management products	Self-owned fund	85,192.75	72,192.75	0	0
Total		85,192.75	72,192.75	0	0

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

Applicable Not applicable

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

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

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

4. Other major contracts

Applicable Not applicable

XVI. Explanation for Other Significant Events

Applicable Not applicable

1. From January 3, 2023 to January 30, 2023, the Company's stock triggered the redemption clause of "Energy Convertible Bonds". The 54th meeting of the 4th session of the Board of Directors of the Company resolved not to exercise the early redemption right of "Energy Convertible Bonds" during the period from January 31, 2023 to June 30, 2023. From July 3, 2023 to July 21, 2023, the Company's stock triggered the redemption clause of "Energy Convertible Bonds". The 8th meeting of the 5th Board of Directors of the Company resolved not to exercise the early redemption right of "Energy Convertible Bonds" during the period from July 22, 2023 to December 31, 2023. For details, please refer to the Announcement on No Early Redemption of "Energy Convertible Bonds" (Announcement Nos: 2023-007 and 2023-129) published by the Company in the designated information disclosure media on January 31, 2023 and July 22, 2023, respectively.

2. The Company completed the general election of the Board of Directors and the Supervisory Committee on March 24, 2023. Following the election at the 2022 Annual General Meeting held on March 24, 2023 and the Employees' Representatives Conference held on February 24, 2023, the members of the 5th Board of Directors of the Company are Mr. Paul Xiaoming Lee, Mr. Li Xiaohua, Ms. Yan Ma, Mr. Alex Cheng, Mr. Ma Weihua, Mr. Feng Jie, Ms. Shou Chunyan, Mr. Pan Siming and Ms. Zhang Jing; and the members of the 5th Supervisory Committee of the Company are Mr. Zhang Tao, Mr. Li Bing and Ms. Kang Wenting. On April 6, 2023, the first meeting of the 5th Board of Directors and the first meeting of the 5th Supervisory Committee of the Company elected the chairman and vice-chairman of the 5th Board of Directors and the chairman of the 5th Supervisory Committee of the Company, and renewed the appointment of the general manager, the deputy general manager and the secretary of the Board of the Company. For details, please refer to the Announcement on the Resolutions of the 2022 Annual General Meeting (Announcement No.: 2023-046) and the Announcement on the Completion of the General Election of the Board of Directors and the Supervisory Committee and the Re-appointment of Senior Management (Announcement No.: 2023-050), which were disclosed by the Company on the Cninfo website on March 25, 2023 and April 7, 2023, respectively.

3. During the Reporting Period, the Company implemented a total of two share repurchase plans of the Company for the execution of equity incentive or employee stock ownership scheme, with its own funds. From May 4, 2023 to May 9, 2023, the Company repurchased a total of 1,469,800 shares through the designated account for repurchase by way of centralized bidding transactions, with the total amount paid for repurchase amounting to RMB149,973,873.79 (excluding transaction costs). Please refer to the Announcement on the Completion of Share Repurchase and Changes in Shares (Announcement No.: 2023-074) published by the Company in the designated information disclosure media on May 10, 2023 for details. From September 28, 2023 to December 25, 2023, the Company repurchased a total of 7,238,804 shares by way of centralized bidding transactions through the designated account for repurchase, and the total amount paid for the repurchase was RMB400,002,812.96 (excluding transaction costs), please refer to the 'Announcement on the Completion of Share Repurchase and Changes in Shares (Announcement No.: 2023-229) published by the Company in the designated information disclosure media on December 26, 2023 for details.

4. Based on the recognition of the long-term development of the Company, Mr. Paul Xiaoming Lee (chairman) and Mr. Li Xiaohua (vice chairman and general manager), actual controllers of the Company, increased their shareholdings in the Company by a total of 2,078,318 shares by means of centralized bidding transactions through the trading system of the Shenzhen Stock Exchange from June 27, 2023 to July 17, 2023, with an increase in the amount of RMB194 million, of which Mr. Paul Xiaoming Lee increased his shareholdings by 1,246,718 shares, with an increase amount of RMB116 million; Mr. Li Xiaohua increased his shareholdings by 831,600 shares, with an increase amount of RMB78 million. The relevant share increase plan was completed. For details, please refer to the Announcement on the Plan of Controlling Shareholders and Actual Controllers to Increase Their Shareholdings in the Company (Announcement No.: 2023-112) and Announcement on the Completion of the Plan of Controlling Shareholders and Actual Controllers to Increase Their Shareholding in the Company (Announcement No.: 2023-122), which were published by the Company in the designated disclosure of information media on June 26, 2023 and July 18, 2023, respectively. In addition, Mr. Paul Xiaoming Lee voluntarily undertook not to reduce his shareholdings in the Company within 6 months from August 24, 2023. For details, please refer to the Announcement on the Undertaking of the Controlling Shareholders of the Company Not to Reduce Their Shareholdings in the Company (Announcement No.: 2023-153) published by the Company in the designated disclosure of information media on August 24, 2023. Currently, the undertaking has been fulfilled now.

5. Based on the confidence in the Company's future development and recognition of its long-term investment value, some of the Company's directors, supervisors, senior management and core management, technical and business personnel intend to increase their shareholdings in the Company within 6 months from October 28, 2023, with an aggregate amount of not less than RMB200 million (inclusive) and not more than RMB400 million (inclusive). For details, please refer to the Announcement on the Plans for Increase in Shareholdings in the Company by Some of Directors, Supervisors, Senior Management and Core Personnel (Announcement No.: 2023-192) published by the Company in the designated information disclosure media on October 30, 2023. As of the end of the Reporting Period, the above persons have increased their equity interest by 144,300 shares, with a total increase of RMB8.8802 million. This share increase plan is being implemented. The Company will continue to pay attention to the implementation of the share increase plan, manage the increased shares in the Company, supervise such persons of purchase and sale of the Company's shares in strict accordance with the relevant provisions, timely fulfill the information disclosure obligations.

6. On November 22, 2022, the Company published the 'Announcement on Material Matters (Announcement No.: 2022-146) in the designated information disclosure media. On January 30, 2023, April 11, 2023 and August 26, 2023, the Company published the 'Announcement on Update of Material Matters' (Announcement Nos: 2023-004, 2023-053 and 2023-155) in the designated information disclosure media. The relevant authorities lifted the compulsory measures imposed on Mr. Li Xiaohua and Mr. Paul Xiaoming Lee. Mr. Paul Xiaoming Lee received the Written Decision of Recalling a Case issued by the public security authority. At present, both Mr. Li Xiaohua and Mr. Paul Xiaoming Lee are performing their duties normally in the Company with diligence and are actively participating in the operation and management of the Company.

XVII. Significant Events of the Company and Its Subsidiaries

Applicable Not applicable

1. During the Reporting Period, Shanghai Energy established good cooperation with a number of important customers. Shanghai Energy entered into a 2023 Guaranteed Supply Agreement with CATL, pursuant to which Shanghai Energy supplied lithium-ion battery wet-process

separator to CATL (including CATL and its affiliates) based on the agreed quantities; Shanghai Energy entered into a Capacity Locking Agreement with a well-known global large-scale lithium battery producer for supplying no less than 960 million square meters of lithium battery separator materials to that producer from its Hungarian plant in the period of 2025-2033, subject to the purchase order; Shanghai Energy received a supplier nomination letter from a global battery company confirming that Shanghai Energy had become its lithium battery separator supplier for supplying separator film products for its lithium batteries of mainstream auto models at its production bases in Europe, Asia, etc. from 2023 to 2031, subject to the purchase order. For details, please refer to the Announcement on the Signing of Guaranteed Supply Agreement by the Company's Controlled Subsidiary Shanghai Energy (Announcement No.: 2023-016), the Announcement on the Signing of Capacity Locking Agreement by Controlled Subsidiary Shanghai Energy New Material Technology Co., Ltd. (Announcement No.: 2023-158) and the Announcement on the Receipt of Supplier Nomination Letter (Announcement No.: 2023-164), which were disclosed by the Company in the designated information disclosure media on February 14, 2023, August 30, 2023 and September 13, 2023, respectively.

2. On April 12, 2023, Hongchuang Packaging and Jiangsu Jintan Economic Development Zone entered into the Investment Agreement of Hongchuang Aseptic Packaging Production Base Project, deciding to terminate the former Investment Cooperation Agreement for "Energy Liquid Packaging Project" signed by both parties on December 20, 2021; on the same day, Hongchuang Packaging entered into the Investment Agreement of Hongchuang Aseptic Packaging Production Base Project with the Management Committee of Ma'anshan Economic and Technological Development Zone, pursuant to which the wholly-owned project company of Hongchuang Packaging located within the area under the jurisdiction of the Management Committee of Ma'anshan Economic and Technological Development Zone invested in the construction of Hongchuang Aseptic Packaging Production Base Project. The project company completed the filing of the project and the filing of the change in the industrial and commercial registration for the relocation, and obtained the Business License re-issued by the Ma'anshan Administration for Market Regulation. For details, please refer to the Announcement on the Progress of the Signing of Investment and Cooperation Agreement on Energy Liquid Packaging Project between Hongchuang Packaging and the Management Committee of Jiangsu Jintan Economic Development Zone (Announcement No.: 2023-055) and the Announcement on the Completion by a Subsidiary of Filing of Changes in the Industrial and Commercial Registration (Announcement No.: 2023-057), which were disclosed by the Company in the designated information disclosure media on April 14 and April 17, 2023, respectively.

3. The Company intends to set up the Shanghai management headquarters for new energy, Energy Research Institute and overseas operation headquarters in Jinqiao Development Zone, with an estimated total project investment of no more than RMB1,720 million. On May 22, 2023, Shanghai Energy and Shanghai Jinqiao (Group) Co., Ltd. entered into a Framework Agreement, pursuant to which Jinqiao Group would transfer the exclusive parts of Building B, C and D at the Jinqiao 1851 project by way of pre-sale. The total tentative pre-sale price was RMB1,714.5 million. The Company would pay the total tentative pre-sale price as agreed in the agreement in batches. For details, please refer to the Announcement on the Progress of the Investment in the Construction of the Group's Headquarters Office Building, Research and Development Center and Overseas Operation Headquarters (Announcement No.: 2023-080), which was disclosed by the Company in the designated information disclosure media on May 23, 2023.

Section 7 Share Changes and Shareholder Details

I. Changes in Shares

1. Changes in shares

Unit: shares

	Before the change		Increase or decrease (+, -)					After the change	
	Number of shares	Proportion	New shares issued	Bonus issuance	Conversion of reserve into share	Others	Subtotal	Number of shares	Proportion
I. Shares subject to restrictions on sale	150,367,377	16.85%				-2,949,509	-2,949,509	147,417,868	15.08%
1. Shares held by state	0	0.00%						0	0.00%
2. Shares held by state-owned legal persons	0	0.00%						0	0.00%
3. Shares held by other domestic investors	55,714,351	6.24%				-3,881,014	-3,881,014	51,833,337	5.30%
Including: Shares held by domestic legal persons	0	0.00%						0	0.00%
Shares held by domestic natural persons	55,714,351	6.24%				-3,881,014	-3,881,014	51,833,337	5.30%
4. Shares held by overseas investors	94,653,026	10.61%				931,505	931,505	95,584,531	9.78%
Including: Shares held by overseas legal persons	0	0.00%						0	0.00%

Shares held by overseas natural persons	94,653,026	10.61%			931,505	931,505	95,584,531	9.77%
II. Shares not subject to restrictions on Sale	742,044,313	83.15%	85,421,412		2,870,968	88,292,380	830,336,693	84.92%
1. Renminbi denominated common shares	742,044,313	83.15%	85,421,412		2,870,968	88,292,380	830,336,693	84.92%
2. Domestically-listed foreign shares	0	0.00%					0	0.00%
3. Foreign shares listed overseas	0	0.00%					0	0.00%
4. Others	0	0.00%					0	0.00%
III. Total shares	892,411,690	100.00%	85,421,412		-78,541	85,342,871	977,754,561	100.00%

Reason for changes in shares

Applicable Not applicable

1. Conversion of convertible corporate bonds into shares

Under the approval granted by the CSRC under the Reply on Approving the Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (Zheng Jian Xu Ke [2019] No. 2701), the Company made a public offering of 16 million convertible corporate bonds (bonds abbreviation: Energy Convertible Bond, bonds code: 128095) on February 11, 2020 and started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of "Energy Convertible Bonds" started on August 17, 2020. During the Reporting Period, a total of 10,089 shares were converted from the bonds, and by the end of the Reporting Period, a total of 17,629,685 shares were converted from the bonds.

2. 2022 Stock Option and Restricted Stock Incentive Plan

On June 25, 2023, the 7th meeting of the 5th Board of Directors considered and adopted the Resolution on Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan and the Resolution on the Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company Meeting the Unlocking Conditions in the First Unlocking Period. On July 11, 2023, the Company held the Second Extraordinary General Meeting of Shareholders of 2023, at which it considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan. On July 19, 2023, the Company completed the repurchase and cancellation of 88,630 restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan. On July 3, 2023, 598,537 shares, which met the unlocking conditions during the first unlocking period of the 2022 Stock Option and Restricted Stock Incentive Plan, were listed for trading.

3. Listing for trading of non-publicly issued shares

Upon the approval of the CSRC with the Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd. (Zheng Jian Xu Ke [2022] No. 1343), the Company made a non-public offering of 85,421,412 RMB-denominated ordinary shares on June 8, 2023, which were listed for trading on the SZSE on June 20, 2023. On December 20, 2022, 85,421,412 shares that were non-publicly offered by the Company were released from sale restriction and listed for trading. After the listing, the nature of the aforesaid shares was changed from restricted shares to unrestricted shares.

4. Reasons for other changes

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

Approval of changes in shares

Applicable Not applicable

1. Convertible corporate bonds

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

2. 2022 Stock Option and Restricted Stock Incentive Plan

In order to further improve the Company's long-term incentive mechanism and fully mobilize the enthusiasm of core employees, on March 17, 2021, the Company held the 24th meeting of the fourth Board of Directors to consider and adopt the Resolution on Repurchasing the Company's Shares, agreeing that the Company would use its own funds to repurchase the Company's public shares through centralized bidding trade. The repurchased shares were used to implement equity incentive or employee shareholding plans. On January 24, 2022 and February 14, 2022, the Company held the 41st meeting of the fourth Board of Directors and the Second Extraordinary General Meeting of Shareholders of 2022 to consider and adopt the Resolution on the Company's 2022 Stock Option and Restricted Stock Incentive Plan (Draft) and its Summary as well as other relevant motions. On June 25, 2023 and July 11, 2023, the Company held the 7th meeting of the fifth Board of Directors and the second

extraordinary general meeting of 2023, respectively, at which it considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company. On July 19, 2023, the Company completed the repurchase and cancellation of 88,630 partial restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan. On June 25, 2026, the Company held the 7th meeting of the fifth Board of Directors, at which it considered and approved the Resolution on the Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company Meeting the Unlocking Conditions in the First Unlocking Period, approving that a total of 598,537 shares that were held by 765 incentive objects under the 2022 Stock Option and Restricted Stock and met the unlocking conditions were released from sales restriction.

3. Listing for trading of non-publicly issued shares in 2021

Upon the approval of the CSRC with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2022] No. 1343), the Company made a non-public offering of 85,421,412 RMB-denominated ordinary shares (A shares) to 21 specific investors. The registration procedures of new shares were completed at the CSDC Shenzhen Branch on June 8, 2023 and listed on the SZSE on June 20, 2023, with a locking period of 6 months from the date of listing. The locking period for the abovementioned non-publicly issued RMB-denominated ordinary shares had expired. The aforesaid restricted shares were released from restriction and listed for trading on December 20, 2023 after the Company applied to the Shenzhen Stock Exchange and the CSDC Shenzhen Branch for the release of sales restriction.

Transfer of share ownership

Applicable Not applicable

1. Unlocking of restricted shares for the first unlocking period under the 2022 Stock Option and Restricted Stock Incentive Plan

The Company completed the unlocking procedures of restricted shares at the CSDC Shenzhen Branch. The date of listing for trading of the unlocked restricted shares was July 3, 2023. 598,537 restricted shares were unlocked with 765 incentive objects meeting the unlocking conditions.

2. Listing of non-publicly issued shares in 2021

The Company completed the pre-registration at the CSDC Shenzhen Branch on June 8, 2023 and obtained the Confirmation of Acceptance on Application for Share Registration (Service No. 101000012459), and the CSDC Shenzhen Branch accepted the materials of the non-public issue of new shares with the relevant shares transferred on June 1, 2023. The number of new shares in the non-public offering was 85,421,412 shares. On December 20, 2023, the non-publicly issued shares in 2021 were released from sales restriction.

3. Conversion of convertible corporate bonds into shares

A total of 10,089 shares were converted from “Energy Convertible Bonds” during the Reporting Period, and a total of 17,629,685 shares were converted as of the end of the Reporting Period.

4. Repurchase and cancellation of restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan

The Company completed the repurchase of 88,630 restricted shares which were granted but not released from restriction under the 2022 Stock Option and Restricted Stock Incentive Plan, based on the sum of the repurchase price plus the interest on deposits with the bank for the same period. The repurchase and cancellation of certain restricted shares by the Company was verified by Dahua CPAs (SGP), which issued the Capital Verification Report (Da Hua Yan Zi [2023] No. 000386. On July 17, 2023, the aforesaid repurchase and cancellation was reviewed and confirmed by CSDC Shenzhen Branch and the process was completed.

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

Applicable Not applicable

① During the Reporting Period, the conversion of 10,089 shares from the “Energy Convertible Bonds” had small impact on the basic earnings per share and the diluted earnings per share and the net assets;

② The number of restricted shares granted but not yet unlocked that were repurchased and cancelled by the Company under the stock incentive plan was small, therefore the impact on basic earnings per share was small;

③ During the Reporting Period, the Company made a non-public offering of 85,421,412 shares, affecting basic earnings per share by RMB-0.16/share, diluted earnings per share by RMB-0.26/share, and net assets per share of the Company by approximately RMB5.53/share.

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of period	Increase of restricted shares in the current period	Number of restricted shares unlocked in the current period	Number of restricted shares at the end of period	Reason for restriction	Date of unlocking
Paul Xiaoming Lee	94,644,193	935,038		95,579,231	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Li Xiaohua	52,378,417	623,700	2,188,875	50,813,242	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Ma Weihua	0	12,750		12,750	Locked-up shares	A director can unlock 25%

					held by senior executives	of the total shares he or she holds every year
Feng Jie	0	61,500		61,500	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Yu Xue	70,825		10,000	60,825	①Locked-up shares held by senior executives ②the restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company	①A secretary of the Board can unlock 25% of the total shares he or she holds every year; ②the restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company will be exercised and released in three installments 12 months after the completion of the grant registration
Zhang Tao	0	7,500		7,500	Locked-up shares held by senior executives	A supervisor can unlock 25% of the total shares he or she holds every year
Li Bing	0	8,250		8,250	Locked-up shares held by senior executives	A supervisor can unlock 25% of the total shares he or she holds every year
Xiong Wei	202,500		202,500	0	Locked-up shares held by senior executives	He resigned from the position of the Board Secretary in November 2021, and during the term recognized when he held the position and within six months after the expiration of the term, he shall not transfer the Company's shares he holds within half a year after resignation, and the shares transferred every year shall be not more than 25% of the total shares of the Company he holds
Pang Qizhi	248,250		248,250	0	Locked-up shares held by senior executives	He resigned from the position of the Chief Financial Officer in September 2020, and during the term determined when he held the position and within six months after the expiration of the term, he shall not transfer the Company's shares he holds within half a year after resignation, and the shares transferred every year shall be no more than 25% of the total shares of the Company he holds
Xu Ming	1,277,755		1,277,755	0	Locked-up shares held by senior executives	He resigned from the position of the director in November 2021, and during the term determined when he held the position and within six months after the expiration of the term, he shall not transfer the Company's shares he holds within half a year after resignation, and the shares transferred every year shall be not more than 25% of the total shares of the Company he holds

Total number of other incentive objects (764 persons)	1,545,437		671,167	874,270	Restricted shares for equity incentive	①Out of the 825 incentive objects of restricted shares granted under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company, 60 incentive objects resigned due to personal reasons, 1 incentive object no in the line of duty, and 7 personnel failed to meet the standards of the first performance appraisal. The Company has repurchased and cancelled an aggregate of 88,630 restricted shares held by the above 68 personnel that were granted but not yet unlocked; ② During the Reporting Period, the unlocking conditions for the first unlocking period of the 2022 Stock Option and Restricted Share Incentive Plan of the Company were fulfilled, and the Company released 582,537 restricted shares held by 764 incentive objects from sales restriction
Shareholders of non-public offering of A shares in 2021 (21)	0	85,421,412	85,421,412	0	Restricted shares after initial offering	December 20, 2023
Total	150,367,377	87,070,150	90,019,959	147,417,568	--	--

II. Issuance and Listing of Securities

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

Applicable Not applicable

Names of shares and derivative securities	Issue date	Issue price (or interest rate)	Number of issues	Listing Date	Number of approved listings	Date of termination of trading	Disclosure index	Disclosure date
Shares								
Energy Technology (A shares non-publicly offered in 2021)	June 8, 2023	87.8	85,421,412	June 20, 2023	85,421,412		Announcement on the Listing of Non-publicly issued A Shares (Announcement No.: 2023-095) disclosed on the Cninfo website	June 19, 2023

Description of securities issued during the Reporting Period (excluding preferred shares)

The Company's non-public offering of A shares in 2021 is as follows:

Upon the approval of the CSRC with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2022] No. 1343), the Company made a non-public offering of 85,421,412 RMB-denominated ordinary shares (A shares) to 21 specific investors, at the offering price of RMB87.80 per share. The registration of new shares was completed at the Shenzhen branch of the CCSB on June 8, 2023, and listed on the SZSE on June 20, 2023 with a restricted period of 6 months from the date of listing. The abovementioned 85,421,412 shares were released from sales restrictions and listed for trading on December 20, 2023. For details, please refer to Holding Announcement on the Listing of Non-publicly Issued Restricted Shares (Announcement No.: 2023-224) disclosed by the Company in the designated information disclosure media on December 19, 2023.

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

Applicable Not applicable

At the beginning of period, the Company recorded a total share capital of 892,411,690 shares and a gearing ratio of 51.18%. During the Reporting Period, the Company made a non-public offering of 85,421,412 RMB-denominated ordinary shares (A shares); the “Energy Convertible Bonds” were converted into 10,089 shares. The Company repurchased and cancelled 88,630 restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan that have not met the unlocking conditions. As of the end of the Reporting Period, the Company recorded a total share capital of 977,754,561 shares and a gearing ratio of 39.23%.

3. Existing shares held by internal employees of the Company

Applicable Not applicable

III. Details of Shareholders and Actual Controllers

1. Number of shareholders and their shareholdings

Unit: shares

Total ordinary shareholders at the end of the Reporting Period	98,774	Total ordinary shareholders at the end of the previous month before annual report disclosure date		Total preferred shareholders resuming voting right at the end of the Reporting Period (if any) (see Note 8)	0	Total preferred shareholders resuming voting right at the end of the previous month before annual report disclosure date (if any) (see Note 8)	0	
Shareholders holding more than 5% of shares or shareholdings of the top 10 shareholders (excluding shares lent through securities lending and refinancing)								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the Reporting Period	Increase or decrease of shares during the Reporting Period	Number of restricted shares held	Number of unrestricted shares held	Pledged, tagged or frozen	
							Status of shares	Number of shares
Paul Xiaoming Lee	Overseas natural person	13.03%	127,438,975	1246718	95,579,231	31,859,744	Frozen	25,000,000
Yuxi Heyi Investment Co., Ltd.	Domestic non-state-owned legal person	12.22%	119,449,535	0	0	119,449,535	Frozen	77,720,000
Sherry Lee	Overseas natural person	7.29%	71,298,709	0	0	71,298,709	N/A	0
Li Xiaohua	Domestic natural person	6.93%	67,750,989	831600	50,813,242	16,937,747	Frozen	37,880,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	5.21%	50,931,586	-29524408	0	50,931,586	N/A	0
Jerry Yang Li	Overseas natural person	1.51%	14,735,754	0	0	14,735,754	N/A	0
China Merchants Bank Co., Ltd. — Quanguo Xuyuan three-year mixed securities investment fund	Other	1.48%	14,428,748	10500398	0	14,428,748	N/A	0
Kunming Huachen Investment Co., Ltd.	Domestic non-state-owned legal person	1.43%	13,983,913	-4442700	0	13,983,913	N/A	0
Zhang Yong	Domestic natural person	1.42%	13,917,907	-2005000	0	13,917,907	Frozen	9,922,907
Shanghai Hengzou Enterprise	Domestic non-state-owned legal person	1.19%	11,645,173	0	0	11,645,173	N/A	0

Management Office (Limited Partnership)								
Strategic investors or general legal persons who have become top 10 shareholders due to new share allotment (if any) (see Note 3)	The Company issued 85,421,412 A shares to specific investors in 2021, of which Origin Asset Management Co., Ltd. subscribed 3,416,856 shares in cash, which were locked up for a period of 6 months, and were released from restriction and listed for trading on December 20, 2023. The shareholdings of China Merchants Bank Co., Ltd - Quanguo Xuyuan three-year mixed securities investment fund are shown in the table above.							
Statement on related party relationship or concerted action between above-mentioned shareholders	Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and Jerry Yang Li are all the family members of the Company's actual controller Paul Xiaoming Lee and represent the persons acting in concert with Heyi Investment under his control. Shanghai Hengzou Enterprise Management Office (Limited Partnership) is the employee stock ownership platform. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.							
Explanation of delegation/acceptance of voting right and waiver of voting right involving the above shareholders	Mr. Paul Xiaoming Lee and Ms. Sherry Lee signed the Power of Attorney for Shareholding on January 14, 2020, by which Ms. Sherry Lee fully delegated the shareholders' rights, such as rights to question, proposal and vote, in connection with 73,470,459 shares she held in the Company, to her father Mr. Paul Xiaoming Lee, for a period of three years from the date of the Power of Attorney.							
Special explanation on the existence of designated repurchase account among the top 10 shareholders (if any) (see Note 10)	N/A							
Top 10 shareholders holding unrestricted shares								
Name of shareholder	Number of unrestricted shares held at the end of the Reporting Period	Type of shares						
		Type of shares	Number of shares					
Yuxi Heyi Investment Co., Ltd.	119,449,535	Renminbi denominated common shares	119,449,535					
Sherry Lee	71,298,709	Renminbi denominated common shares	71,298,709					
Hong Kong Securities Clearing Company Limited	50,931,586	Renminbi denominated common shares	50,931,586					
Jerry Yang Li	14,735,754	Renminbi denominated common shares	14,735,754					
China Merchants Bank Co., Ltd. — Quanguo Xuyuan three-year mixed securities investment fund	14,428,748	Renminbi denominated common shares	14,428,748					
Kunming Huachen Investment Co., Ltd.	13,983,913	Renminbi denominated common shares	13,983,913					
Zhang Yong	13,917,907	Renminbi denominated common shares	13,917,907					
Shanghai Hengzou Enterprise Management Office (Limited Partnership)	11,645,173	Renminbi denominated common shares	11,645,173					
The designated account for repurchase of Yunnan Energy New Material Co., Ltd.	8,708,604	Renminbi denominated common shares	8,708,604					
Orient Securities Company Limited — Zhonggeng Value Vanguard Stock Securities Investment Fund	7,497,837	Renminbi denominated common shares	7,497,837					
Statement on related party relationships or concerted action between top 10 shareholders with unrestricted shares and between top 10 shareholders with unrestricted shares and top 10 shareholders	Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and Jerry Yang Li are all the family members of the Company's actual controller Paul Xiaoming Lee and represent the persons acting in concert with Heyi Investment under his control. Shanghai Hengzou Enterprise Management Office (Limited Partnership) is the employee stock ownership platform of the Company. It is not known whether the other shareholders have related party relationships between them or constitute the persons acting in concert.							
Statement on top 10 ordinary shareholders' participation in securities margin trading business (if any) (see Note 4)	Nil							

Shares lent through securities lending and refinancing by top ten shareholders

Applicable Not applicable

Change in the top ten shareholders from the previous period

Applicable Not applicable

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

Yes No

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

2. Details about the controlling shareholder

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

Type of controlling shareholder: Natural person

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

Change of controlling shareholder during the Reporting Period

Applicable Not applicable

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

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

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

Type of actual controller: Natural person

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

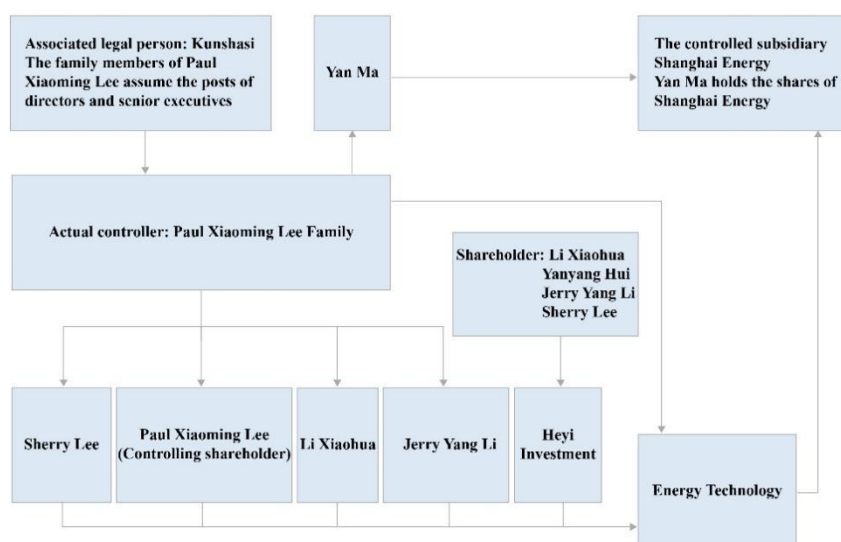
Change of actual controller during the Reporting Period

Applicable Not applicable

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

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

Controlling shareholders, actual controllers and related parties



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Progress in implementation of share repurchase

Applicable Not applicable

Scheme disclosure date	Number of shares intended to be repurchased (shares)	Percentage of the general capital	Amount intended to be repurchased (RMB0'000)	Intended repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Ratio of shares repurchased to the underlying shares under the stock incentive plan (if any)
May 6, 2023	714,200 shares to 1,071,400 shares	0.08% to 0.12%	Not less than RMB100 million (inclusive) and not more than RMB150 million (inclusive)	May 4, 2023 to November 3, 2023	Used for implementation of the stock incentive or employee stock ownership plan	1,469,800	16.88%
September 29, 2023	2,970,300 shares to 4,950,500 shares	0.30% to 0.51%	Not less than RMB300 million (inclusive) and not more than RMB500 million (inclusive)	September 28, 2023 to March 27, 2024	Used for implementation of the stock incentive or employee stock ownership plan	7,238,804	83.12%

Progress of centralized bidding for reduction of shares repurchased

Applicable Not applicable

Section 8 Details about Preferred Shares

Applicable Not applicable

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

Section 9 Details about bonds

Applicable Not applicable

I. Corporate bonds

Applicable Not applicable

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

II. Debentures

Applicable Not applicable

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

III. Debt financing instruments of non-financial enterprises

Applicable Not applicable

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

IV. Convertible corporate bonds

Applicable Not applicable

1. All Previous Adjustments to the Conversion Price

Upon the approval of the file "Zheng Jian Xu Ke [2019] No. 2701" promulgated by China Securities Regulatory Commission, the Company publicly issued 16 million convertible bonds on February 11, 2020, with face value of RMB100 each, total issue amount of RMB1.6 billion, and a term of 6 years. With the approval of the file "Shen Zheng Shang [2020] No. 109" of Shenzhen Stock Exchange, the Company's convertible bonds of RMB1.6 billion would be listed and traded in Shenzhen Stock Exchange from February 28, 2020. The bond is referred to as "Energy Convertible Bond" and the bond code is "128095". The initial conversion price of "Energy Convertible Bond" is RMB64.61/share.

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

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

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

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

In May 2022, the Company implemented the 2021 annual profit distribution plan: based upon the 890,823,196 shares equal to 892,408,633 shares of the Company's total capital on the share registration date (i.e. May 13, 2022) minus 1,585,437 shares in the special securities account for repurchase, RMB3.030904 (including tax) in cash will be paid to all shareholders for every 10 shares without bonus shares. No capital reserve shall be converted as capital increase. In accordance with relevant provisions on the adjustment to the conversion price of convertible corporate bonds, the conversion price of "Energy Convertible Bond" was adjusted from RMB64.92 per share to RMB64.62 per share, and the adjusted conversion price would take effect from May 16, 2022.

Upon the approval of the China Securities Regulatory Commission with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2022] No. 1343), the Company made a non-public offering of 85,421,412 RMB-denominated ordinary shares (A shares) to 21 specific investors, which were listed for trading on the Shenzhen Stock Exchange on June 20, 2023. Pursuant to related articles concerning the adjustment of the conversion price for the convertible bonds, the Company has made corresponding adjustment to the conversion price of "Energy Convertible Bonds". Starting from June 20, 2023, the price of "Energy Convertible Bonds" has been adjusted to RMB66.64/share.

On June 25, 2023, the 7th meeting of the 5th Board of Directors and the 7th meeting of the 5th Board of Supervisors of the Company considered and approved the Resolution on the Repurchase and Cancellation of Partial Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan". As 60 incentive objects of restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan resigned due to personal reasons, one incentive object died other than as a result of the performance of his duties, four incentive objects received a personal

performance appraisal rating of B, two incentive objects received a personal performance appraisal rating of C, and one incentive object received a personal performance appraisal rating of D, the Company repurchased and cancelled a total of 88,630 restricted shares granted to the above 68 incentive objects but not yet unlocked at a repurchase price of RMB64.18 per share (excluding interest on bank deposits for the same period). As the proportion of shares repurchased and cancelled is relatively small compared to the total share capital of the Company, after the completion of the repurchase and cancellation, the conversion price of “Energy Convertible Bonds”, upon calculation, remains unchanged at RMB66.64 per share. In August 2023, the Company implemented the 2022 annual profit distribution plan: Based on the 976,282,205 shares calculated by the total share capital of 977,752,005 shares deducting 1,469,800 shares from the designated securities account for repurchase, a total of RMB173,778,232.00, representing RMB1.78 (including tax) per 10 shares, will be paid to all shareholders without bonus shares. No capital reserve will be converted to share capital. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, corresponding adjustment was made to the conversion price of “Energy Convertible Bonds” from RMB66.64/share before the adjustment to RMB66.46/share after adjustment, with the conversion price after adjustment being effective on August 21, 2023.

In September 2023, the Company implemented the 2023 interim profit distribution plan: Based on the 976,283,180 shares calculated by the total share capital of 977,752,980 shares deducting 1,469,800 shares from the designated securities account for repurchase, a total of RMB200,137,953.50, representing RMB2.05 (including tax) per 10 shares, will be paid to all shareholders without bonus shares. No capital reserve will be converted to share capital. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, corresponding adjustment was made to the conversion price of “Energy Convertible Bonds” from RMB66.46/share before the adjustment to RMB66.26/share after adjustment, with the conversion price after adjustment being effective on September 21, 2023.

2. Cumulative Share Conversion

Applicable Not applicable

Abbreviation for convertible bond	Start and end date of share conversion	Total volume of bond issuance (number of bonds)	Total amount of issuance (RMB)	Cumulative conversion amount (RMB)	Cumulative number of shares converted (shares)	Ratio of the number of shares converted to the total issued shares of the Company before the start of the conversion	Amount of shares not yet converted (RMB)	Ratio of amount of shares not yet converted to the total amount of issuance
Energy Convertible Bonds	August 17, 2020 to February 11, 2026	16,000,000	1,600,000,000.00	1,146,901,900.00	17,629,685	2.19%	453,098,100.00	28.32%

3. Top Ten Holders of Convertible Bonds

No.	Name of holder of convertible bonds	Nature of holder of convertible bonds	Number of convertible bonds held at the end of the Reporting Period (number of convertible bonds)	Amount of convertible bonds held at the end of the Reporting Period (RMB)	Percentage of convertible bonds held at the end of the Reporting Period
1	Agricultural Bank of China Limited - Penghua convertible bond securities investment fund	Other	358,518	35,851,800.00	7.91%
2	China Construction Bank Limited - Huashang credit enhanced bond securities investment fund	Other	321,220	32,122,000.00	7.09%
3	Dajia Asset Management - China CITIC Bank - Dajia Asset Management Houkun No. 40 collective assets management products	Other	240,611	24,066,100.00	5.31%
4	Efund sustaining mixed pension products—Industrial and Commercial Bank of China Limited	Other	200,150	20,015,000.00	4.42%
5	Efund Anying return fixed income pension products—Industrial and	Other	200,060	20,006,000.00	4.42%

	Commercial Bank of China Limited				
6	Dajia Asset Management—Minsheng Banking—Dajia Asset Management—sustaining selection No. 3 (Tranche 5) collective assets management products	Other	137,050	13,705,000.00	3.02%
7	Efund Yixin mixed pension products—Bank of China Limited	Other	132,710	13,271,000.00	2.93%
8	Industrial and Commercial Bank of China Limited—Huashang Fengli enhanced fixed-term open bond securities investment fund	Other	121,190	12,119,000.00	2.67%
9	Dajia Asset Management—Minsheng Banking—Dajia Asset Management—value selection No. 1 collective assets management products	Other	104,330	10,433,000.00	2.30%
10	PICC Pension sustaining Hengxin fixed income pension products—China Everbright Bank Co., Ltd.	Other	100,173	10,017,300.00	2.21%

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

Applicable Not applicable

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

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

(2) Changes in the Company's credit standing: According to the Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (No. Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2020) 100053, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2021)100043, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2022)100280), Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2023)100005) issued by the credit rating agency - Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., the credit rating of the Company on the whole was AA, the credit rating of "Energy Convertible Bonds" was AA, and the said bonds were affirmed with a "stable" outlook. The above-mentioned follow-up rating results have not changed compared with the previous rating results. For details about the above-mentioned follow-up rating reports, refer to <http://www.cninfo.com.cn/>.

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

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

Applicable Not applicable

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

Applicable Not applicable

VII. Violation of rules and regulations during the Reporting Period

Yes No

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

Unit: RMB'0,000

Item	At the end of the Reporting Period	At the end of the prior year	Increase or decrease at the end of the current Reporting Period compared with the end of prior year
Current Ratio	1.413000	1.103800	28.01%
Asset-Liability Ratio	39.23%	51.18%	-11.95%
Quick ratio	1.019200	0.875700	16.39%
	The Reporting Period	The corresponding period of prior year	Increase or decrease of the Reporting Period compared with the corresponding period of prior year
Net profit after deduction of non-recurring gains and losses	246,125.79	383,979.21	-35.90%
Debt-to-EBITDA ratio	26.38%	30.99%	-4.61%
Interest coverage ratio	7.880000	15.260000	-48.36%
Cash interest coverage ratio	7.990000	4.210000	89.79%
EBITDA interest coverage ratio	11.310000	18.500000	-38.86%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage rate	100.00%	100.00%	0.00%

Section 10 Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Signature date of audit report	April 24, 2024
Audit organization name	Dahua CPAs (SGP)
Audit report No.	Da Hua Shen Zi No. [2024] 0011001946
Name of Certified Public Accountant	Kang Wenjun, Yao Rui

Body of the audit report

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

I. Audit Opinions

We have audited the financial statements of Yunnan Energy New Material Co., Ltd. (“Energy Technology”), including the consolidated and the parent company’s balance sheets as of December 31, 2023, the consolidated and parent company’s income statement, the consolidated and the parent company’s cash flow statement, the consolidated and the parent company’s statement of changes in equity for 2023, and the relevant notes to financial statements.

In our opinion, the enclosed financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and fairly reflected the Energy Technology’s consolidated and the parent company’s financial positions as of December 31, 2023 as well as the consolidated and the parent company’s operation results and cash flow for 2023.

II. Basis for Audit Opinions

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

III. Key Audit Matters

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

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

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

(I) Revenue recognition matters

1. Description of matters

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

The operating revenue of Energy Technology in 2023 amounted to RMB12,042,229,800, which was the main source of its profit and affected its key performance indicators. In addition, according to the industry practice, after signing the sales order with customer, Energy Technology arranges production based on customer’s requirements, delivers it to customers pursuant to the agreed delivery method, obtains the customer’s evidence on the transfer of the ownership of goods, and then recognizes the sales revenue. Since the time of revenue recognition is later than the product delivery, and the delivery time and delivery document recognition are all dependent on the customer, there may be significant risk of misstatement if the sales revenue is fully included in the appropriate accounting period. Therefore, we recognize revenue as a key audit matter.

2. Audit Response

Our key audit procedures for revenue recognition include:

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

(II) Provision for bad debts of accounts receivable

1. Description of matters

Please refer to Note IV-(12) and Note VI-4 of the consolidated financial statements for the accounting policies and book value amount of accounts

receivables of Energy Technology in this year.

On December 31, 2023, the original book value of accounts receivable of Energy Technology was RMB6,865,281,600, the bad debt provision was RMB1,455,818 and the net value was RMB67,196,998, accounting for 14.24% of the total assets at the end of the period.

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

2. Audit response

(1) Understand and evaluate the management's key internal control over the daily management and provision for accounts receivable, and carry out the corresponding walk-through test;

(2) For accounts receivable with significant single amount and credit impairment occurred after initial recognition, the bases for the management's assessment of the expected future available cash flow shall be reviewed to analyze whether it is reasonable;

(3) For the accounts receivable of bad debt provision withdrawn by the management according to the combination of credit risk characteristics, combined with the credit risk characteristics and aging analysis, evaluate the rationality of the withdrawal of bad debt provision by the management;

(4) Evaluated the adequacy of the management's provision for bad debt in combination with the check of payment collection after the period;

(5) Assess whether the management's disclosure of accounts receivable financial statements is appropriate. Based on the audit procedures we have implemented and the evidence we have obtained, we believe that the accounting estimates of the bad debt provision of accounts receivable made by Energy Technology are fully reasonable.

IV. Other Information

Energy Technology's management is responsible for the other information. The other information comprises all of the information included in the financial report other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

VI. Responsibilities of CPA for Auditing Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting. Based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Energy Technology's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Energy Technology to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Energy Technology to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit and remain solely responsible for our audit opinion.

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

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

related safeguards.

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

II. Financial Statements

The unit of notes to financial statements is: RMB

1. Consolidated balance sheet

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

December 31, 2023

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	3,835,530,538.70	3,954,316,829.31
Settlement reserves		
Loans to banks and other financial institutions		
Held-for-trading financial assets		9,850,069.59
Derivative financial assets		
Notes receivable	760,968,387.25	637,755,156.47
Accounts receivable	6,719,699,762.18	6,559,717,117.36
Receivable financing	408,354,641.63	692,286,629.08
Prepayments	175,605,702.96	220,239,470.09
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract provision receivable		
Other receivables	26,568,094.26	20,596,472.81
Including: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	3,000,558,853.64	2,463,490,238.80
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	618,295,576.83	87,029,166.67
Other current assets	746,345,684.12	321,998,218.33
Total current assets	16,291,927,241.57	14,967,279,368.51
Non-current assets:		
Loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	3,209,980.10	5,017,642.31
Investments in other equity instruments	89,000,000.00	111,000,000.00
Other non-current financial assets		
Investment properties	7,865,069.42	8,399,300.54
Fixed assets	19,380,327,177.42	14,306,873,399.88
Construction in progress	6,207,408,467.99	3,584,554,509.73
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,387,711.07	3,926,781.90
Intangible assets	1,119,341,214.09	1,054,043,010.42
Development expenditures		

Goodwill	520,230,679.65	520,230,679.65
Long-term unamortized expenses	524,481.50	1,317,972.74
Deferred income tax assets	432,868,864.70	315,538,499.73
Other non-current assets	3,145,825,748.18	3,744,550,327.16
Total non-current assets	30,908,989,394.12	23,655,452,124.06
Total assets	47,200,916,635.69	38,622,731,492.57
Current liabilities:		
Short-term borrowings	7,290,694,906.27	9,527,853,434.55
Borrowings from the central bank		
Placements from banks and other financial institutions		
Held-for-trading financial liabilities		94,394.79
Derivative financial liabilities		
Notes payable	802,933,704.02	609,315,699.02
Accounts payable	1,608,309,616.46	1,720,586,992.11
Advances from customers		
Contractual liabilities	29,791,971.25	24,596,154.15
Financial assets sold under repurchase agreements		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	87,688,714.29	54,164,141.80
Taxes payable	180,293,856.11	279,461,730.79
Other payables	244,698,302.33	209,680,232.86
Including: Interest payable		
Dividends payable	95,117,453.54	9,778,239.09
Fees and commissions payable		
Reinsurance amounts payable		
Hold-for-sale liabilities		
Non-current liabilities due within one year	1,095,554,519.11	858,495,954.79
Other current liabilities	189,792,221.12	275,222,986.34
Total current liabilities	11,529,757,810.96	13,559,471,721.20
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	4,685,315,817.70	4,179,264,746.86
Bonds payable	435,900,486.76	425,795,937.76
Including: preferred shares		
Perpetual bonds		
Lease liabilities	182,663.88	1,331,485.16
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	994,974,995.96	823,467,109.47
Deferred income tax liabilities	308,332,028.16	236,759,482.43
Other non-current liabilities	564,217,694.55	542,217,694.55
Total non-current liabilities	6,988,923,687.01	6,208,836,456.23
Total liabilities	18,518,681,497.97	19,768,308,177.43
Owners' equity:		
Share capital	977,754,217.00	892,411,690.00
Other equity instruments	50,242,778.32	50,317,083.84
Including: preferred shares		
Perpetual bonds		

Capital reserve	15,070,954,107.76	7,685,332,598.80
Less: treasury stock	607,261,671.95	101,753,346.66
Other comprehensive income	89,911,398.03	7,774,250.92
Special reserve		
Surplus reserve	399,014,802.99	191,644,843.59
General risk provision		
Undistributed profits	10,945,879,862.09	9,000,475,751.88
Total owners' equity attributable to parent company	26,926,495,494.24	17,726,202,872.37
Minority interests	1,755,739,643.48	1,128,220,442.77
Total owners' equity	28,682,235,137.72	18,854,423,315.14
Total liabilities and owners' equity	47,200,916,635.69	38,622,731,492.57

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

2. Balance sheet of the parent company

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	1,382,521,361.78	264,731,171.00
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	300,000.00	700,000.00
Accounts receivable	14,842,141.47	33,130,270.37
Receivable financing		500,000.00
Prepayments	315,497.60	1,340,081.33
Other receivables	14,132,822,217.29	6,831,112,472.90
Including: Interest receivable		
Dividends receivable	2,011,040,000.00	211,040,000.00
Inventories	3,831,510.64	9,356,812.38
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year		
Other current assets		
Total current assets	15,534,632,728.78	7,140,870,807.98
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	4,959,728,962.52	4,750,066,580.90
Investments in other equity instruments	89,000,000.00	111,000,000.00
Other non-current financial assets		
Investment properties		
Fixed assets	18,234,472.92	61,119,717.03
Construction in progress	1,595,104.80	1,219,946.39
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	37,069,860.82	38,206,008.22
Development expenditures		
Goodwill		
Long-term unamortized expenses		
Deferred income tax assets	5,349,914.01	110,400.07
Other non-current assets	15,000.00	259,030.00
Total non-current assets	5,110,993,315.07	4,961,981,682.61

Total assets	20,645,626,043.85	12,102,852,490.59
Current liabilities:		
Short-term borrowings	59,543,098.59	194,346,485.13
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	20,301,025.31	7,831,403.74
Advances from customers		
Contractual liabilities		
Employee benefits payable	84,981.79	328.46
Taxes payable	35,169,433.18	60,535,712.47
Other payables	519,178,786.86	374,372,490.35
Including: Interest payable		
Dividends payable		
Hold-for-sale liabilities		
Non-current liabilities due within one year	6,070,366.96	120,063,422.78
Other current liabilities	300,000.00	500,000.00
Total current liabilities	640,647,692.69	757,649,842.93
Non-current liabilities:		
Long-term borrowings		
Bonds payable	435,900,486.76	425,795,937.76
Including: preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		250,000.00
Other non-current liabilities		
Total non-current liabilities	435,900,486.76	426,045,937.76
Total liabilities	1,076,548,179.45	1,183,695,780.69
Owners' equity:		
Share capital	977,754,217.00	892,411,690.00
Other equity instruments	50,242,778.32	50,317,083.84
Including: preferred shares		
Perpetual bonds		
Capital reserve	17,125,627,483.84	9,738,751,318.24
Less: treasury stock	607,261,671.95	101,753,346.66
Other comprehensive income	-15,750,000.00	750,000.00
Special reserve		
Surplus reserve	371,262,292.00	163,892,332.60
Undistributed profits	1,667,202,765.19	174,787,631.88
Total owners' equity	19,569,077,864.40	10,919,156,709.90
Total liabilities and owners' equity	20,645,626,043.85	12,102,852,490.59

3. Consolidated income statement

Unit: RMB

Item	2023	2022
I. Total operating revenue	12,042,229,789.30	12,590,925,529.68
Including: Operating revenue	12,042,229,789.30	12,590,925,529.68
Interest income		

Earned premium		
Fee and commission incomes		
II. Total operating cost	9,048,863,438.70	7,959,405,882.79
Including: operating cost	7,535,223,456.34	6,568,148,382.65
Interest expense		
Fee and commissions expenses		
Cash surrender amount		
Net payments for insurance claims		
Net provision for insurance liability contract reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	74,765,080.44	57,680,955.03
Selling expenses	89,338,734.45	74,455,043.47
Administrative expenses	383,415,488.72	323,291,931.01
R&D expenses	727,481,001.67	724,297,699.66
Financial expenses	238,639,677.08	211,531,870.97
Including: Interest expense	376,997,402.81	287,498,131.60
Interest income	84,200,436.11	26,258,474.95
Add: Other income	209,120,211.75	156,434,027.51
Investment income (loss is indicated with “-”)	16,784,148.14	22,731,466.27
Including: Income from investment in associates and joint ventures	1,351,086.12	1,471,658.10
Derecognized financial assets measured by amortized cost	-21,537,307.12	-18,658,871.90
Exchange gain (loss is indicated with “-”)		
Net exposure hedging income (loss is indicated with “-”)		
Income from changes in fair value (loss is indicated with “-”)		9,755,674.80
Credit impairment losses (loss is indicated with “-”)	-3,872,510.61	-8,324,053.71
Asset impairment losses (loss is indicated with “-”)	-186,376,180.23	-42,921,534.91
Income from disposal of assets (loss is indicated with “-”)	204,866.12	223,345.22
III. Operating profit (loss is indicated with “-”)	3,029,226,885.77	4,769,418,572.07
Add: Non-operating revenue	2,516,231.14	1,962,503.26
Less: Non-operating expenses	5,400,590.27	6,236,954.06
IV. Total profit (total loss is indicated with “-”)	3,026,342,526.64	4,765,144,121.27
Less: Income tax expense	376,128,124.08	553,009,563.88
V. Net profit (net loss is indicated with “-”)	2,650,214,402.56	4,212,134,557.39
(I) Classified according to operating continuity		
1. Net profit from continuing operations (net loss is indicated with “-”)	2,650,214,402.56	4,212,134,557.39
2. Net profit from discontinuing operations (net loss is indicated with “-”)		
(II) Classified according to attribution of the ownership		
1. Net profit attributable to shareholders of the parent company	2,526,688,570.92	4,000,461,964.37
2. Profit or loss of minority interest	123,525,831.64	211,672,593.02
VI. Other comprehensive income, net of tax	87,088,686.32	12,061,121.08
Other comprehensive income attributable to owners of parent company, net of tax	82,137,147.11	11,520,449.49
(I) Other comprehensive income that cannot be reclassified to profit or loss	-16,500,000.00	750,000.00
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		

3. Changes in fair value of other equity instrument investments	-16,500,000.00	750,000.00
4. Changes in fair value of the enterprise's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	98,637,147.11	10,770,449.49
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies	98,637,147.11	11,527,018.37
7. Others		
Other comprehensive income attributable to minority interests, net of tax	4,951,539.21	540,671.59
VII. Total comprehensive income	2,737,303,088.88	4,224,195,678.47
Total comprehensive income attributable to owners of parent company	2,608,825,718.03	4,011,982,413.86
Total comprehensive income attributable to minority interests	128,477,370.85	212,213,264.61
VIII. Earnings per share:		
(I) Basic earnings per share	2.68	4.48
(II) Diluted earnings per share	2.58	4.46

If a business combination occurs under common control in the current period, the net profit realized by the merged party before the combination was: RMB0.00, and the net profit realized by the merged party in the previous period was: RMB0.00.

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

4. Income statement of parent company

Unit: RMB

Item	2023	2022
I. Operating revenue	63,116,038.61	150,233,416.05
Less: Operating cost	49,925,691.72	85,513,828.29
Taxes and surcharges	4,034,635.44	5,613,303.27
Selling expenses	576,692.02	666,580.27
Administrative expenses	23,590,872.61	17,079,899.57
R&D expenses	2,671,152.31	7,274,587.70
Financial expenses	-316,352,130.41	-203,997,298.76
Including: Interest expense	33,567,175.48	35,182,103.58
Interest income	350,004,443.73	239,246,217.64
Add: Other income	611,188.63	2,595,991.42
Investment income (loss is indicated with "-")	1,850,000,000.00	
Including: Income from investment in associates and joint ventures		
Derecognized financial assets measured by amortized cost (loss is indicated with "-")		
Net exposure hedging income (loss is indicated with "-")		
Income from changes in fair value (loss is indicated with "-")		
Credit impairment losses (loss is indicated with "-")	-160,407.34	-50,423.38
Asset impairment losses (loss is indicated with "-")	-135,155.16	-141,430.14
Income from disposal of assets (loss is indicated with "-")	596.59	26,910.57
II. Operating profit (loss is indicated with "-")	2,148,985,347.64	240,513,564.18
Add: Non-operating revenue	22,748.59	454,747.63

Less: Non-operating expenses	105,542.48	10,000.00
III. Total profit (total loss is indicated with “-”)	2,148,902,553.75	240,958,311.81
Less: Income tax expense	75,202,959.73	58,439,098.55
IV. Net profit (net loss is indicated with “-”)	2,073,699,594.02	182,519,213.26
(I) Net profit from continuing operations (net loss is indicated with “-”)	2,073,699,594.02	182,519,213.26
(II) Net profit from discontinuing operations (net loss is indicated with “-”)		
V. Other comprehensive income, net of tax	-16,500,000.00	750,000.00
(I) Other comprehensive income that cannot be reclassified to profit or loss	-16,500,000.00	750,000.00
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	-16,500,000.00	750,000.00
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	2,057,199,594.02	183,269,213.26
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from the sale of goods or rendering of services	10,446,360,770.22	8,308,323,229.28
Net increase in deposits from customers and placements from corporations in the same industry		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from acting sale of securities		
Receipts of tax refunds	721,095,698.04	280,936,013.05
Other cash receipts related to operating activities	458,750,500.52	302,014,480.06
Subtotal of cash inflows from operating activities	11,626,206,968.78	8,891,273,722.39
Cash payments for goods purchased and services received	6,189,875,575.33	6,268,851,123.90
Net increase in loans and advances		

Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements to banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,161,970,056.10	883,089,073.20
Payments of all types of taxes	1,069,293,242.57	900,675,889.00
Other cash payments relating to operating activities	537,614,835.46	335,070,037.63
Subtotal of cash outflows due to operating activities	8,958,753,709.46	8,387,686,123.73
Net cash flows from operating activities	2,667,453,259.32	503,587,598.66
II. Cash flows from investment activities:		
Cash received from disposal of investments	132,832,319.38	55,000,000.00
Cash received from procuring investment income	14,079,456.62	12,217,774.71
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets	27,764,903.85	5,081,977.73
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investment activities		
Subtotal of cash inflows from investment activities	174,676,679.85	72,299,752.44
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	7,823,808,926.29	5,257,761,880.77
Cash paid for acquisition of investments	300,000,000.00	350,000,000.00
Net increase in pledge loans		
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	40,991,765.29	150,164,555.53
Subtotal of cash outflows due to investment activities	8,164,800,691.58	5,757,926,436.30
Net cash flows from investment activities	-7,990,124,011.73	-5,685,626,683.86
III. Cash flows from financing activities:		
Cash received from absorbing investment	8,036,235,783.60	372,446,946.93
Including: Cash received from subsidiaries' absorbing minority shareholder investment	582,691,751.93	270,693,600.27
Cash received from borrowings	12,859,214,236.98	14,006,864,781.67
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	20,895,450,020.58	14,379,311,728.60
Cash paid for debt repayment	13,704,612,776.52	6,748,216,372.27
Cash paid for distributing dividends and profits or paying interests	719,029,212.87	595,877,608.26
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Cash payments relating to other financing activities	1,334,884,808.55	256,109,825.98
Subtotal of cash outflows from financing activities	15,758,526,797.94	7,600,203,806.51
Net cash flows from financing activities	5,136,923,222.64	6,779,107,922.09
IV. Effect of changes in exchange rate on cash and cash equivalents	2,725,405.61	5,687,720.52
V. Net increase in cash and cash equivalents	-183,022,124.16	1,602,756,557.41
Add: Opening balance of cash and cash equivalents	2,972,056,126.01	1,369,299,568.60
VI. Closing balance of cash and cash equivalents	2,789,034,001.85	2,972,056,126.01

6. Cash flow statement of parent company

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from the sale of goods or rendering of services	71,880,593.33	145,968,617.09
Receipts of tax refunds	96,584.46	8,852,166.05
Other cash receipts related to operating activities	53,858,322.26	12,817,429.72

Subtotal of cash inflows from operating activities	125,835,500.05	167,638,212.86
Cash payments for goods purchased and services received	32,907,746.19	20,871,988.83
Cash paid to and on behalf of employees	16,383,482.17	24,270,586.06
Payments of all types of taxes	135,972,576.99	44,796,093.76
Other cash activities	29,098,017.34	21,244,359.26
Subtotal of cash outflows due to operating activities	214,361,822.69	111,183,027.91
Net cash flows from operating activities	-88,526,322.64	56,455,184.95
II. Cash flows from investment activities:		
Cash received from disposal of investments		30,000,000.00
Cash received from procuring investment income	50,000,000.00	164,200.00
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets	39,908,191.62	
Net cash received from disposals of subsidiaries and other business units		
Other cash activities	758,017,645.64	589,627,793.34
Subtotal activities	847,925,837.26	619,791,993.34
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	214,338.12	2,527,820.95
Cash paid for acquisition of investments	186,000,000.00	
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	5,997,573,198.61	530,126,014.26
Subtotal of cash outflows due to investment activities	6,183,787,536.73	532,653,835.21
Net cash flows from investment activities	-5,335,861,699.47	87,138,158.13
III. Cash flows from financing activities:		
Cash received from absorbing investment	7,453,546,101.02	101,753,346.66
Cash received from borrowings	59,500,000.00	218,200,000.00
Other cash activities	469,700,000.00	200,800,000.00
Subtotal of cash inflows from financing activities	7,982,746,101.02	520,753,346.66
Cash paid for debt repayment	290,190,000.00	219,010,000.00
Cash paid for distributing dividends and profits or paying interests	383,380,310.88	278,706,732.17
Cash payments relating to other financing activities	764,644,041.58	131,740,024.60
Subtotal of cash outflows from financing activities	1,438,214,352.46	629,456,756.77
Net cash flows from financing activities	6,544,531,748.56	-108,703,410.11
IV. Effect of changes in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	1,120,143,726.45	34,889,932.97
Add: Opening balance of cash and cash equivalents	261,730,980.89	226,841,047.92
VI. Closing balance of cash and cash equivalents	1,381,874,707.34	261,730,980.89

7. Consolidated statement of changes in owners' equity

Amount of current period

Unit: RMB

Item	2023														
	Owner's equity attributable to parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Other			Subtotal
	Preferred stock	Perpetual bonds	Other												
I. Closing balance of the previous year	892,411,690.00			50,317,083.84	7,685,332,598.80	101,753,346.66	7,774,250.92		191,644,843.59		9,000,475,751.88		17,726,202,872.37	1,128,220,442.77	18,854,423,315.14
Add: Effects of changes in accounting policies															
Effects of correction of prior year errors															
Others															
II. Opening balance of the current year	892,411,690.00			50,317,083.84	7,685,332,598.80	101,753,346.66	7,774,250.92		191,644,843.59		9,000,475,751.88		17,726,202,872.37	1,128,220,442.77	18,854,423,315.14
III. Increase/decrease for the period (decrease is indicated with "-")	85,342,527.00			74,305.52	7,385,621,508.96	505,508,325.29	82,137,147.11		207,369,959.40		1,945,404,110.21		9,200,292,621.87	627,519,200.71	9,827,811,822.58
(I) Total comprehensive income							82,137,147.11				2,526,688,570.92		2,608,825,718.03	128,477,370.85	2,737,303,088.88
(II) Contribution and withdrawal of capital by owners	85,342,527.00			74,305.52	7,385,621,508.96	505,508,325.29							6,965,381,405.15	584,381,044.31	7,549,762,449.46
1. Common shares invested by owner	85,421,412.00				7,368,252,287.14								7,453,673,699.14	582,564,153.80	8,036,237,852.94
2. Capital invested by other equity instrument holders	10,089.00			74,305.52	732,247.16								668,030.64		668,030.64
3. Amount of share payment credited to owner's equity	-88,974.00				16,636,974.66	505,508,325.29							488,960,324.63	1,816,890.51	487,143,434.12
4. Other															
(III) Profit distribution								207,369,959.40			-581,284.00		-373,914,500.00	-85,339,214.00	-459,253,715.00

										460.71		1.31	45	76
1. Withdrawal of surplus reserve								207,369,959.40		-	207,369,959.40			
2. Provision for general risk														
3. Distribution to owners (or shareholders)										-	-	-	-	-
										373,914,501.31	373,914,501.31	85,339,214.45	459,253,715.76	
4. Other														
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserve into capital (or shares)														
2. Conversion of surplus reserve into capital (or shares)														
3. Making good of loss with surplus reserve														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Other														
(V) Special reserve														
1. Amount withdrawn in the period														
2. Amount utilized in the period														
(VI). Other														
IV. Closing balance for the period	977,754,217.00		50,242,778.32	15,070,954,107.76	607,261,671.95	89,911,398.03		399,014,802.99		10,945,879,862.09	26,926,495,494.24	1,755,739,643.48	28,682,235,137.72	

Amount of previous period

Unit: RMB

Item	2022
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	Owner's equity attributable to parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Other			Subtotal
		Preferred stock	Perpetual bonds	Other											
I. Closing balance of the previous year	892,406,822.00			50,352,323.80	7,635,639,929.52	204,444,302.78	3,746,198.57		173,392,922.26		5,288,265,431.08		13,831,866,927.31	705,424,784.78	14,537,291,712.09
Add: Effects of changes in accounting policies															
Effects of correction of prior year errors															
Other															
II. Opening balance of the current year	892,406,822.00			50,352,323.80	7,635,639,929.52	204,444,302.78	3,746,198.57		173,392,922.26		5,288,265,431.08		13,831,866,927.31	705,424,784.78	14,537,291,712.09
III. Increase/decrease for the period (decrease is indicated with "-")	4,868.00			-35,239.96	49,692,669.28	-102,690,956.12	11,520,449.49		18,251,921.33		3,712,210,320.80		3,894,335,945.06	422,795,657.99	4,317,131,603.05
(I) Total comprehensive income							11,520,449.49				4,000,461,964.37		4,011,982,413.86	212,213,264.61	4,224,195,678.47
(II) Contribution and withdrawal of capital by owners	4,868.00			-35,239.96	49,692,669.28	-102,690,956.12							152,353,253.44	210,582,393.38	362,935,646.82
1. Common shares invested by owner					-35,462,199.34								-35,462,199.34	253,057,480.66	217,595,281.32
2. Capital invested by other equity instrument holders	4,868.00			-35,239.96	343,945.88								313,573.92		313,573.92
3. Amount of share payment credited to owner's equity					84,810,922.74	-102,690,956.12							187,501,878.86	7,117,549.88	194,619,428.74
4. Other													0.00	-49,592,637.16	-49,592,637.16
(III) Profit distribution									18,251,921.33		-288,251,643.57		-269,999,722.24	0.00	-269,999,722.24
1. Withdrawal of surplus reserve									18,251,921.33		-18,251.9		0.00	0.00	0.00

																21.33								
2. Provision for general risk																-								-
																269,999,722.24								269,999,722.24
3. Distribution to owners (or shareholders)																								0.00
4. Other																								
(IV) Internal carry-forward of owners' equity																								
1. Conversion of capital reserve into capital (or shares)																								
2. Conversion of surplus reserve into capital (or shares)																								
3. Making good of loss with surplus reserve																								
4. Carry-forward of changes in the defined benefit plan for retained earnings																								
5. Carry-forward of other comprehensive income for retained earnings																								
6. Other																								
(V) Special reserve																								
1. Amount withdrawn in the period																								
2. Amount utilized in the period																								
(VI) Other																								
IV. Closing balance for the period	892,411,690.00			50,317,083.84	7,685,332,598.80	101,753,346.66	7,774,250.92		191,644,843.59		9,000,475,751.88		17,726,202,872.37		1,128,220,442.77								18,854,423,315.14	

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

Amount of current period

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								

I. Closing balance of the previous year	892,411,69 0.00		50,317,083. 84	9,738,751,31 8.24	101,753,346.66	750,000.00		163,892 ,332.60	174,787, 631.88		10,919,156, 709.90
Add: Effects of changes in accounting policies											
Effects of correction of prior year errors											
Other											
II. Opening balance of the current year	892,411,69 0.00		50,317,083. 84	9,738,751,31 8.24	101,753,346.66	750,000.00		163,892 ,332.60	174,787, 631.88		10,919,156, 709.90
III. Increase/decrease for the period (decrease is indicated with “-”)	85,342,527. 00		-74,305.52	7,386,876,16 5.60	505,508,325.29	16,500,000. 00	-	207,369 ,959.40	1,492,41 5,133.31		8,649,921,1 54.50
(I) Total comprehensive income						16,500,000. 00	-		2,073,69 9,594.02		2,057,199,5 94.02
(II) Contribution and withdrawal of capital by owners	85,342,527. 00		-74,305.52	7,386,876,16 5.60	505,508,325.29						6,966,636,0 61.79
1. Common shares invested by owner	85,421,412. 00			7,368,124,68 9.02							7,453,546,1 01.02
2. Capital invested by other equity instrument holders	10,089.00		-74,305.52	732,247.16							668,030.64
3. Amount of share payment credited to owner's equity	-88,974.00			18,019,229.4 2	505,508,325.29						- 487,578,06 9.87
4. Other											
(III) Profit distribution								207,369 ,959.40	- 581,284, 460.71		- 373,914,50 1.31
1. Withdrawal of surplus reserve								207,369 ,959.40	- 207,369, 959.40		
2. Distribution to owners (or shareholders)									- 373,914, 501.31		
3. Other											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserve into capital (or shares)											
2. Conversion of surplus reserve into capital (or shares)											
3. Making good of loss with surplus reserve											
4. Carry-forward of changes in the defined benefit plan for retained earnings											

5. Carry-forward of other comprehensive income for retained earnings												
6. Other												
(V) Special reserve												
1. Amount withdrawn in the period												
2. Amount utilized in the period												
(VI) Other												
IV. Closing balance for the period	977,754,217.00			50,242,778.32	17,125,627,483.84	607,261,671.95	15,750,000.00	-	371,262,292.00	1,667,202,765.19		19,569,077,864.40

Amount of previous period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
I. Closing balance of the previous year	892,406,822.00			50,352,323.80	9,749,414,509.20	204,444,302.78			145,640,411.27	280,520,062.19		10,913,889,825.68
Add: Effects of changes in accounting policies												
Effects of correction of prior year errors												
Other												
II. Opening balance of the current year	892,406,822.00			50,352,323.80	9,749,414,509.20	204,444,302.78			145,640,411.27	280,520,062.19		10,913,889,825.68
III. Increase/decrease for the period (decrease is indicated with "-")	4,868.00			-35,239.96	-10,663,190.96	-102,690,956.12	750,000.00		18,251,921.33	-105,732,430.31		5,266,884.22
(I) Total comprehensive income							750,000.00			182,519,213.26		183,269,213.26
(II) Contribution and withdrawal of capital by owners	4,868.00			-35,239.96	-10,663,190.96	-102,690,956.12						91,997,393.20
1. Common shares invested by owner					-102,690,956.12							-102,690,956.12
2. Capital invested by other equity instrument holders	4,868.00			-35,239.96	343,945.88							313,573.92

3. Amount of share payment credited to owner's equity					91,683,819.28	- 102,690,956.12						194,374,775.40
4. Other												
(III) Profit distribution									18,251,921.33	- 288,251,643.57		- 269,999,722.24
1. Withdrawal of surplus reserve									18,251,921.33	- 18,251,921.33		
2. Distribution to owners (or shareholders)										- 269,999,722.24		- 269,999,722.24
3. Other												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserve into capital (or shares)												
2. Conversion of surplus reserve into capital (or shares)												
3. Making good of loss with surplus reserve												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Other												
(V) Special reserve												
1. Amount withdrawn in the period												
2. Amount utilized in the period												
(VI) Other												
IV. Closing balance for the period	892,411,690.00			50,317,083.84	9,738,751,318.24	101,753,346.66	750,000.00		163,892,332.60	174,787,631.88		10,919,156,709.90

III. Corporate Information

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

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

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

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

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

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

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

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

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

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

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

According to the resolutions of the 43rd meeting of the third board of directors held on March 23, 2020, the resolutions of the 2020 first extraordinary general meeting of shareholders held on April 9, 2020, and the resolutions of the third meeting of fourth board of directors held on June 12, 2020 and the Approval of the Non-public Issuance of Shares by Yunnan Energy New Material Co., Ltd.” (Zheng Jian Xu Ke [2020] No. 1476) issued by China Securities Regulatory Commission, the Company’s non-public issuance shall not exceed 241,611,231 RMB-denominated ordinary shares. The Company non-publicly issued 69,444,444 RMB-denominated ordinary shares (A shares) to specific investors on August 17, 2020, with a par value of RMB1.00 per share, and a subscription price of RMB72.00 per share. A total of RMB4,999,999,968.00 was raised.

Excluding the cost of RMB17,495,413.51 related to the issuance, the Company's actual net funds raised were RMB4,982,504,554.49, of which RMB69,444,444.00 was included in the share capital and RMB4,913,060,110.49 was included in the capital reserve-share capital premium. All the above capital contributions have been subscribed in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (Da Hua Yan Zi [2020] No. 000460).

Approved by the Reply on Approval of Yunnan Energy New Material Co., Ltd. to Issue Convertible Corporate Bonds Publicly (Zheng Jian Xu Ke [2019] No. 2701) issued by China Securities Regulatory Commission, the Company publicly issued 16 million convertible corporate bonds on February 11, 2020. The conversion period of convertible corporate bonds shall start from the first trading day six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026. As of December 31, 2023, a total of 17,629,685.00 shares of convertible corporate bonds were converted cumulatively into shares.

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

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

According to the resolutions of the 38th meeting of the fourth board of directors held on November 21, 2021, the resolutions of the 2022 first extraordinary general meeting of shareholders held on January 17, 2022, the resolutions of the second meeting of fifth board of directors held on April 21, 2023, the resolutions of the 2023 first extraordinary general meeting of shareholders held on May 8, 2023, and the resolutions of the fifth meeting of fifth board of directors held on May 14, 2023, and the Approval of the Non-public Issuance of Shares by Yunnan Energy New Material Co., Ltd. (Zheng Jian Xu Ke [2022] No. 1343) issued by China Securities Regulatory Commission approving that the Company's non-public issuance shall not exceed 267,721,996 RMB-denominated ordinary shares. The Company non-publicly issued 85,421,412 RMB-denominated ordinary shares (A shares) to specific investors on June 1, 2023, with a par value of RMB1.00 per share, and a subscription price of RMB87.8 per share. A total of RMB7,499,999,973.60 was raised. Excluding the cost of RMB46,453,872.58 (excluding value-added tax) related to the issuance, the Company's actual net funds raised were RMB7,453,546,101.02, of which RMB85,421,412.00 was included in the share capital and RMB7,368,124,689.02 was included in the capital reserve-share capital premium. All the above capital contributions have been subscribed in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (Da Hua Yan Zi [2023] No. 000250).

According to the resolution of the second extraordinary general meeting of shareholders of 2023 held by the Company on July 11, 2023 and the revised articles of association of the Company, the Company canceled the repurchase of part of incentive shares, repurchased the shares subscribed by 68 natural persons in the form of monetary capital, totaling RMB5,710,003.24. It has been verified by Dahua CPAs (SGP) issuing the capital verification report (Da Hua Yan Zi [2023] No. 000386). In addition, one incentive object died other than as a result of the performance of his duties, the Company repurchased and cancelled a total of 344.00 restricted shares granted to such object but not yet unlocked a total of RMB22,122.96 for the repurchase and interest. The above transactions reducing share capital by RMB88,974.00, reducing capital reserve-share capital premium by RMB5,643,152.20.

After years of distribution of bonus shares, allotment of new shares, conversion of share capital and issuance of new shares, as of December 31, 2023, the Company has issued a total number of 977,754,217.00 shares, with a registered capital of RMB977,754,217.00.

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

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

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

(iii) Scope of the Consolidated Financial Statements

There are 37 subsidiaries included in the consolidation scope in this period. For details, please refer to "Note VIII. Interests in Other Entities".

Compared with the last period, one new entity was included in and no entity was removed from the consolidated financial statements this period. Please refer to “VII. Change of consolidation scope” for details of the subject in the scope of consolidated financial statements.

(iv) Authorization of financial statements for issue

These financial statements were authorized for issue by the Company’s Board of Directors on April 24, 2024.

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

The preparation of financial statements of the Company is based on the actual transactions and events in accordance with the Accounting Standards for Business Enterprises - Basic Standards published by the Ministry of Finance and specific corporate accounting standards, application guidelines for corporate accounting standards, corporate accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as “corporate accounting standards”) for confirmation and measurement, combining the provisions of “Regulations on the Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports” (revised in 2023) published by CSRC.

2. Going concern basis

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

V. Significant Accounting Policies and Accounting Estimates

Reminders on specific accounting policies and accounting estimates:

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

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

2. Accounting period

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

3. Operating cycle

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

4. Functional currency

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

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

5. Methods for determination and basis for selection of the materiality criteria

Applicable Not applicable

Items	Materiality Criteria
Significant receivables for allowance for bad debts provided on individual basis	≥RMB1 million
Significant receivables written off	≥RMB1 million
Significant other receivables written off	≥RMB1 million
Significant construction in progress	Top 10 engineering projects in book value of construction in progress
Significant payables ageing over 1 year	≥RMB5 million
Significant other payables ageing over 1 year or overdue	≥RMB5 million
Significant other gains	≥RMB5 million
Significant non-wholly owned subsidiaries	The Company has identified subsidiaries with total assets/total income/total profit exceeding 10% of the total assets/total income/total profit of the Group as significant non-wholly owned subsidiaries

6. Accounting treatments for business combination under common control and not under common control

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

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

(2) Business combination under common control

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

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

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

(3) Business combination not under the common control

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

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

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

The difference between the higher combination cost and lower fair value of identifiable net assets of the acquiree gained in the combination is recognized as goodwill by the Company. In case the combination cost is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities of the acquiree and the combination cost is conducted. If the review indicates that the fair value of the combination cost is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is included in current profit or loss.

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

(4) Related expenses incurred for business combination

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

7. Criteria for judgement of control and methods for preparation of the consolidated financial statements

(1) Criteria for judgement of control

Control refers to the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of returns.

The Company makes judgments on whether or not it controls the investee after considering all relevant facts and circumstances. Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the definition of control, the Company will re-evaluate them. The relevant facts and circumstances mainly include:

- 1) the purpose of establishment of the investee.
- 2) the relevant activities of the investee and how to make decisions about the relevant activities.
- 3) whether the investor has the right to direct the relevant activities of the investee.
- 4) whether the investor is entitled to variable returns from its involvement with the investee.
- 5) whether the investor has the ability to use its power over the investee to affect the amount of its returns.
- 6) the relationship between the investor and other parties.

(2) The scope of consolidation

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

(3) Procedures for consolidation

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

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

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

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

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

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

(1) Increase in subsidiary or business

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

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

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

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

(2) Disposal of subsidiary or business

1) General treatment method

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

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

2) Disposal of subsidiaries in steps

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

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

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

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

(3) Acquisition of minority' equity in subsidiary

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

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

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

8. Classification of joint venture arrangements and accounting treatment method for joint operations

(1) Classification of joint arrangements

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

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

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

(2) Accounting treatment for joint operations

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

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

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

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

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

9. Determination standards for cash and cash equivalents

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

10. Foreign currency business and foreign currency statement translation

(1) Foreign currency business

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

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

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

(2) Translation of foreign currency financial statements

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

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

minority shareholders' rights and interests and will not be transferred to current profit and loss. When disposing of part of the equity of an overseas operation that is an associate or a joint venture, the difference on translation of the foreign currency statement related to the overseas operation shall be transferred to the disposal of the current profit and loss according to the proportion of the disposal of the overseas operation.

11. Financial instruments

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

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

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

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

(1) Classification, recognition and measurement of financial assets

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

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

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

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

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

A. Financial assets classified as measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

D. Financial assets classified as measured at fair value through profit and loss

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

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

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

E. Financial assets designated as measured at fair value through profit and loss

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

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

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

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

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

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

(2) Classification, recognition and measurement of financial liabilities

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

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

Subsequent measurement of financial liabilities depends on their classification:

1) Financial liabilities measured at fair value through profit and loss

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

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

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

A. Such financial liabilities can eliminate or significantly reduce accounting mismatches.

B. The financial liability portfolio or the portfolio of financial assets and liabilities is managed and evaluated for performance on the basis of fair value according to the enterprise risk management or investment strategy stated in the official written documents, and is reported to key management personnel within the enterprise on this basis.

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

in profit or loss, the Company will include all changes in fair value (including the amount affected by changes in its own credit risk) in current profit and loss.

2) Other financial liabilities

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

A. Financial liabilities measured at fair value through profit and loss.

B. Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

C. Financial guarantee contracts that do not fall under the first two categories of this article, and loan commitments that do not fall under category 1) of this article and lend at a below-market interest rate.

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

(3) Derecognition of financial assets and liabilities

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

A. The contractual right to receive cash flow from the financial asset is terminated.

B. The financial asset has been transferred, which meets the requirements for derecognition of financial assets.

2) Conditions for derecognition of financial liabilities

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

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

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

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

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

1) If almost all the risks and rewards of the financial asset ownership are transferred, such financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.

2) If almost all the risks and rewards of the financial asset ownership are retained, such financial asset shall continue to be recognized.

3) In circumstances when the Company neither transfers nor retains almost all the risks and rewards of the financial asset ownership (i.e. circumstances other than 1) and 2) of this article), according to whether it retains control over such financial asset:

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

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

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

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

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

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

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

- A. The carrying amount of the derecognized portion on the derecognition date.
- B. The sum of the consideration received for the derecognized portion and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income (the financial assets involved in the transfer are financial assets measured at fair value and whose changes are included in other comprehensive income). If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset shall continue to be recognized and the consideration received shall be recognized as a financial liability.

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

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

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

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

(6) Impairment of financial instruments

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

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

For contractual assets, notes receivable and receivables arising from transactions regulated by the income criteria, the Company measures the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

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

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

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

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

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

- A. Significant increase of credit risk

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

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

If, on the balance sheet date, the credit risk of the financial instrument is judged to be low by the Company, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong ability to fulfill its contractual cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

B. Financial assets with credit impairment

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

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

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

C. Determination of expected credit loss

The Company's assessment of the expected credit losses of financial instruments is based on single items and combinations. During the evaluation, the Company will take into account reasonable and reliable information about past events, current situation and future economic situation forecast. The Company divides financial instruments into different combinations on the basis of common credit risk characteristics. Common credit risk characteristics adopted by the Company include: type of financial instrument, credit risk rating, aging portfolio, overdue aging portfolio, contract settlement period, debtor's industry, etc. To understand the individual evaluation criteria and combined credit risk characteristics of relevant financial instruments, please refer to the accounting policies of relevant financial instruments for details.

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

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

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

4) Write-off of financial assets

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

(7) Offset of financial assets and financial liabilities

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

- 1) The Company has the legal right, which is currently enforceable, to offset the confirmed amount;

- 2) The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

12. Notes receivable

For the determination method and accounting treatment method of the Company for the expected credit losses on notes receivable, please refer to “11-(6) Impairment of financial instruments” in this section.

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

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

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

13. Accounts receivable

For the determination method and accounting treatment method of the Company for the expected credit losses on accounts receivable, please refer to “11-(6) Impairment of financial instruments” in this section.

For accounts receivable with significant single amount and credit impairment occurring after initial recognition, the Company separately determines its credit losses.

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

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

14. Receivables financing

Bills receivable and accounts receivable classified as measured at fair value through other comprehensive income, whose maturity is within one year (including one year) from the initial recognition date, are presented as receivables financing; those with a maturity of more than one year from the initial recognition date are presented as other debt investments. Please refer to Note 11 for relevant accounting policies.

For the determination method and accounting treatment method of the Company’s expected credit loss on receivables financing, please refer to “11-(6) Impairment of financial instruments” in this section.

The Company separately determines credit losses for receivables financing which sufficient evidence of expected credit loss can be assessed at a reasonable cost at the level of a single instrument.

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

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

15. Other receivables

For the determination method and accounting treatment method of the Company’s expected credit loss on other receivables, please refer to “11-(6) Impairment of financial instruments” in this section.

The Company separately determines credit losses for other receivables that which sufficient evidence of expected credit loss can be assessed at the level of a single instrument.

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

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

16. Contractual assets

17. Inventories

(1) Classification of inventories, valuation method for issuance, inventory system and amortization method of low-value consumables and packages

1) Classification of inventories

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

2) Valuation method for issuance of inventories

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

3) Inventory system

A perpetual inventory system is adopted.

4) Amortization method of low-value consumables and packages

A. Low-value consumables are amortized by the one-off writing-off method.

B. Packages are amortized by the one-off writing-off method.

C. Other turnover materials are amortized by the one-off writing-off method.

(2) recognition audit and provision method for provision for inventory impairment

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

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

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

18. Held-for-sales assets

19. Debt investment

20. Other debt investment

21. Long-term receivables

22. Long-term equity investment

(1) Recognition of initial investment cost

1) For the long-term equity investment formed by the business combination, the specific accounting policies are detailed in “(6). Accounting treatments for business combination under common control and not under common control” in this section.

2) Long-term equity investment acquired by other means

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

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

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

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

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

1) Cost method

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

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

2) Equity method

The Company adopts equity method for accounting of long-term equity investments in associates and joint ventures. For the equity investment in associates in which part of it is held indirectly through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds, it shall be measured at fair value and its changes shall be recorded into profits and losses.

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

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

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

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

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

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

1) Transfer of fair value measurement to equity method

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

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

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

The equity investment originally held by the Company that does not have control, joint control or significant impact on the investee and is subject to accounting treatment in accordance with the recognition and measurement standards of financial

instruments, or the long-term equity originally held by the Company in associates and joint ventures: If the investee under different control can be controlled due to additional investment and other reasons, when preparing individual financial statements, the book value of equity investment originally held plus new investment cost shall be taken as the initial investment cost calculated by cost method instead.

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

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

3) Transfer of equity method to fair value measurement

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

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

4) Transfer of cost method to equity method

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

5) Transfer of cost method to fair value measurement

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

(4) Disposal of Long-Term Equity Investments

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

If the terms, conditions and economic impact of the disposal of various transactions of equity investment in subsidiaries meet one or more of the following conditions, multiple transactions shall be accounted as a package deal:

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

If the control over the original subsidiary company is lost due to the disposal of part of equity investment or other reasons, and it does not belong to a package deal, the relevant accounting treatment shall be made by distinguishing individual financial statements and consolidated financial statements:

1) In individual financial statements, for the equity disposed, the difference between the book value and the actually obtained price is included in the current profit and loss. If the residual equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted by equity method, and the residual equity shall be deemed as adjusted by equity method when it is acquired; If the residual equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the difference between the fair value and book value on the date of loss of control shall be included in the current profit and loss.

2) In the consolidated financial statements, for the difference between the disposal price and the corresponding share of net assets of the subsidiary calculated continuously from the purchase date or the combination date for each transaction before the loss of control over the subsidiary, the capital reserve (share capital premium) shall be adjusted. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted; if the control right over the subsidiary is lost, the remaining equity shall be remeasured according to its fair value on the date of losing the control right. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary calculated continuously from the purchase date calculated according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost, and goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary will be converted into the current investment income when the control right is lost.

If all transactions from disposal of equity investment in subsidiaries to loss of control belong to a package deal, each transaction shall be treated as a transaction for disposal of equity investment in subsidiaries and loss of control, and relevant accounting treatment shall be conducted according to individual financial statements and consolidated financial statements:

1) In individual financial statements, the difference between each disposal price and the long-term equity investment book value corresponding to the disposed equity before the loss of control right is recognized as other comprehensive income, which is transferred to the loss and profit of the current period when the control right is lost.

2) In the consolidated financial statements, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of the control right is recognized as other comprehensive income, which is transferred into the current profit and loss when the control right is lost.

(5) Judgment for joint control and significant impact

If the Company controls an arrangement collectively with other participants in accordance with relevant agreements, and the activity decision-making that has a significant impact on the return of the arrangement needs to exist after the consensus of the participants sharing the control right, it is deemed that the Company and other participants jointly control an arrangement, which is a joint venture arrangement.

When the joint venture arrangement is reached by a single body, the individual entity shall be judged as a joint venture and the equity method shall be used for accounting when the Company has the right to enjoy the net assets of the individual entity according to the relevant agreement. If it is judged that the Company does not have the right to the net assets of the individual subject according to the relevant agreement, the individual subject shall be regarded as the joint operation, the Company shall recognize the items related to the share of interests of the joint operation, and carry out accounting treatment in accordance with the provisions of the relevant accounting standards for business enterprises.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. The Company judges to have a significant impact on the investee through one or more of the following circumstances and comprehensive consideration of all facts and circumstances: 1) having a representative on the board of directors or similar authority of the investee; 2) participate in the financial and operational policy-making process of the investee; 3) there are significant transactions with the investee; 4) dispatch management personnel to the investee; and 5) provide key technical data to the investee.

23. Investment properties

Measuring mode of investment properties

Measured at cost

Depreciation or amortization method

The Company adopts the cost model for subsequent measurement of investment property. Depreciation or amortization is accrued on buildings and land use rights according to the estimated service life and net residual value rate. The estimated service life, net residual value rate and annual depreciation (amortization) rate of investment properties are listed as follows:

Type	The estimated service life (Year)	The estimated net residual value rate (%)	Annual depreciation (amortization) rate (%)
Land use rights	Service life of land use rights		1/Service life*100
Property and plant	20	5-10	4.50-4.75

See 30 "Impairment of long-term assets" for methods of testing and providing for impairment of investment properties.

24. Fixed assets

(1) Recognition criteria

Fixed assets mean tangible assets held for the purpose of producing goods, rendering of services, leases or operation management, whose service life is more than one fiscal year. Fixed assets satisfying the following conditions are recognized:

- 1) The economic benefits associated with the fixed assets are likely to flow into the enterprise;
- 2) The cost of the fixed asset can be measured in a reliable way.

(2) Depreciation method

Type	Depreciation method	Depreciation life (year)	Rate of residual value (%)	Annual depreciation rate (%)
Property and plant	Straight-line method	20	5-10	4.50-4.75
Machinery and equipment	Straight-line method	6-13	5-10	6.92-15.83
Transportation equipment	Straight-line method	5	5-10	18.00-19.00
Electronic equipment	Straight-line method	5	5-10	18.00-19.00
Office equipment	Straight-line method	5	5-10	18.00-19.00
Other equipment	Straight-line method	5	5-10	18.00-19.00

The Company shall comply with the disclosure requirements in the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*.

25. Construction in progress

The Company shall comply with the disclosure requirements in the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*.

Construction in progress built by the Company is valued at the actual cost, which consists of the necessary expenses incurred before the construction of the asset reaches the expected usable status, including engineering materials costs, labor costs, related taxes and fees, borrowing costs that should be capitalized and indirect costs that should be apportioned.

For the construction in progress project, all expenses incurred before the construction of the asset reaches the expected serviceable state shall be taken as the entry value of fixed assets. If the construction in progress has reached the expected serviceable condition, but the final accounts of completion have not yet been handled, from the date of reaching the expected serviceable condition, it shall be transferred to fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the Company's fixed assets depreciation policy. The original estimated value shall be adjusted according to the actual cost after the completion of final accounts, but the amount of depreciation that has been accrued shall not be adjusted.

See "(30) Impairment of long-term assets" in this section for methods of testing and providing for impairment of construction in progress.

26. Borrowing costs

(1) Recognition principles of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of qualifying assets, shall be capitalized and included in the cost of relevant assets. Other borrowing costs shall be recognized as expenses according to the amount incurred and included in the profits or losses in the current period.

Assets eligible for capitalization refer to fixed assets, investment properties, inventory and other assets that are expected to be usable or salable after a considerable period of purchase and construction or production activities.

Capitalization shall commence when:

- 1) Expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;
- 2) Borrowing costs are being incurred, and;
- 3) Purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use or sale are in progress.

(2) Capitalization period for borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

Capitalization of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

Where part of the project of acquisition, construction or production of qualifying assets has been completed respectively and can be put into use individually, capitalization of borrowing costs of that part should cease.

Where each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after all parts have been completed, capitalization of borrowing costs shall cease at the completion of all parts of the said assets.

(3) Period of suspension for capitalization

Capitalization of borrowing costs shall be suspended during periods in which purchase, construction or manufacturing of assets eligible for capitalization is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is the necessary procedure to prepare the assets purchased, constructed or manufactured assets eligible for capitalization for their intended use or sale, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption shall be recognized in current profit or loss, and shall continue to be capitalized when purchase, construction or manufacturing of the relevant assets resumes.

(4) Measurement of capitalized amounts of borrowing costs

Interest charges on special borrowings (excluding interest income on unused borrowings deposited in the bank, or investment income on temporary investment) and their ancillary expenses shall be capitalized before the assets purchased, constructed or produced that meet the capitalization conditions are ready for intended use or sale.

The amount of capitalized interest on general borrowings is calculated by the weighted average of the excess portion of the accumulative asset expenditures over the special borrowings multiplied by the capitalization rate of general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period shall be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

27. Right-of-use assets

The Company initially measures the right-of-use assets on the basis of the cost, which includes:

- (1) The amount of initial measurement of lease liabilities;

- (2) For the lease payment paid on or before the beginning of the lease term, if there is lease incentive plan, the relevant amount of lease incentive enjoyed shall be deducted;
- (3) The initial direct costs incurred by the company;
- (4) The costs expected to be incurred by the Company to dismantle or remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the state agreed in the lease terms (excluding the costs incurred for the production of inventories).

After the beginning date of the lease term, the Company adopts the cost model for subsequent measurement of the right-of-use assets.

If it can be reasonably determined that the ownership of the leased asset is obtained at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue depreciation within the shorter term between the lease term and the remaining service life of the leased asset. For the right-of-use assets with impairment provision, the depreciation shall be accrued on the basis of the book value after deducting the impairment provision in the future with reference to the above principles.

In accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Company determines whether the right-of-use assets have been impaired and accounts for the identified impairment losses. Please refer to "24. Impairment of long-term assets" in the section for details.

28. Biological assets

29. Oil and gas assets

30. Intangible assets

(1) The service life and its determination basis, estimated situation, amortization method or review procedures

The Company determines the useful life of intangible assets on acquisition, which are classified as intangible assets with limited useful life and indefinite useful life.

1) Intangible assets with limited useful lives

For the intangible assets with limited service life, they are amortized by the straight-line method within the period of bringing economic benefits to the enterprise. The estimated life and basis of intangible assets with limited service life are as follows:

Item	Expected service life	Basis for estimates
Software	10 years	Expected service life
Land use rights	50 years	Certificate of land using right
Patent rights	10 years	Benefit period
Non-proprietary technology	10 years	Benefit period

The service life of the intangible assets with limited service life and its amortization method shall be reviewed at the end of each period. Adjustments will be made if necessary.

2) Intangible assets with uncertain useful lives

Intangible assets with unforeseeable economic benefits to the Company are deemed to be intangible assets with an indefinite useful life.

Intangibles assets with uncertain useful lives are reviewed for remaining useful lives at each period end. If there is evidence to suggest that the period in which the intangible asset will bring economic benefits to the enterprise is foreseeable, the Company will estimate its useful life and amortize it according to the amortization policy for intangible assets with limited useful life. See "30. Impairment of long-term assets" in this section for methods of testing and providing for impairment of intangibles assets.

(2) Sweep scope for R&D expenses and relevant accounting treatments

1) Criteria for classification of research phase and development phase of internal R&D projects of the Company

Research phase: the phase in which original and planned investigation and research are carried out with purpose of gaining and understanding new scientific or technical knowledge.

Development phase: before commercial production and utilization, the phase in which the research achievement or other knowledge is applied to a particular project or design in order to produce new or substantially improved materials, devices, products, etc.

The expenditure of internal R&D projects incurred during research phase is recognized in profit or loss when incurred.

2) Expenditures arising from development phase on internal R&D projects must be capitalized if the Company can satisfy all of the following criteria:

- A. There is technical feasibility of completing the intangible assets (so that they will be available for use or sale);
- B. There is an intention to complete and use or sell the assets;
- C. how the intangible asset will generate economic benefits including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;
- D. There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible assets;
- E. The expenditure attributable to the development phase of intangible assets can be reliably measured.

If the expenditure at the development phase does not meet the above condition, it shall be charged to current profits or losses when occurring. If it is not possible to distinguish between research phase expenditures and development phase expenditures, all research and development expenditures incurred are recognized in the current profits and losses. The cost of intangible assets resulting from internal development activities includes only the total amount of expenditure incurred from the point at which the capitalization condition is met until the intangible asset reaches its intended use. No adjustment is made to the expenditure that has been expensed to profit or loss before the capitalization condition is met for the same intangible asset in the development process.

31. Impairment of long-term assets

At each balance sheet date, the Company inspects whether there are signs of possible impairment of long-term equity investments, investment properties measured using the cost method, fixed assets, construction in progress and intangible assets with definite useful lives. If there is any sign of impairment of a long-term asset, the recoverable amount shall be estimated on the basis of a single asset; if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined.

The recoverable amount of an asset is estimated based on the higher of the net amount of its fair value less disposal expenses and the present value of the expected future cash flow of the asset.

If the measurement results of the recoverable amount show that the recoverable amount of the long-term asset is lower than its book value, the book value of the long-term asset shall be written down to the recoverable amount, and the written-down amount shall be recognized as the impairment loss of the asset, which shall be recorded into the current profit and loss, and the corresponding asset impairment provision shall be drawn at the same time. Once the impairment loss of assets is recognized, it shall not be reversed in the future accounting period.

After the asset impairment loss is recognized, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future period, so that the adjusted asset book value (deducting the estimated net residual value) will be systematically apportioned over the remaining service life of the asset.

For goodwill and intangible assets with uncertain service life due to business combination, no matter whether there is any sign of impairment or not, impairment test shall be carried out every year.

In the impairment test of goodwill, the book value of goodwill would be apportioned to asset group or portfolio of asset group expected to benefit from the synergy effect of a business combination. When carrying out an impairment test on the relevant asset group or portfolio of asset group containing goodwill, if there is a sign of impairment on the asset group or portfolio of asset group related to the goodwill, the Company first calculates the recoverable amount after testing the asset group or portfolio of asset group which does not contain the goodwill for impairment, and then compares it with the related book value to recognize the corresponding impairment loss. Next, the Company conducts an impairment test on the asset group or portfolio of asset group which contains the goodwill and compares the book value of the related asset group or portfolio of asset group (book value includes the share of goodwill) with the recoverable amount. If the recoverable amount of the related asset group or portfolio of asset group is lower than the book value, the Company will recognize the impairment loss of goodwill.

32. Long-term deferred expenses

(1) Amortization method

Long-term deferred expenses refer to expenses that have already been spent by the Company, but shall be apportioned in the current period and the future periods and the benefit period is over 1 year. Long-term prepaid expenses are amortized using the straight-line method over the period of projected earnings.

(2) Amortization period

Type	Amortization period	Notes
Technical services fee	Agreed in the contract	
Renovation fee	3-5 years	
Power Grid access fee	10 years	
Software system implementation fee	5 years	
Repair and maintenance fee	2-3 years	

33. Contractual liabilities

The Company recognizes as a contractual liability the portion of its obligation to transfer commodities to a customer for which the customer consideration has been received or is receivable.

34. Employee compensation

(1) Accounting treatment of short-term employee compensation

During the accounting period when employees provide services, the Company recognizes the short-term benefits payable as a liability and includes the same in the relevant asset costs and expenses on the basis of the beneficiaries of the services provided by employees.

(2) Accounting treatment for post-employment benefits

The post-employment benefit plans of the Company are classified as defined contribution plans and defined benefit plans. The defined contribution plan for post-employment benefits is mainly to participate in the social basic endowment insurance, unemployment insurance, etc., organized and implemented by local labor and social security institutions. During the accounting period when employees provide services to the Company, the amount of deposit payable calculated according to the defined deposit plan shall be recognized as liabilities and included in the current profit and loss or related asset costs. After making regular payments for the aforementioned amounts in accordance with national standards and pension plans, the Company will no longer have any additional payment obligations.

(3) Accounting treatment for termination benefits

Termination benefits refer to the compensation paid to an employee when the Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily. The liabilities arising from the termination of labor relations with the employee are determined, and also included in the current profit and loss, at the time when the Company cannot unilaterally withdraw the termination of the labor relationship plan or redundancies proposal, or the time when the cost associated with restructuring involving payment of termination benefits is confirmed, whichever is earlier.

The Company provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement welfare refers to the wages paid to the employees who fail to reach the retirement age stipulated by the state and voluntarily quit their jobs with the approval of the Company's management and the social insurance premiums paid for them. The Company shall pay the internal retirement benefits to the early retired employees from the commencement date of the internal retirement arrangement to the date when the employees reach the normal retirement age. For the early retirement welfare, the Company shall carry out accounting treatment according to the termination benefits. When the relevant recognition conditions of the termination benefits are met, the wages and social insurance premiums to be paid to the early retired employees from the date when the employees stop providing services to the normal retirement date shall be recognized as liabilities and included in the current profit and loss on a lump-sum basis. The difference caused by the change of actuarial assumption and the adjustment of welfare standard of early retirement welfare shall be included in the current profit and loss when it occurs.

(4) Accounting treatment method for other long-term employee benefits**35. Estimated Liabilities****(1) Recognition criteria of estimated liabilities**

When an obligation related to a contingency is a current obligation undertaken by the company, and the fulfillment of such obligation is likely to result in an outflow of economic benefits, and the amount of such obligation can be reliably measured, it is recognized as an estimated liability.

(2) Measurement of estimated liabilities

The estimated liabilities of the Company are initially measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money related to contingent events. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are handled as follows:

In case that there is a continuous range (or interval) of required expenditures, within which the possibility of occurrence of various results is the same, the best estimate is determined by the average of the middle value of the range, that is, the average of the upper and lower limits.

In case that there is no continuous range (or interval) of required expenditures, or there is a continuous range but the possibility of various results in the range is different, if the contingency involves a single item, the best estimate should be determined based on the most probable amount; if a contingency involves multiple items, the best estimate is determined based on various possible outcomes and associated probabilities.

If all or part of the expenses required by the Company to settle the provisions are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount should not exceed the book value of estimated liabilities.

36. Lease liability

The Company initially measures the lease liability according to the present value of the lease payments that have not been paid on the beginning of the lease period. When calculating the present value of the lease payment, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. Lease payments include:

- (1) The fixed payment amount and the actual fixed payment amount after deducting the leasing incentive related amount;
- (2) Variable lease payments depending on index or ratio;
- (3) When the Company reasonably determines that the option will be exercised, the lease payment includes the exercise price of the purchase option;
- (4) When the lease term reflects that the Company will exercise the option to terminate the lease, the lease payment includes the amount to be paid for the exercise of the option to terminate the lease;
- (5) The expected payment due to the residual value of the guarantee provided by the Company.

The Company calculates the interest expense of the lease liability in each period of the lease term at a fixed discount rate, and include it in the current profit and loss or related asset costs.

Variable lease payments that are not included in the measurement of lease liabilities should be included in current profit or loss or related asset costs when they actually occur.

37. Share-based payments

(1) Categories of share-based payments

The share-based payment of the Company is divided into equity-settled share-based payment and cash-settled share-based payment.

(2) Determination method of fair value of equity instruments

For the granted equity instruments such as options with active market, their fair value shall be determined according to the quoted price in the active market. For the granted equity instruments without active market, the option pricing model is used to determine their fair value. The following factors are considered in the option pricing model: (1) the exercise price of the option; (2) the validity period of the option; (3) the current price of the target share; (4) the expected volatility of the share price; (5) the expected dividend of the share; (6) the risk-free interest rate.

When determining the fair value of the equity instrument on the grant date, the impact of market conditions and non-vesting conditions specified in the share-based payment agreement shall be considered. If there are non-vesting conditions for share-based payment, as long as the employees or other parties meet all non-market conditions (such as service term, etc.) in all of the vesting conditions, the corresponding cost of the services received shall be recognized.

(3) Basis for determining the best estimate of exercisable equity instruments

At each balance sheet date in the vesting period, the Company would make best estimate in accordance with the newly acquired information such as changes in the number of employees with exercisable rights, and amend the number of estimated exercisable equity instruments. On the exercise date, the ultimate estimated number of exercisable equity instruments coincides with the actual number.

(4) Accounting treatment

1) Accounting treatment for equity-settled and cash-settled share-based payment

The equity-settled share-based payment shall be measured at the fair value of the equity instrument granted to the employee. If the right is exercisable immediately after the grant, the relevant cost or expense shall be recorded in accordance with the fair value of the equity instrument on the grant date, and the capital reserve shall be increased accordingly. If the right is not exercisable until the service within the waiting period is completed or the performance conditions are met, on each balance sheet date within the waiting period, the services acquired in the current period shall be included into relevant costs or expenses and capital reserves based on the best estimate of the number of the equity instruments of the exercisable rights and based on the fair value on the grant date of the equity instruments. No adjustments shall be made after the vesting date for the related costs or expenses recognized and total owners' equity.

The cash-settled share-based payment is measured at the fair value of the liabilities borne by the Company and calculated based on shares or other equity instruments. Where the right is feasible immediately after the grant, the fair value of the liabilities borne by the Company shall be included into the relevant costs or expenses at the fair value of the liabilities assumed by the Company on the grant date, and the liabilities shall be increased accordingly. Where the share-based payment is not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in cost or expenses and in liabilities at the fair value of the Company's liabilities based on the best estimates of the quantity of exercisable equity instruments made by the Company. At each balance sheet date and settlement date before relevant liabilities are settled, the fair value of the liabilities is remeasured and the changes are recognized in profit or loss.

2) Accounting treatment for modification of terms and conditions of share-based payment

For the unfavorable modifications, the Company will continue to account for the services received as if the changes have never occurred.

For favorable modifications, the Company will handle them in accordance with the following regulations: If the modifications increase the fair value of the equity instruments granted, the enterprise should recognize the increase in services received in accordance with the increase in the fair value of the equity instruments. If the modification occurs within the waiting period, when recognizing the fair value of services received between the date of the modification and the exercisable date after the modification, both the service amount determined based on the fair value of the original equity instrument on the grant date over the remaining original waiting period and the increase in the fair value of the equity instrument shall be included. If the modification occurs after the exercise date, the increase in fair value of the equity instrument shall be recognized immediately. If the equity-settled share-based payment agreement requires employees to complete an extended period of service before obtaining the modified equity instrument, the enterprise should recognize the increase of the fair value of the equity instrument throughout the waiting period.

If the modification increases the number of equity instruments granted, the fair value of the increased equity instruments is recognized as an increase in services received. If the modification occurs during the waiting period, when recognizing the fair value of services received from the date of the modification to the exercisable date of the increased equity instruments, both the service amount determined based on the fair value of the original equity instruments on the grant date during the remaining original waiting period and the increase in the fair value of the equity instruments shall be included.

If the enterprise modifies the exercise conditions in favor the employees, such as shortening the waiting period, changing or canceling the performance conditions (rather than market conditions), the enterprise should consider the revised exercise conditions when dealing with the exercise conditions.

3) Accounting treatment for share-based payment cancelations

If the granted equity instrument is cancelled in the waiting period, the Company will treat the cancellation of the granted equity instrument as accelerated exercise, and the amount to be recognized in the remaining waiting period will be included in the current profit and loss immediately, and capital reserve will be recognized at the same time. If the employee or other parties can choose to meet the non-vesting conditions but fail to meet them within the waiting period, the Company will treat them as the cancellation of the granted equity instrument.

38. Preferred stock, perpetual bonds and other financial instruments

39. Revenue

Disclosure of accounting policies for recognition and measurement of revenue by business type

The timing of revenue recognition of the Company for major products respectively are as follows: (1) For BOPP cigarette films, cigarette labels, aseptic packaging products, when the products are delivered to the locations designated by the customers, and the delivery is completed and the evidence of transfer of control of the goods is obtained from the customers. (2) For BOPP flat films and lithium battery separators, when the delivery has been completed according to the method agreed by the customers, and the evidence of transfer of control of goods is obtained from the customers or the carriers designated by the customers. (3) For special paper products, the products are delivered to the locations designated by the customers, the delivery is completed and the evidence of conforming requirements from customers is obtained.

The Company has fulfilled its obligations under the contract, that is, when the customer acquires control of the relevant goods or services, the revenue is recognized according to the transaction price apportioned to the performance obligations. Performance obligation refers to the commitment of the Company in the contract to assign commodities or services that can be clearly distinguished to the customer. Obtaining the control right of the related commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

The Company shall evaluate the contract on the commencement date of the contract, identify the individual performance obligations contained in the contract, and determine whether each individual performance obligation shall be performed within a certain period of time or at a certain point in time. If one of the following conditions is satisfied, the performance obligation shall be performed within a certain period of time, and the Company shall recognize the income within a certain period of time according to the performance progress of the Company: (1) the client shall obtain and consume the economic benefits brought by the performance of the Company as the Company performs the contract; (2) the customer is able to control the goods under construction during the performance of the Company; and (3) the products produced by the Company during the performance of the contract are of irreplaceable use, and the Company is entitled to collect payment for the part of the contract which has been completed so far during the whole term of the contract. Otherwise, the Company recognizes revenue at the time point when the customer acquires control of the relevant goods or services.

For the performance obligations performed during a certain period of time, the Company will use the output/input method to determine the appropriate performance schedule based on the nature of the goods and services. The output method determines the performance schedule according to the value to the customer of the goods that have been transferred to the customer (the input method determines the performance schedule according to the Company's input to fulfill the performance obligation). If the performance schedule cannot be reasonably determined and the Company is expected to be compensated for the costs already incurred, the revenue shall be recognized in accordance with the amount of costs already incurred until the performance progress can be reasonably determined.

Differences in recognition and measurement methods of revenue due to different business models for similar businesses

The Company shall comply with the disclosure requirements in the chemical industry set forth in the *Self-Disciplinary Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 3 – Industry Information Disclosure*.

(1) Contracts with sales return clauses

For sales with sales return clauses, when the customer obtains the control right of the relevant goods, the revenue is recognized according to the amount of consideration expected to be entitled to receive due to the transfer of goods to the customer (i.e., excluding the amount expected to be refunded due to sales return), and the liabilities are recognized according to the amount expected to be refunded due to sales return. At the same time, the balance of the book value at the time of transfer of the goods expected to be returned after deducting the expected cost of recovering the goods (including the impairment of the value of the returned goods) shall be accounted for an asset. According to the book value of the transferred goods at the time of transfer, deduct the net carrying cost of the above-mentioned asset costs.

(2) Contracts with quality assurance clauses

For sales with quality assurance clauses, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Company will account for the quality assurance responsibility in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies*.

(3) Sales contracts with additional customer purchase options

The additional purchase option of customers includes sales incentives, customer reward points, option of renewal, other discounts for future goods or services, etc. With respect to the additional purchase option with material rights provided to

customers, the Company regards it as a single performance obligation, and recognizes relevant revenue upon obtaining the control over relevant goods or services by the customers who exercise the purchase option in future or upon lapse of such option. If the separate selling price of the customer's additional purchase option cannot be directly observed, an estimate shall be made after comprehensively considering all relevant information such as the difference in discounts obtained by the customer upon exercise and non-exercise of the option and the possibility of the customer exercising the option.

(4) Contracts for granting intellectual property licenses to customers

Assess whether the intellectual property license constitutes a single performance obligation, and further determine whether it is performed within a certain period or at a certain point in time. If the Company grants an intellectual property license to a customer and agrees to collect royalties according to the actual sales or use of the customer, the revenue shall be recognized at the later of the following two points: the subsequent sales or use of the customer occurs; and the Company performs relevant performance obligations.

(5) After-sales repurchase

1) Contracts with repurchase obligations due to forward arrangements with customers: in this case, the customer does not obtain control of the relevant goods at the time of sales, so they are accounted for accordingly as lease transactions or financing transactions. Where the repurchase price is lower than the original selling price, it shall be regarded as a lease transaction and accounted for in accordance with the relevant provisions of the Accounting Standards for Business Enterprises.; If the repurchase price is not lower than the original selling price, it shall be regarded as a financing transaction, and the financial liabilities shall be recognized when the customer's payment is received, and the difference between the payment and the repurchase price shall be recognized as interest expenses during the repurchase period. If the Company does not exercise the repurchase right when it expires, the financial liabilities shall be derecognized when the repurchase right expires, and the revenue shall be recognized at the same time.

2) Contracts with repurchase obligations incurred at the request of customers: if it is assessed that the customer has significant economic drivers, the after-sales repurchase shall be treated as a lease transaction or a financing transaction and accounted for in accordance with the provisions of 1) of this article; otherwise, it shall be treated as a sales transaction with sales return clauses.

(6) Contracts that charge customers initial fees that do not need to be returned

The initial fee charged to the customer at (or near) the commencement of the contract that is not refundable shall be included in the transaction price. If the Company assesses that the initial fee is related to the transfer of promised goods to the customer and the goods constitute a single performance obligation, the revenue shall be recognized according to the transaction price apportioned to the goods when the goods are transferred; If the initial fee is related to the transfer of promised goods to the customer but the goods do not constitute a single performance obligation when the single performance obligation containing the goods is performed, the revenue shall be recognized according to the transaction price apportioned to the single performance obligation; If the initial fee is not related to the transfer of the promised goods to the customer, the initial fee shall be recognized as the advance receipt for the goods to be transferred in the future and shall be recognized as revenue when the goods are transferred in the future.

40. Contract cost

(1) Costs to fulfil a contract

For the cost incurred for the fulfillment of a contract, if it does not fall within the scope of other accounting standards for business enterprises other than the revenue standards and meets all the following criteria, it shall be recognized as an asset from the costs incurred to fulfill a contract:

- 1) The cost is directly related to a current or to an anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred solely due to the contract;
- 2) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future.
- 3) The costs are expected to be recovered.

The asset is reported in inventories or other non-current assets based on whether the amortization period exceeds one normal business cycle at the time of its initial recognition.

(2) Costs to obtain a contract

If the incremental cost incurred by the Company in obtaining the contract is expected to be recoverable, it shall be recognized as an asset of obtaining a contract. Incremental cost refers to the cost that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, such as sales commission. If the amortization period does not exceed one year, it shall be included in the current profits and losses when it occurs.

(3) Amortization of contract costs

The above assets related to contract costs are amortized at the time of fulfilment of performance obligations or according to the fulfillment progress of performance obligations on the same basis as the recognition of revenue from goods or services related to the assets and included in current profits and losses.

(4) Impairment of contract costs

If the book value of the above-mentioned assets related to the contract cost is higher than the difference between the residual consideration expected to be obtained by the Company due to the transfer of the goods related to the asset and the estimated cost to be incurred for the transfer of the related goods, the excess shall be provided for impairment and recognized as asset impairment loss.

After the impairment provision is made, if the factors of impairment in the previous period change, making the difference between the above two items higher than the book value of the asset, the originally made asset impairment provision shall be reversed and included in the current profits and losses, but the book value of the reversed asset shall not exceed the book value of the asset on the reversal date assuming that no impairment provision is made.

41. Government grant

(1) Type

Government subsidies are transfers of monetary or non-monetary assets from the government to the Group at nil consideration. According to the subsidy targets stipulated in the relevant government documents, government subsidies are classified into government subsidies related to assets and government subsidies related to income.

For government subsidies where the subsidy targets have not been specified in the government documents, the Company categorizes them into classified into government subsidies related to assets and government subsidies related to income according to the actual subsidy targets. For details of relevant basis of judgments, please refer to Note V “51. Deferred income”/“74. Non-operating income”.

The government subsidies related to assets refer to the government subsidies obtained by the Company for purchasing and constructing or forming long-term assets in other ways. Government subsidies related to income refer to government subsidies other than those related to assets.

(2) Recognition of government subsidies

If there is evidence at the end of the period that the Company can meet the relevant conditions specified in the financial support policy and it is expected to receive the financial support funds, the government subsidy shall be recognized according to the receivable amount. Otherwise, government subsidies are recognized when they are actually received.

If a government subsidy is a monetary asset, it is measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it is measured at fair value. If the fair value cannot be obtained in a reliable way, it is measured at the nominal amount (RMB1). Government subsidies measured at nominal amounts are recognized directly in the current profit and loss.

(3) Accounting treatment

According to the essence of economic business, the Company determines whether the total amount method or the net amount method should be used for accounting treatment of a certain type of government subsidy business. Generally, the Company only selects one method for the same or similar government subsidy business, and consistently uses the method for the business.

The government subsidies related to the assets shall be written off against the book value of the relevant assets or recognized as deferred income. If the government subsidy related to the asset is recognized as deferred income, it shall be recorded into the profit and loss in stages in accordance with a reasonable and systematic method during the service life of the asset built or purchased.

If the government subsidy related to the income is used to compensate the relevant expenses or losses of the enterprise in the future period, it shall be recognized as deferred income and recorded into the current profit and loss, or write down the relevant costs during the period of recognition of the relevant expenses or losses; If it is used to compensate the related expenses or losses incurred by the enterprise, it shall be directly recorded into the current profit and loss or write down the relevant costs when obtained.

The government subsidies related to the daily activities of the enterprise shall be included in other income or used to write off related costs and expenses; Government subsidies not related to the daily activities of the enterprise shall be included in the non-operating revenue and expenditure.

Government subsidies related to the discount interest received from policy-related preferential loans offset the relevant borrowing costs; if the policy-based preferential interest rate loan provided by the lending bank is obtained, the borrowing amount actually received shall be taken as the entry value of the borrowings, and borrowing cost should be calculated using the preferential interest rate according to the loan principal and the policy.

In case that a confirmed government subsidy is required to be returned, the book value of the asset is adjusted if the book value of relevant assets is offset at the initial recognition; if there is related deferred income, the book balance of deferred income should be offset, and the excess is included in the current profit and loss; in case of other circumstances, it is directly included in the current profit and loss.

42. Deferred income tax assets/Deferred income tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period when the asset is expected to be recovered or the liability is expected to be settled.

(1) Basis for recognition of deferred income tax assets

The Company recognizes the deferred tax assets generated by the deductible temporary differences to the extent that it is likely to obtain the taxable income that can be used to offset the deductible temporary differences, carry forward the deductible losses and tax credits in the following years. However, deferred tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics shall not be recognized: 1) the transaction is not a business combination; and 2) the transaction does not affect the accounting profit or taxable income or deductible loss.

For the deductible temporary differences related to the investment of associated enterprises, if the following conditions are met at the same time, the corresponding deferred tax assets shall be confirmed: the temporary differences are likely to be reversed in the foreseeable future, and the taxable income used to deduct the deductible temporary differences is likely to be obtained in the future.

(2) Basis for recognition of deferred income tax liabilities

The Company recognizes the taxable temporary differences that should be paid but not paid in the current period and the previous period as deferred tax liabilities, excluding:

- 1) The temporary difference formed by the initial confirmation of goodwill;
- 2) The transaction or event not formed by business combination, and the occurrence of the transaction or event does not affect the accounting profit or the temporary difference formed by the taxable income (or deductible loss);
- 3) For the taxable temporary difference related to the investment in subsidiaries and associated enterprises, the time of reversal of the temporary difference can be controlled and the temporary difference is unlikely to be reversed in the foreseeable future.

(3) When the following conditions are met at the same time, the deferred income tax assets and deferred income tax liabilities are presented at the net amount after offset

- 1) The enterprise has the legal right to settle the current income tax assets and current income tax liabilities with net amount;
- 2) The deferred income tax assets and the deferred income tax liabilities may be related to the income tax levied by the same tax office on the same or different taxpayer. In the latter case, the involved tax payers intend to settle the current income tax assets and current income tax liabilities with net amount, or obtain assets and pay off debts at the same time in each future period when the important deferred income tax assets and deferred income tax liabilities are reversed.

43. Leases

(1) Accounting treatment of the leases as the lessee

At the commencement of the lease term, the Company recognizes the right-of-use assets and lease liabilities for leases, except for short-term leases and low-value asset leases that apply simplified treatment.

1) Short-term lease and low-value asset lease

A short-term lease is a lease that has a lease term of 12 months or less and does not include an option to purchase. Low-value asset lease refers to the lease with lower value when a single leased asset is a brand-new asset.

The Company recognizes right-of-use assets and lease liabilities for short-term leases and low-value asset leases.

- 2) See Notes 27 and 36 in this section for the accounting policies of right-of-use assets and lease liabilities.

(2) Accounting treatment of the leases as the lessor

1) Classification of leases

Leases are divided by the Company into finance leases and operating leases at the commencement of leases. Finance lease is a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. The ownership of it may or may not eventually be transferred. Operating lease refers to a lease other than a financing lease.

Where a lease satisfies one or more of the following criteria, the Company shall recognize it as a finance lease:

- A. The ownership of the leased asset is transferred to the lessee when the term of lease expires.
- B. The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable.
- C. Even if the ownership of the asset is not transferred, the lease term covers the major part of the use life of the leased asset.
- D. The present value of the minimum lease receipts on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date;
- E. The leased assets are of a specialized nature that only the lessee can use them without making major modifications.

Where a lease satisfies one or more of the following criteria, the Company may also recognize it as a finance lease:

- A. If the lessee cancels the lease, the lessee shall bear the losses caused to the lessor by the cancellation of the lease.
- B. Gains or losses arising from fluctuations in the fair value of residual values of assets are attributable to the lessee.
- C. The lessee can continue the lease at a rent that is far below the market level until the next period.

2) Accounting treatment for finance leases

On the date when lease starts, the Company recognizes the finance leases as the receivable of the financial lease which is finally derecognized as the finance leasing assets.

When the finance lease receivables are initially measured, the sum of the unsecured residual value and the present value of the lease receivables that have not been received on the beginning date of the lease term discounted at the implicit interest rate of the lease shall be taken as the entry value of the finance lease receivables. Lease receipts include:

- A. The amount of fixed payment and actual fixed payment amount after deducting the relevant amount of lease incentive;
- B. Variable lease payments depending on index or ratio;
- C. When it is reasonably determined that the lessee will exercise the options, the received amount of lease includes the exercise price of the options;

D. When the lease term reflects that the lessee will exercise the option to terminate the lease, the lease collection includes the amount to be paid by the lessee to exercise the option to terminate the lease;

E. The guaranteed residual value provided by the lessee, the party related to the lessee and the independent third party with the financial ability to perform the guarantee obligation to the lesser.

The Company calculates and recognizes the interest income during each lease term according to the fixed interest rate implicit in lease, and the variable lease payment obtained but not included in the measurement of net lease investment is included in the current profits and losses when it actually arises.

3) Accounting treatment of operating leases

The Company recognizes the lease receipts from operating leases as rental income by the straight-line method or other systematic and reasonable methods during each lease term; The incurred initial direct costs related to the operating lease shall be amortized over the lease term on the same basis as the recognition of rental income and included in the current profits and losses by stages; The variable lease payments obtained that are related to the operating lease but not included in the lease receipts are included in the current profits and losses when they actually arise.

44. Debt Restructuring

(1) Recording debt restructuring obligations as a debtor

A debt restructuring in which the debt is settled by assets is derecognized when the relevant assets and the settled debt meet the conditions for derecognition, and the difference between the carrying amount of the settled debt and the carrying amount of the transferred assets is recognized in profit or loss for the current period.

A debt restructuring that converts a debt into an equity instrument is derecognized by the Company when the settled debt meets the conditions for derecognition. The equity instrument of the Company is measured at its fair value upon initial recognition, and if the fair value cannot be reliably measured, it is measured at the fair value of the settled debt. The difference between the carrying amount of the settled debt and the amount recognized for the equity instrument is recognized in current profit or loss.

Debt restructuring by modifying other terms shall be recognized and measured in accordance with *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Business Enterprises No. 37 – Presentation of financial instruments*.

If debt restructuring is carried out by using multiple assets to pay off debts or combination, equity instruments and restructured debts shall be recognized and measured according to the abovementioned methods. The difference between the carrying amount of the settled debts and the carrying amount of the transferred assets and the sum of the recognized amounts of the equity instruments and restructured debts shall be included in the current profits or losses.

(2) Recording debt restructuring obligations as a creditor

For debt restructuring in which assets are used to pay off debts, assets other than the transferred financial assets are initially recognized at cost. The cost of inventory includes the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, insurance premiums, etc., incurred to enable the asset to reach its current position and state. The cost of an investment in an associate or joint venture and the cost of investment property respectively include the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes. The cost of a fixed asset includes the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, installation costs, professional services fee, incurred before bringing the asset to its intended usable condition. The cost of an intangible asset includes the fair value of abandoned creditor's rights and other costs such as taxes that are directly attributable to bringing the asset to its intended use. The difference between the fair value and the carrying value of abandoned creditor's rights should be recognized in profit or loss for the current period.

If the debt restructuring of converting debt into equity instrument causes the Company to convert the creditor's right into equity investment in an associate or a joint venture, the initial investment cost shall be measured according to the fair value of the abandoned creditor's right and other costs such as taxes directly attributable to the asset. The difference between the fair value and the carrying amount of the abandoned creditor's rights recognized in profit or loss for the current period.

For debt restructuring by modifying other terms, the creditor's rights restructured shall be recognized and measured in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

If debt restructuring is carried out by using multiple assets to pay off debts or combination, firstly, the transferred financial assets and creditor's right restructured are recognized and measured in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, and then the net amount of the fair value of the abandoned creditor's rights after deducting the recognized amount of the transferred financial assets and the restructured creditor's rights are allocated in proportion to the fair value of each asset other than the transferred financial assets. On this basis, the cost of each asset is determined separately in accordance with the above method. The difference between the fair value and the carrying amount of the abandoned creditor's rights is recognized in profit or loss for the current period.

45. Repurchase of shares of the Company

Consideration and transaction costs paid by the Company to repurchase its own equity instruments reduce owners' equity. If the Company reduces its capital by purchasing the Company's shares in accordance with legal procedures, the share capital shall be reduced according to the total book value of the shares canceled, and the difference between the price (including transaction expenses) paid for the repurchase of shares and the par value of the shares shall be adjusted to the owner's equity, and the portion exceeding the total par value shall be deducted from the capital reserve (share premium), surplus reserve and undistributed profit sequentially; if it is less than the total book value, the portion less than the total book value will be increased to the capital reserve

(share premium). No gain or loss is recognized by the Company as a result of the issue, repurchase, sale or cancellation of the Company's own equity instruments.

The repurchased shares prior to cancellation or transfer of shares are managed as treasury shares. All costs incurred from repurchase of shares are recognized as the costs of treasury shares.

Upon transfer of treasury shares, the excess of transfer income over the cost of treasury shares is credited to capital reserve (share premium); the portion lower than the cost of treasury shares shall be deducted from capital reserve (share premium), surplus reserve and undistributed profit sequentially.

Treasury shares formed by the Company's repurchase of its ordinary shares shall not participate in the Company's profit distribution and shall be presented as an item of allowance for owner's equity in the balance sheet.

46. Hedge accounting

According to the hedging relationship, the Company divides hedging into fair value hedging, cash flow hedging and overseas net investment hedging.

(1) Hedging instruments that meet the following conditions at the same time shall be treated with hedging accounting method

- 1) The hedging relationship is only composed of qualified hedging instruments and hedged items.
- 2) At the beginning of hedging, the Company formally designated hedging instruments and hedged items, and prepared written documents on hedging relationship, risk management strategy and risk management objectives for hedging.
- 3) The hedging relationship meets the requirements of hedging effectiveness.

If the hedging meets the following conditions at the same time, the hedging relationship shall be deemed to meet the requirements of hedging effectiveness:

A. There is an economic relationship between the hedged item and the hedging instrument. This economic relationship makes the value of the hedging instrument and the hedged item change in the opposite direction due to the same hedged risk.

B. In the value changes caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk does not dominate.

C. The hedging ratio of the hedging relationship is equal to the ratio of the actual number of hedged items hedged by the Company to the actual number of hedging instruments hedged, but does not reflect the imbalance of the relative weight of the hedged items and hedging instruments. This imbalance will lead to ineffective hedging and may produce accounting results inconsistent with the hedging accounting objectives.

(2) Accounting treatment for fair value hedges

1) Gains or losses arising from hedging instruments shall be included in current profit and loss. If the hedging instrument hedges the non-tradable equity instrument investment (or its components) that is selected to be measured at fair value and its change is included in other comprehensive income, the gains or losses generated by the hedging instrument are included in other comprehensive income.

2) Gains or losses of the hedged item arising from the hedged risk exposure are included in the current profit and loss, and the book value of the hedged item that is not measured at fair value is adjusted. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the profit or loss generated from the hedged risk exposure is included in the current profit and loss, and its book value has been measured at fair value without adjustment; the hedged item is the non-tradable equity instrument investment (or its components) that the company chooses to measure at fair value and its change is included in other comprehensive income, the gains or losses arising from the hedged risk exposure are included in other comprehensive income, and its book value has been measured at fair value without adjustment.

If the hedged item is an unrecognized firm commitment (or its component), the accumulated change in fair value caused by the hedged risk after the designation of the hedging relationship shall be recognized as an asset or liability, and the relevant gains or losses shall be included in the profits and losses of each relevant period. When the asset or liability is acquired by fulfilling the established commitment, the initial recognized amount of the asset or liability is adjusted to include the fair value cumulative change of the recognized hedged item.

3) If the hedged item is a financial instrument (or its component) measured at amortized cost, the adjustment of book value of the hedged item shall be amortized according to the actual interest rate recalculated on the amortization date and included in the current profit and loss. The amortization can start from the adjustment date, but not later than the time point when the hedging gains and losses are adjusted for the termination of the hedged item. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the accumulated recognized hedging gains or losses shall be amortized in the same way and included in the current profit and loss, but the book value of the financial asset (or its component) shall not be adjusted.

(3) Accounting for cash flow hedges

1) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, which is regarded as the cash flow hedging reserve, and shall be recognized in other comprehensive income: The amount of the cash flow hedge reserve shall be determined by the lower of the absolute amount of the following two items:

A. the cumulative gain or loss on the hedging instrument from inception of the hedge; and

B. the present value of the cumulative change in the hedged expected future cash flows of the hedged item from inception of the hedge. The amount of the cash flow hedge reserve recognized in the other comprehensive income during each accounting period is the change in the current cash flow hedge reserve.

2) The portion of gain or loss on the hedging instrument (that is, other gains or losses after deducting other comprehensive income) is hedge ineffectiveness that shall be recognized in profit or loss.

3) The amount of cash flow hedge reserve shall be accounted for as follows:

A. The hedged item is an expected transaction, and the expected transaction causes the company to subsequently results in the recognition of a non-financial asset or non-financial liability, or the expected transaction of non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability.

B. For cash flow hedges other than those covered by previous clause, that amount shall be reclassified from the cash flow hedge reserve originally recognized in other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

C. However, if that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(4) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges:

1) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation.

2) The ineffective portion shall be recognized in profit or loss.

(5) Termination of hedge accounting

In case of any of the following circumstances, the application of hedge accounting shall be terminated:

- 1) the hedging relationship no longer meets the risk management objective due to changes in risk management objective.
- 2) the hedging instrument or instruments have been expired, sold or contract terminated or executed.
- 3) there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- 4) The hedging relationship does not satisfy other conditions of undertaking hedge accounting. If rebalancing of the hedging relationship applies, the Company shall consider the rebalancing the hedging relationship first and subsequently assess whether the hedging relationship satisfies the conditions of undertaking hedge accounting.

The termination of hedging accounting may affect the whole or a part of the hedging relationship. When only a part of it is affected, the remaining unaffected parts still applies hedging accounting.

(6) Option to designate a credit exposure as measured at fair value

When the credit risk exposure of a financial instrument (or its components) is managed by using a credit derivative instrument measured at fair value through current profit and loss, the financial instrument (or its components) can be at the time of initial recognition, subsequent measurement or unconfirmed, it shall be designated as a financial instrument measured at fair value with its changes included in the current profit and loss, and written records shall be made at the same time, but the following conditions shall be met simultaneously:

- 1) the name of the credit exposure (for example, the borrower, or the holder of a loan commitment) matches the reference entity of the credit derivative ('name matching');
- 2) the seniority of the financial instrument matches that of the instruments that can be delivered in accordance with the credit derivative.

47. Discontinued operations

Discontinued components are those components of the Company that meet one of the following conditions and can be separately distinguished, and which have been disposed of or classified as held for sale:

- (1) The component represents a separate major business or a major area of operation.
- (2) The component is part of an associated plan for the proposed disposal of a separate major business or a separate major operating area.
- (3) The component is a subsidiary acquired exclusively for resale.

Operating gains and losses such as impairment losses and reversals of amounts from discontinued operations and gains and losses on disposals are presented in the statement of profit or loss as gains and losses of discontinued operations.

48. Changes in other critical accounting policies and accounting estimates

49. Changes in critical accounting policies and accounting estimates

(1) Changes in critical accounting policies

Applicable Not applicable

Unit: RMB

Content and reason of accounting policy change	Names of the items materially affected	Amounts affected
The Company has started to implement the <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i> "accounting treatment of deferred income tax relating to assets and liabilities arising from a single transaction for which the initial recognition exemption does not apply" issued by the Ministry of Finance in 2022 since January 1, 2023.	Deferred tax assets, deferred tax liabilities and income tax expense	
The Company has started to implement the <i>Interpretation No. 17 of Accounting Standards for Business Enterprises</i> "accounting treatment on sale leaseback" issued by the Ministry of Finance in 2023 since October 25, 2023.		0.00

1) Impact of implementing the *Interpretation No. 16 of the Accounting Standards for Business Enterprises* on the Company

On December 13, 2022, the Ministry of Finance issued the *Interpretation No. 16 of the Accounting Standards for Business Enterprises* (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16"). Interpretation No. 16 "accounting treatment of deferred income tax relating to assets and liabilities arising from a single transaction for which the initial recognition exemption does not apply" has been implemented from January 1, 2023, which allows companies to implement ahead of schedule from the release year. The Company has implemented accounting treatment on this matter this year.

The implementation of "accounting treatment of deferred income tax relating to assets and liabilities arising from a single transaction for which the initial recognition exemption does not apply" has no significant impact on the financial statements during the Reporting Period.

2) Impact of implementing *Interpretation No. 17 of the Accounting Standards for Business Enterprises* on the Company

On October 25, 2023, the Ministry of Finance issued *Interpretation No. 17 of the Accounting Standards for Business Enterprises* (Cai Kuai [2023] No. 21, hereinafter referred to as "Interpretation No. 17"). The Company has started to implement the "accounting treatment on sale leaseback" from October 25, 2023.

The implementation of "accounting treatment on sale leaseback" has no significant impact on the financial statements during the Reporting Period.

(2) Critical accounting estimate change

Applicable Not applicable

(3) Adjustments to relevant items of financial statements at the beginning of the first implementation year due to the implementation of the new accounting standards in 2023

Applicable Not applicable

50. Other

VI. Taxation

1. Main Tax Types and Tax Rates

Tax type	Taxation basis	Tax rate
Value added tax ("VAT")	Sales of goods, taxable sales service income, intangible assets or real estate	13%, 9%, 6%
City maintenance and construction tax	Amount of VAT paid	7%, 5%, 1%
Property tax	Based on 70% of the original value of the property (or rental income) as the tax benchmark	1.2%/12%

Explanation of disclosure for taxpayers with different corporate income tax rates

Taxpayer	Income tax rate
The Company	25%
Yunnan Dexin Paper Co., Ltd.	15%
Yunnan Jiechen Packaging Materials Co., Ltd.	25%
Yunnan Hongchuang Packaging Co., Ltd.	15%
Yunnan Hongta Plastic Co., Ltd.	15%
Hongta Plastic (Chengdu) Co., Ltd.	15%
Yuxi Feiermu Trading Co., Ltd.	25%
Shanghai Energy New Material Technology Co., Ltd.	15%
Zhuhai Energy New Material Technology Co., Ltd.	15%
Guangdong Energy New Material Institute Co., Ltd.	25%
Wuxi Energy New Material Technology Co., Ltd.	15%
Jiangxi Tonry New Energy Technology Development Co., Ltd.	15%

Jiangsu Ruijie New Material Technology Co., Ltd.	25%
Jiangxi Ruijie New Material Technology Co., Ltd.	15%
Suzhou GreenPower New Energy Materials Co., Ltd.	15%
Chongqing Energy Newmi Technological Co., Ltd.	15%
Jiangxi Enpo New Material Technology Co., Ltd.	25%
Jiangxi Energy New Material Technology Co., Ltd.	25%
Jiangsu Energy New Material Technology Co., Ltd.	25%
Hunan Energy Advanced New Material Technology Co., Ltd.	25%
Ningbo Energy New Material Co., Ltd.	25%
Chongqing Energy New Material Technology Co., Ltd.	15%
Hainan Energy Investment Co., Ltd.	25%
Hubei Energy New Material Technology Co., Ltd.	25%
Jiangsu Sanhe Battery Material Technology Co., Ltd.	25%
Hongchuang Packaging (Anhui) Co., Ltd.	25%
Shanghai Energy New Materials Research Co., Ltd.	25%
Energy (Zhuhai Hengqin) New Material Technology Co., Ltd.	25%
Xiamen Energy New Material Co., Ltd.	25%
Yuxi Energy New Material Co., Ltd.	25%
Shanghai Energy Trading Co., Ltd.	25%
Jiangsu Energy New Materials Research Co., Ltd.	25%
Chuangxin New Material (Hong Kong) Co., Ltd.	16.5%
SEMCORP Global Holdings Kft.	9%
SEMCORP Hungary Kft.	9%
SEMCORP Properties Kft.	9%
SEMCORP America Inc.	20%
SEMCORP Manufacturing USA LLC	20%

2. Preferential tax treatment

In accordance with the Announcement on Enterprise Income Tax Issues Related to the In-depth Implementation of the Western Development Strategy (Announcement No. 12, 2012 of the State Administration of Taxation), the subsidiary Yunnan Hongchuang Packaging Co., Ltd., the sub-subsidiary Chongqing Energy New Material Technology Co., Ltd. continue to enjoy the preferential tax policies for the western development during this period. The enterprise income tax shall be paid at the reduced tax rate of 15%.

According to the Enterprise Income Tax Law of the People's Republic of China (2018 Amendment) and Notice of the Ministry of Science and Technology, the Ministry of Finance, the State Administration of Taxation on the Revision and Printing of the Administrative Measures for the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2016] No. 32), its subsidiaries Yunnan Hongta Plastic Co., Ltd. and Yunnan Dexin Paper Co., Ltd., its sub-subsidiary Hongta Plastic (Chengdu) Co., Ltd., its subsidiary Shanghai Energy New Material Technology Co., Ltd., its sub-subsidiaries Zhuhai Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Wuxi Energy New Material Technology Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy Newmi Technological Co., Ltd., are recognized as high-tech enterprises upon application, and the preferential tax rate for high-tech enterprises shall be 15%.

3. Other

VII. Notes to Items in Consolidated Financial Statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash	53,243.07	89,904.57
Cash at bank	2,788,980,758.78	2,971,966,221.44
Other currency fund	1,046,496,536.85	982,260,703.30
Total	3,835,530,538.70	3,954,316,829.31
Including: total amount of funds deposited abroad	144,903,602.10	165,306,437.54

Other explanations:

The details of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
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Bank acceptance guarantee deposit	948,496,165.94	564,943,382.12
L/C deposit	83,177,241.54	351,765,589.48
L/G deposit	10,321,400.00	14,600,182.55
Performance bond	3,478,063.38	46,169,473.09
Security deposit for lock exchange		4,500,000.00
Deposits regulated by the bank	49,200.04	244,721.07
Total	1,045,522,070.90	982,223,348.31

2. Trading financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets that are measured at fair value and whose changes are included in the current profit and loss		9,850,069.59
Including:		
Derivative financial assets		9,850,069.59
Including:		
Total		9,850,069.59

Other explanations:

3. Notes receivable

(1) Notes receivable by type

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	521,271,854.08	373,752,860.32
Commercial acceptance	248,750,000.00	282,058,196.57
Provision for bad debts	-9,053,466.83	-18,055,900.42
Total	760,968,387.25	637,755,156.47

(2) Disclosure by bad debt provision methods

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Notes receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	770,021,854.08	100.00%	9,053,466.83	1.18%	760,968,387.25	655,811,056.89	100.00%	18,055,900.42	2.75%	637,755,156.47
Including:										
Bank acceptance note portfolio	521,271,854.08	67.70%			521,271,854.08	373,752,860.32	56.99%			373,752,860.32
Commercial acceptance bill portfolio	248,750,000.00	32.30%	9,053,466.83	3.64%	239,696,533.17	282,058,196.57	43.01%	18,055,900.42	6.40%	264,002,296.15

Total	770,021,854.08	100.00%	9,053,466.83	1.18%	760,968,387.25	655,811,056.89	100.00%	18,055,900.42	2.75%	637,755,156.47
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If provision was made for bad debts of notes receivable in accordance with the general expected credit loss model:

Applicable Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the Reporting Period

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Write-offs	Other	
Notes receivable subject to provision for bad debts by portfolio	18,055,900.42	-9,002,433.59				9,053,466.83
Total	18,055,900.42	-9,002,433.59				9,053,466.83

Among them, the important amount of recovery or reverse of bad debt provision for the period:

Applicable Not applicable

(4) Notes receivable pledged by the Company at the end of the Reporting Period

Unit: RMB

Item	Amount pledged at the end of the Reporting Period
Bank acceptance note	248,473,890.50
Total	248,473,890.50

(5) Notes receivable endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the Reporting Period

Unit: RMB

Item	Derecognized amount at the end of the Reporting Period	Recognized amount at the end of the Reporting Period
Bank acceptance note		429,647,605.93
Total		429,647,605.93

4. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Less than 1 year (inclusive)	6,126,420,159.69	5,861,888,390.15
1-2 years	590,091,823.97	643,794,466.73
2-3 years	23,644,434.60	65,856,575.88
Over 3 years	125,125,171.09	122,356,195.60
3-4 years	6,235,113.36	15,606,473.84
4-5 years	14,217,259.73	29,747,534.47
Over 5 years	104,672,798.00	77,002,187.29
Total	6,865,281,589.35	6,693,895,628.36

(2) Disclosure by bad debt provision methods

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	

Accounts receivable with significant single amount and having bad debt reserve independently	102,694,913.11	1.50%	102,694,913.11	100.00%		92,553,001.41	1.38%	92,553,001.41	100.00%	
Including:										
Accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	6,762,586,676.24	98.50%	42,886,914.06	0.63%	6,719,699,762.18	6,601,342,626.95	98.62%	41,625,509.59	0.63%	6,559,717,117.36
Including:										
Aging portfolio	6,762,586,676.24	100.00%	42,886,914.06	0.63%	6,719,699,762.18	6,601,342,626.95	100.00%	41,625,509.59	0.63%	6,559,717,117.36
Total	6,865,281,589.35	100.00%	145,581,827.17	2.12%	6,719,699,762.18	6,693,895,628.36	100.00%	134,178,511.00	2.00%	6,559,717,117.36

Provision for bad debts by individual:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion	Provision reason
OptimumNano Energy Co., Ltd.	32,249,003.26	32,249,003.26	32,249,003.26	32,249,003.26	100.00%	Estimated to be uncollectible
eTrust Power Group Ltd.	17,481,429.49	17,481,429.49	17,481,429.49	17,481,429.49	100.00%	Estimated to be uncollectible
Shaanxi OptimumNano New Energy Co., Ltd.	14,847,098.36	14,847,098.36	14,847,098.36	14,847,098.36	100.00%	Estimated to be uncollectible
Yunnan Zhongyun Li'ao Package Printing Co., Ltd.	6,062,972.00	6,062,972.00	6,062,972.00	6,062,972.00	100.00%	Estimated to be uncollectible
Heilongjiang Longdan Dairy Technology Co., Ltd.	5,075,381.00	5,075,381.00	5,075,381.00	5,075,381.00	100.00%	Estimated to be uncollectible
Jiangxi Far East Battery Co., Ltd.	3,779,397.05	3,779,397.05	3,676,530.89	3,676,530.89	100.00%	Estimated to be uncollectible
Xinyu Eternal ENERGY Co., Ltd.			3,025,906.40	3,025,906.40	100.00%	Estimated to be uncollectible
Chengdu Henglide Food Co., Ltd.	2,780,677.50	2,780,677.50	2,780,677.50	2,780,677.50	100.00%	Estimated to be uncollectible
Zhongshan Yuankangyuan Food Co., Ltd.	2,591,501.42	2,591,501.42	2,591,501.42	2,591,501.42	100.00%	Estimated to be uncollectible
Hubei Yu Long New Energy Co., Ltd.			2,177,165.60	2,177,165.60	100.00%	Estimated to be uncollectible
AnHui Teamsky New Energy Technology Co., Ltd.			1,477,646.78	1,477,646.78	100.00%	Estimated to be uncollectible
Shenzhen Teamgiant New Energy Technology Co., Ltd.	1,470,081.04	1,470,081.04	1,470,081.04	1,470,081.04	100.00%	Estimated to be uncollectible
Jingzhou Wotema Battery Co., Ltd.	1,175,130.00	1,175,130.00	1,175,130.00	1,175,130.00	100.00%	Estimated to be uncollectible

Shenzhen GRAND Powersource Group Co., Ltd.			1,004,401.76	1,004,401.76	100.00%	Estimated to be uncollectible
Shenzhen Lukewan Technology Co., Ltd.	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	100.00%	Estimated to be uncollectible
Sub-total of less than RMB1 million	4,040,330.29	4,040,330.29	6,599,987.61	6,599,987.61	100.00%	Estimated to be uncollectible
Total	92,553,001.41	92,553,001.41	102,694,913.11	102,694,913.11		

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Less than 1 year	6,126,389,525.89	7,569,283.78	0.12%
1-2 years	589,982,749.56	5,521,281.92	0.94%
2-3 years	15,005,999.70	640,742.08	4.27%
3-4 years	3,323,338.08	1,427,533.16	42.95%
4-5 years	2,614,666.73	2,457,676.84	94.00%
Over 5 years	25,270,396.28	25,270,396.28	100.00%
Total	6,762,586,676.24	42,886,914.06	

Explanations of the basis for determination of the portfolio:

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model:

 Applicable Not applicable**(3) Provision for bad debts accrued, recovered or reversed during the Reporting Period**

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Write-offs	Other	
Bad debt provision made on individual basis	92,553,001.41	10,294,637.07	102,866.16	377,623.00	327,763.79	102,694,913.11
Bad debt provision made on a collective basis	41,625,509.59	2,482,809.24		893,640.98	-327,763.79	42,886,914.06
Total	134,178,511.00	12,777,446.31	102,866.16	1,271,263.98		145,581,827.17

(4) Actual write-off of accounts receivable for the period

Unit: RMB

Item	Amount of write-off
Actual write-off of accounts receivable	1,271,263.98

(5) Top five customers with closing balance of accounts receivable collected by arrear party

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total of closing balance of accounts receivable and contract assets	Closing balance of bad debt provision for accounts receivable and impairment provision for contract assets
Company 1	1,033,587,142.70		1,033,587,142.70	15.06%	1,778,382.69
Company 2	705,647,352.68		705,647,352.68	10.28%	352,820.05
Company 3	425,297,171.27		425,297,171.27	6.19%	212,648.59
Company 4	418,132,124.01		418,132,124.01	6.09%	209,066.06
Company 5	347,029,963.48		347,029,963.48	5.05%	173,514.98
Total	2,929,693,754.14		2,929,693,754.14	42.67%	2,726,432.37

5. Accounts receivable financing**(1) Accounts receivable financing by type**

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	408,354,641.63	692,286,629.08
Total	408,354,641.63	692,286,629.08

(2) Accounts receivable financing endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the Reporting Period

Unit: RMB

Item	Derecognized amount at the end of the Reporting Period	Recognized amount at the end of the Reporting Period
Bank acceptance note	2,882,456,673.36	
Total	2,882,456,673.36	

(3) Other explanations**6. Other receivables**

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	26,568,094.26	20,596,472.81
Total	26,568,094.26	20,596,472.81

(1) Other receivables**1) Other receivables by nature**

Unit: RMB

Nature of amount	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Guarantees and deposits	14,092,694.79	13,605,388.98
Reserve fund	2,523,618.93	2,159,379.95
Substitute advance	5,158,505.75	4,229,597.77
Other	6,544,924.41	2,349,468.28
Total	28,319,743.88	22,343,834.98

2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Less than 1 year (inclusive)	17,914,957.69	19,545,497.64
1-2 years	8,862,725.63	717,797.90
2-3 years	217,095.12	782,560.00
Over 3 years	1,324,965.44	1,297,979.44
3-4 years	464,050.00	91,980.00
4-5 years	15,780.00	24,507.50
Over 5 years	845,135.44	1,181,491.94
Total	28,319,743.88	22,343,834.98

3) Disclosure by bad debt provision methods Applicable Not applicable

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Bad debt provision made on individual basis	268,475.44	0.95%	268,475.44	100.00%		455,491.94	2.04%	455,491.94	100.00%	
Including:										
Bad debt provision made on a collective basis	28,051,268.44	99.05%	1,483,174.18	5.29%	26,568,094.26	21,888,343.04	97.96%	1,291,870.23	5.90%	20,596,472.81
Including:										
Total	28,319,743.88	100.00%	1,751,649.62	6.18%	26,568,094.26	22,343,834.98	100.00%	1,747,362.17	7.82%	20,596,472.81

Provision for bad debts by individual:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion	Provision reason
Guangzhou Yucheng Energy Technology Co., Ltd.	157,534.54	157,534.54	157,534.54	157,534.54	100.00%	Estimated to be uncollectible
Shantou HAIXIN Development Co., Ltd.	45,108.30	45,108.30	45,108.30	45,108.30	100.00%	Estimated to be uncollectible
Fu Qiong	29,000.00	29,000.00	29,000.00	29,000.00	100.00%	Estimated to be uncollectible
Luo Lin	20,000.00	20,000.00	20,000.00	20,000.00	100.00%	Estimated to be uncollectible
Yixing Hengyuan Environmental Protection Machinery Company	13,200.00	13,200.00	13,200.00	13,200.00	100.00%	Estimated to be uncollectible
Other	3,632.60	3,632.60	3,632.60	3,632.60	100.00%	Estimated to be uncollectible
Total	268,475.44	268,475.44	268,475.44	268,475.44		

Bad debt provision assessed based on ECL model:

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance of January 1, 2023	919,770.23	372,100.00	455,491.94	1,747,362.17
Balance of January 1, 2023 for the period				
Provision for the period	275,403.95	-75,000.00		200,403.95
Reversed for the period			39.90	39.90
Write-offs for the period		9,100.00	186,976.60	196,076.60
Balance of December 31, 2023	1,195,174.18	288,000.00	268,475.44	1,751,649.62

Classification basis and bad debt provision ratio for each stage

Changes in book balance with significant changes in loss reserves for the period

 Applicable Not applicable**4) Provision for bad debts accrued, recovered or reversed during the Reporting Period**

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening	Changes in amount for the period	Closing balance
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	balance	Provision	Recovery or reverse	Write-offs	Other	
Bad debt provision made on individual basis	455,491.94		39.90	186,976.60		268,475.44
Bad debt provision made on a collective basis	1,291,870.23	200,403.95		9,100.00		1,483,174.18
Total	1,747,362.17	200,403.95	39.90	196,076.60		1,751,649.62

5) Actual write-off of other receivables for the period:

Unit: RMB

Item	Amount of Write-offs
Actual write-off of other receivables	196,076.60

6) Top five customers with closing balance of other receivables collected by arrear party

Unit: RMB

Name of company	Nature of other receivable	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of bad debt provision
Bureau of Natural Resources and Planning of Jintan District, Changzhou	Guarantees and deposits	8,114,200.00	1-2 years	28.65%	352,967.70
Endowment insurance	Substitute advance	2,205,718.38	Less than 1 year	7.79%	95,948.75
Housing fund	Substitute advance	1,707,708.47	Less than 1 year	6.03%	74,285.32
State Administration of Taxation of Hongta District, Yuxi, Yunnan	Guarantees and deposits	1,100,000.00	Less than 1 year	3.88%	47,850.00
Yunnan Lingdong Paper Industry Co., Ltd.	Guarantees and deposits	548,734.00	Less than 1 year	1.94%	23,869.93
Total		13,676,360.85		48.29%	594,921.70

7. Prepayments

(1) Prepayments by aging

Unit: RMB

Aging	Book balance at the end of the Reporting Period		Book balance at the beginning of the Reporting Period	
	Amount	Proportion	Amount	Proportion
Less than 1 year (inclusive)	175,163,739.05	99.75%	219,773,112.71	99.79%
1-2 years	188,822.79	0.11%	272,315.21	0.12%
2-3 years	126,752.48	0.07%	43,880.21	0.02%
Over 3 years	126,388.64	0.07%	150,161.96	0.07%
Total	175,605,702.96		220,239,470.09	

Explanation of reasons for delayed settlement of important prepayments with an aging exceeding 1 year:

(2) Top five suppliers with closing balance of prepayment collected by prepaid entity

Company name	Closing balance	Proportion (%)	Time	Reason
Company 1	37,972,257.65	21.62	Less than 1 year	Contract not performed
Company 2	13,724,032.57	7.82	Less than 1 year	Contract not performed
Company 3	11,961,651.28	6.81	Less than 1 year	Contract not performed
Company 4	9,443,035.72	5.38	Less than 1 year	Contract not performed
Company 5	8,230,856.02	4.69	Less than 1 year	Contract not performed
Total	81,331,833.24	46.32		

8. Inventories

Did the Company need to comply with the disclosure requirements of the real estate industry

No

(1) Classification of Inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision reserve or contract performance cost depreciation reserve	Book value	Book balance	Inventory provision reserve or contract performance cost depreciation reserve	Book value
Raw material	540,759,974.02	3,482,756.26	537,277,217.76	732,684,233.61	3,387,999.66	729,296,233.95
Goods in process	5,554,243.47		5,554,243.47	8,039,493.75		8,039,493.75
Finished goods	2,366,399,195.15	223,726,592.32	2,142,672,602.83	1,576,705,880.42	91,327,179.57	1,485,378,700.85
Turnover material	141,408,010.67		141,408,010.67	76,766,583.56		76,766,583.56
Goods in transit	125,095,000.14	101,045.05	124,993,955.09	118,482,726.44	1,891,361.63	116,591,364.81
Consigned processing material	1,756,624.05		1,756,624.05	1,854,345.23		1,854,345.23
Semi-finished goods	51,065,707.25	4,169,507.48	46,896,199.77	48,468,133.40	2,904,616.75	45,563,516.65
Total	3,232,038,754.75	231,479,901.11	3,000,558,853.64	2,563,001,396.41	99,511,157.61	2,463,490,238.80

(2) Inventory provision reserve and contract performance cost depreciation reserve

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Recovery or reversal	Others	
Raw material	3,387,999.66	2,120,979.72		2,026,223.12		3,482,756.26
Finished goods	91,327,179.57	181,216,485.21		48,817,072.46		223,726,592.32
Goods in transit	1,891,361.63	96,768.42		1,887,085.00		101,045.05
Semi-finished goods	2,904,616.75	2,941,946.87		1,677,056.14		4,169,507.48
Total	99,511,157.61	186,376,180.22		54,407,436.72		231,479,901.11

Description of inventory provision reserve: Resales for the year are due to the sale of the inventory of the inventory provision reserve already accrued.

Provision for inventory depreciation by group

Unit: RMB

Portfolio name	At the end of period			At the beginning of period		
	Closing balance	Allowance for impairment	Provision ratio of allowance for impairment	Opening balance	Allowance for impairment	Provision ratio of allowance for impairment

The provision standards for inventory depreciation reserves by group

(3) Other description of inventory

The main reason for the larger increase in the ending balance of the Company's inventories over the opening balance is the rapid growth of the Company's business, and the corresponding business volume growth.

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Large deposit certificate	571,927,500.00	82,832,319.38
Undue interest receivable	46,368,076.83	4,196,847.29
Total	618,295,576.83	87,029,166.67

(1) Debt investment due within one year□ Applicable Not applicable**(2) Other debt investment due within one year**□ Applicable Not applicable**10. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
prepayment of tax	6,819,992.30	23,919,612.73
Input tax to be deducted	487,696,936.11	298,078,605.60
Time deposit	251,828,755.71	
Total	746,345,684.12	321,998,218.33

Other explanations:

Explanation of other current assets: As of December 31, 2023, the Company has pledged RMB251,828,755.71 of fixed deposit to obtain bank loans and bank acceptance.

11. Other equity instrument investment

Unit: RMB

Item	Closing balance	Opening balance	Profit recognized in other comprehensive income for the period	Loss charged to other comprehensive income for the period	Accumulated profit in other comprehensive income at the end of the period	Accumulated losses in other comprehensive income at the end of the period	Dividend income recognized during the period	Reason for designating as a financial asset measured at fair value and its changes are included in other comprehensive income
Suzhou Jiesheng Technology Co., Ltd	89,000,000.00	111,000,000.00		22,000,000.00		21,000,000.00		The Company plans to hold it for a long time for strategic purposes
Total	89,000,000.00	111,000,000.00		22,000,000.00		21,000,000.00		

Disclosure by non-transactional equity instrument investment during the period

Unit: RMB

Item	Recognized dividend income	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reason for designating as a financial asset measured at fair value and its changes are included in other comprehensive income	Reason for transferring from other comprehensive income to retained earnings
Suzhou Jiesheng Technology Co., Ltd			21,000,000.00			

Other explanations:

Other explanations of other equity instrument investments: As evaluated by Shanghai Pan-China Assets Valuation Co., Ltd* (上海众华资产评估有限公司), as of December 31, 2023, the overall equity value of Suzhou Jiesheng Technology Co., Ltd is RMB 890,000,000.00, and the Company holds 10% equity of Suzhou Jiesheng Technology Co., Ltd and the fair value of the corresponding equity is RMB 89,000,000.00.

12. Long-term equity investment

Unit: RMB

Name of investees	Opening balance (book value)	Opening balance of provision for impairment	Increase/Decrease for the period							Closing balance (book value)	Closing balance of provision for impairment	
			Increase in investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profit declared	Provision for impairment			Other
I. Joint ventures												
II. Associates												
Yuxi Kunshasi Plastic Color Masterbatch Co., Ltd.	5,017,642.31				1,351,086.12				-3,158,748.33		3,209,980.10	
Subtotal	5,017,642.31				1,351,086.10				-3,158,748.33		3,209,980.10	
Total	5,017,642.31				1,351,086.10				-3,158,748.33		3,209,980.10	

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for significant discrepancies between the aforementioned and the information or external information used in previous years' impairment testing

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Other explanations:

13. Investment properties

(1) Adoption of the cost measurement mode for investment properties

Applicable Not applicable

Unit: RMB

Item	Property and plant	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	11,871,802.82			11,871,802.82
2. Increase for the period				
(1) External purchase				
(2) Transfer of inventory/fixed assets/construction in progress				
(3) Increase in business combination				
3. Decrease for the period				
(1) Disposal				
(2) Other transferred out				
4. Closing balance	11,871,802.82			11,871,802.82
II. Accumulative depreciation and amortization				
1. Opening balance	3,472,502.28			3,472,502.28
2. Increase for the period	534,231.12			534,231.12

(1) Provision or amortization	534,231.12			534,231.12
3. Decrease for the period				
(1) Disposal				
(2) Other transferred out				
4. Closing balance	4,006,733.40			4,006,733.40
III Provision for impairment				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposal				
(2) Other transferred out				
4. Closing balance				
IV book value				
1. Closing book value	7,865,069.42			7,865,069.42
2. Opening book value	8,399,300.54			8,399,300.54

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for significant discrepancies between the aforementioned and the information or external information used in previous years' impairment testing

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Other explanations:

(2) Fixed assets not obtaining the title certificate

Unit: RMB

Item	Book value	Reason
Property and plant	7,865,069.42	Being processed

Other explanations:

14. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	19,380,327,177.42	14,306,873,399.88
Fixed assets pending for disposal		
Total	19,380,327,177.42	14,306,873,399.88

(1) Fixed assets

Unit: RMB

Item	Property and plant	Machinery and equipment	Transportation equipment	Electronic equipment and Other	Total
I. Original book value					
1. Opening balance	3,306,510,126.80	14,835,902,778.01	37,006,952.48	780,284,428.73	18,959,704,286.02
2. Increase for the period	1,424,833,001.31	5,060,260,483.30	12,374,718.99	35,510,428.48	6,532,978,632.08
(1) External purchase	86,910,908.37	268,461,609.55	10,344,527.94	22,430,736.92	388,147,782.78
(2) Transfer of	1,337,896,346.52	4,791,798,873.75	2,012,503.09	10,152,369.01	6,141,860,092.37

construction in progress					
(3) Increase in business combination					
Converted difference in Foreign Currency Statements	25,746.42		17,687.96	2,927,322.55	2,970,756.93
3. Decrease for the period		11,993,224.97	548,291.50	1,039,545.22	13,581,061.69
(1) Disposal or scrapping		11,993,224.97	548,291.50	1,038,243.42	13,579,759.89
Converted difference in Foreign Currency Statements				1,301.80	1,301.80
4. Closing balance	4,731,343,128.11	19,884,170,036.34	48,833,379.97	814,755,311.99	25,479,101,856.41
II. Accumulative depreciation					
1. Opening balance	493,255,204.60	3,732,303,873.81	19,601,409.34	115,963,612.57	4,361,124,100.32
2. Increase for the period	169,305,101.30	1,211,586,189.29	4,851,126.81	63,109,267.58	1,448,851,684.98
(1) Provision	169,304,617.79	1,211,586,189.29	4,849,781.93	63,104,775.66	1,448,845,364.67
Converted difference in Foreign Currency Statements	483.51		1,344.88	4,491.92	6,320.31
3. Decrease for the period		1,701,784.48	380,101.86	739,668.00	2,821,554.34
(1) Disposal or scrapping		1,701,784.48	380,101.86	739,141.28	2,821,027.62
Converted difference in Foreign Currency Statements				526.72	526.72
4. Closing balance	662,560,305.90	4,942,188,278.62	24,072,434.29	178,333,212.15	5,807,154,230.96
III. Provision for impairment					
1. Opening balance		291,682,004.56	15,759.89	9,021.37	291,706,785.82
2. Increase for the period					
(1) Provision					
3. Decrease for the period		86,337.79			86,337.79
(1) Disposal or scrapping		86,337.79			86,337.79
4. Closing balance		291,595,666.77	15,759.89	9,021.37	291,620,448.03
IV. Book value					
1. Closing book value	4,068,782,822.21	14,650,386,090.95	24,745,185.79	636,413,078.47	19,380,327,177.42
2. Opening book value	2,813,254,922.20	10,811,916,899.64	17,389,783.25	664,311,794.79	14,306,873,399.88

(2) Fixed assets in temporary idle

Unit: RMB

Item	Original book value	Accumulative depreciation	Provision for impairment	Book value	Notes
Property and plant	2,105,695.50	1,062,274.18		1,043,421.32	As of December 31, 2023, the recoverable amount was estimated based on the selling prices of similar houses and buildings in the same lot. The recoverable amount was higher than the book value, so no provision for impairment of fixed assets was made.
Machinery and equipment	9,135,247.28	6,956,840.88		2,178,406.40	As of December 31, 2023, the recoverable amount was estimated based on the selling price of similar machinery and equipment. The recoverable amount was higher than the book value, so no provision for impairment of fixed assets was made.
Total	11,240,942.78	8,019,115.06		3,221,827.72	

(3) Fixed assets not obtaining the title certificate

Unit: RMB

Item	Book value	Reason

Property and plant	2,702,786,726.75	Being processed
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Other explanations:

(4) Other explanations of fixed assets

1) The main reason for the larger increase in the ending balance of the Company's fixed assets over the opening balance is: the increase in assembly lines completed of the subsidiary Shanghai Energy New Material Technology Co., Ltd. and its subsidiaries in this year accordingly.

2) As of December 31, 2023, the Company has obtained comprehensive bank credit and loans by mortgaging fixed assets of RMB518,129,104.90.

15. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	6,194,674,917.74	3,560,975,559.05
Engineering materials	12,733,550.25	23,578,950.68
Total	6,207,408,467.99	3,584,554,509.73

(1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Hungarian factory	2,716,335,255.30		2,716,335,255.30	979,491,095.17		979,491,095.17
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	880,545,589.70		880,545,589.70	245,785,358.61		245,785,358.61
Jiangxi Enpo New Material Co., Ltd. Lithium-ion Battery Dry Process Separator Film Construction Project	610,590,508.50		610,590,508.50	320,992,819.79		320,992,819.79
Hubei Energy EV Lithium Battery Separator Industrialization Phase II Project	579,124,129.51		579,124,129.51			
Microporous Membrane Project of High-performance Lithium-ion Battery of Chongqing Energy (Phase II)	283,616,453.18		283,616,453.18	283,663,955.03		283,663,955.03
American factory	279,543,528.16		279,543,528.16	193,048,364.00		193,048,364.00
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	237,272,443.83		237,272,443.83	334,566,119.25		334,566,119.25
Hubei Energy EV Lithium Battery Separator Industrialization Project	221,353,261.99		221,353,261.99	57,554,406.26		57,554,406.26
Suzhou GreenPower Project with an Annual Output of 200 Million Square Meters of Lithium-ion Battery Coated Separator	65,443,591.49		65,443,591.49	451,556,502.60		451,556,502.60
All Solid State Electrolyte Coating Separator Phase I Project of Jiangsu Sanhe	47,264,794.65		47,264,794.65	79,766,481.76		79,766,481.76
Other	273,585,361.43		273,585,361.43	614,550,456.58		614,550,456.58
Total	6,194,674,917.74		6,194,674,917.74	3,560,975,559.05		3,560,975,559.05

(2) Changes in important projects in progress for the period

Unit: RMB

Item	Budget	Opening balance	Increase for the period	Transfer to Fixed assets for the period	Decrease in other amounts for the period	Closing balance	Proportion of total project investment in budget	Progress of the project	Capitalized accumulated amount of interest	Including Capitalized amount of interest for the period	Capitalization rate of interest for the period	Source of capital
Hungarian factory	272,902.61	979,491,095.17	1,712,420,424.58		-24,423,735.55	2,716,335,255.30	99.86%	76.50				Other
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	520,000.00	245,785,358.61	2,374,453,347.86	1,739,693,116.77		880,545,589.70	60.00%	60.00	20,219,866.40	18,011,771.28	3.43%	Other
Jiangxi Enpo New Material Co., Ltd. Lithium-ion battery dry process separator film construction project	200,000.00	320,992,819.79	574,171,113.17	284,573,424.46		610,590,508.50	45.84%	50.00	10,008,010.50	5,377,573.78	4.47%	Other
Hubei Energy EV Lithium Battery Separator Industrialization phase II Project	190,000.00		717,476,471.46	138,352,341.95		579,124,129.51	43.85%	45.00	3,250,641.78	3,250,641.78	3.05%	Other
Microporous membrane project of high-performance lithium-ion battery of Chongqing Energy (phase II)	300,000.00	283,663,955.03	996,071,433.63	996,118,935.48		283,616,453.18	85.00%	85.00	20,035,252.40	9,098,868.68	3.94%	Other
American factory	196,899.06	193,048,364.00	82,845,510.25		-3,649,653.91	279,543,528.16	14.20%	10.00				Other
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	160,000.00	334,566,119.25	155,597,069.62	252,890,745.04		237,272,443.83	43.00%	48.00	7,702,783.60	6,124,147.99	3.52%	Other
Hubei Energy EV Lithium Battery Separator Industrialization Project	190,000.00	57,554,406.26	1,048,911,973.82	885,113,118.09		221,353,261.99	68.32%	70.00	908,966.04	908,966.04	3.05%	Other
Suzhou GreenPower Project with an annual output of 200 million square meters of lithium-ion battery coated separator	100,000.00	451,556,502.60	139,777,126.21	525,890,037.32		65,443,591.49	66.71%	95.00	10,230,900.31	5,991,042.53	3.42%	Other
All solid state electrolyte coating separator phase I project of Jiangsu Sanhe	65,000.00	79,766,481.76	73,181,547.49	105,683,234.60		47,264,794.65	30.84%	30.84				Other
Total	2,194,801.67	2,946,425,102.47	7,874,906,018.09	4,928,314,953.71	-28,073,389.46	5,921,089,556.31			72,356,421.03	48,763,012.08		

(3) Impairment testing of construction in progress□ Applicable Not applicable**(4) Project materials**

Unit: RMB

Item	Closing balance	Opening balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering materials				11,426,690.84		11,426,690.84
Equipment not installed	12,733,550.25		12,733,550.25	12,152,259.84		12,152,259.84
Total	12,733,550.25		12,733,550.25	23,578,950.68		23,578,950.68

16. Right-of-use assets

(1) Right-of-use assets

Unit: RMB

Item	Property and buildings	Other	Total
I. Original book value			
1. Opening balance	3,828,415.83	1,376,146.80	5,204,562.63
2. Increase for the period			
3. Decrease for the period			
4. Closing balance	3,828,415.83	1,376,146.80	5,204,562.63
II. Accumulative depreciation			
1. Opening balance	1,208,973.42	68,807.31	1,277,780.73
2. Increase for the period	1,263,841.59	275,229.24	1,539,070.83
(1) Provision	1,263,841.59	275,229.24	1,539,070.83
3. Decrease for the period			
(1) Disposal			
4. Closing balance	2,472,815.01	344,036.55	2,816,851.56
III. Provision for impairment			
1. Opening balance			
2. Increase for the period			
(1) Provision			
3. Decrease for the period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Closing book value	1,355,600.82	1,032,110.25	2,387,711.07
2. Opening book value	2,619,442.41	1,307,339.49	3,926,781.90

17. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patent technology	Software	Total
I. Original book value					
1. Opening balance	1,081,619,526.59	30,854,368.93	23,338,200.00	35,376,607.37	1,171,188,702.89
2. Increase for the period	77,428,704.66	4,786,898.11		14,509,467.70	96,725,070.47
(1) Purchase	77,428,704.66	4,786,898.11		14,502,845.82	96,718,448.59
(2) Internal R&D					

(3) Increase in business combination					
Converted difference in Foreign Currency Statements				6,621.88	6,621.88
3. Decrease for the period					
(1) Disposal					
4. Closing balance	1,159,048,231.25	35,641,267.04	23,338,200.00	49,886,075.07	1,267,913,773.36
II. Accumulative amortization					
1. Opening balance	78,274,407.83	7,730,744.38	20,693,244.35	9,243,797.46	115,942,194.02
2. Increase for the period	22,793,539.63	3,364,318.90	491,228.55	4,777,779.72	31,426,866.80
(1) Provision	22,793,539.63	3,364,318.90	491,228.55	4,776,133.32	31,425,220.40
Converted difference in Foreign Currency Statements				1,646.40	1,646.40
3. Decrease for the period					
(1) Disposal					
4. Closing balance	101,067,947.46	11,095,063.28	21,184,472.90	14,021,577.18	147,369,060.82
III. Provision for impairment					
1. Opening balance			1,203,498.45		1,203,498.45
2. Increase for the period					
(1) Provision					
3. Decrease for the period					
(1) Disposal					
4. Closing balance			1,203,498.45		1,203,498.45
IV. Book value					
1. Closing book value	1,057,980,283.79	24,546,203.76	950,228.65	35,864,497.89	1,119,341,214.09
2. Opening book value	1,003,345,118.76	23,123,624.55	1,441,457.20	26,132,809.91	1,054,043,010.42

The proportion of intangible assets produced through internal research and development of the Company in the balance of intangible assets at the end of the current period.

(2) Details of intangible assets

As of December 31, 2023, the Company obtained comprehensive bank credit and loans by pledging intangible assets with an amount of RMB288,826,669.43.

18. Goodwill

(1) Original book value of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Generated by business combination	Other	Disposal	Other	
Jiangxi Tonry New Energy Technology Development Co., Ltd.	34,483,188.64					34,483,188.64
Chongqing Energy Newmi Technological Co., Ltd.	15,589,757.32					15,589,757.32
Suzhou GreenPower New Energy Materials Co., Ltd.	470,157,733.69					470,157,733.69
Total	520,230,679.65					520,230,679.65

(2) Provision for impairment of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Other	Disposal	Other	
Jiangxi Tonry New Energy Technology Development Co., Ltd.						
Chongqing Energy Newmi Technological Co., Ltd.						
Suzhou GreenPower New Energy Materials Co., Ltd.						
Total						

(3) The process and key parameters of goodwill impairment testing, as well as the recognition method of goodwill impairment losses

1) Goodwill related to Jiangxi Tonry New Energy Technology Development Co., Ltd.

Goodwill calculation process of Jiangxi Tonry New Energy Technology Development Co., Ltd. (“Jiangxi Tonry”) merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Jiangxi Tonry on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 200,000,000.00 minus 165,516,811.36 multiplied by 100% equals to RMB34,483,188.64.

The Company identified Jiangxi Tonry New Energy Technology Development Co., Ltd. as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2024 to 2028. After 2028, it will be a perpetual period. It is estimated that the annual cash flow will keep unchanged, and the recoverable value of the asset group will be calculated according to the discount rate of 6.98%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

2) Goodwill related to Suzhou GreenPower New Energy Material Co., Ltd.

Goodwill calculation process of Suzhou GreenPower New Energy Material Co., Ltd. (“Suzhou GreenPower”) merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Suzhou GreenPower on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 739,219,511.67 minus 269,061,777.98 multiplied by 100% equals to RMB470,157,733.69.

The Company identified Suzhou GreenPower New Energy Material Co., Ltd. as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2024 to 2028. After 2028, it will be a perpetual period. It is estimated that the annual growth rate of cash flow will be 1.96%, and the recoverable value of the asset group will be calculated according to the discount rate of 13.68%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

3) Goodwill related to Chongqing Energy Newmi Technological Co., Ltd.

Goodwill calculation process of Chongqing Energy Newmi Technological Co., Ltd. (“Newmi Tech”) merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Newmi Tech on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 68,259,500.00 minus 68,977,915.28 multiplied by 76.3574% equals to RMB15,589,757.32.

The Company identified Chongqing Energy Newmi Technological Co., Ltd. as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2024 to 2028. After 2028, it will be a perpetual period. It is estimated that the annual cash flow will be stable, and the recoverable value of the asset group will be calculated according to the discount rate of 12.05%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

19. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase for the period	Amortized amount for the period	Decrease in other amounts	Closing balance
Renovation cost	437,783.16		109,794.36		327,988.80
Software system implementation fee	492,657.24		372,437.04		120,220.20
Technical service fee	350,000.00		300,000.00		50,000.00
Power grid access fee	37,532.34		11,259.84		26,272.50
Total	1,317,972.74		793,491.24		524,481.50

Other explanations:

20. Deferred income tax assets/Deferred income tax liabilities**(1) Deferred income tax assets before offset**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	678,621,646.31	102,285,613.92	547,896,879.72	83,770,394.31
Unrealized profit of internal transaction	322,965,743.09	64,272,680.66	277,615,165.77	58,267,096.82
Deductible losses	569,317,545.40	100,878,883.39	174,757,523.83	35,329,320.47
Government subsidy	980,671,337.01	152,902,430.39	811,175,227.79	124,328,538.97
Stock incentive	35,142,855.13	5,271,428.28	91,108,307.69	13,341,111.40
Changes in fair value of other equity instrument investments	21,000,000.00	5,250,000.00		
Other	14,741,121.22	2,346,728.27	3,346,918.44	502,037.76
Total	2,622,460,248.16	433,207,764.91	1,905,900,023.24	315,538,499.73

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Appraisal and appreciation of assets in mergers of companies not under common control	64,061,162.33	9,609,174.35	73,262,048.87	10,989,307.33
Pre-tax deduction of equipment and instruments at one time	1,918,835,132.08	297,600,075.77	1,442,317,999.00	223,014,994.83
Other	8,840,787.78	1,461,678.25	14,937,672.15	2,755,180.27
Total	1,991,737,082.19	308,670,928.37	1,530,517,720.02	236,759,482.43

(3) Net amount of offset deferred income tax assets or liabilities

Unit: RMB

Item	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the end of the Reporting Period	Closing balance of deferred income tax assets or liabilities after offset	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the beginning of the Reporting Period	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	338,900.21	432,868,864.70		315,538,499.73
Deferred income tax	338,900.21	308,332,028.16		236,759,482.43

(4) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible loss	38,261,232.97	5,494,780.64
Provision for asset impairment	2,069,144.90	71,547.21
Total	40,330,377.87	5,566,327.85

(5) Deductible losses for which deferred income tax assets were unrecognized will expire in the following years

Unit: RMB

Year	Closing amount	Opening amount	Notes
2026	155,294.79	155,294.79	
2027	12,225,377.12	5,339,485.85	
2028	25,880,561.06		
Total	38,261,232.97	5,494,780.64	

Other explanations:

Description of one-time pre-tax deduction of equipment and instruments in the deferred income tax liabilities before offset:

1. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Policy of Deducting the Enterprise Income Tax of Equipment and Instruments (Cai Shui [2018] No. 54) and Announcement the Ministry of Finance and the State Administration of Taxation on Extending the Implementation Period of Some Preferential Tax Policies (Announcement of the Ministry of Finance and the State Administration of Taxation of 2021 No. 6), the Company and its subsidiaries deducted the enterprise income tax of equipment and instruments with the unit value of below RMB5 million purchased from January 1, 2018 to December 31, 2023 in one time when calculating the taxable income. As a result, taxable temporary difference is formed and further turned into deferred income tax liabilities.

2. According to the Announcement of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Strengthening the Pre-tax Deduction in Support of Scientific and Technological Innovation (Announcement No. [2022] 28 of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology), the subsidiaries of the Company deducted the enterprise income tax of equipment and instruments purchased during the fourth quarter of 2022 in one time when calculating the taxable income. As a result, taxable temporary difference is formed and further turned into deferred income tax liabilities.

21. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision on for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for project and equipment	1,829,576,771.04		1,829,576,771.04	2,776,143,563.28		2,776,143,563.28
Quality guarantee (Note 1)	1,350,000.00		1,350,000.00	1,350,000.00		1,350,000.00
Installment for sale of equipment (Note 2)	32,425,949.76		32,425,949.76	13,327,609.02		13,327,609.02
Advance payment for house and land	1,121,966,430.21		1,121,966,430.21	200,000,000.00		200,000,000.00
Time deposits (Note 3)	160,506,597.17		160,506,597.17	753,729,154.86		753,729,154.86
Total	3,145,825,748.18		3,145,825,748.18	3,744,550,327.16		3,744,550,327.16

Other explanations:

The main reason for the larger increase in the ending balance of the Company's other non-current assets over the opening balance is: several production bases of the Company were under construction during the period; the advance payment for construction and equipment increases accordingly as well as the sub-subsidiary Zhuhai Energy New Material Technology Co., Ltd. purchase certificates of large deposit which they prepare to hold to maturity.

Note 1: Guizhou Haoyiduo Dairy Co., Ltd. signed an agreement with the Company, and the two parties entered into a long-term strategic partnership. The Company provided Guizhou Haoyiduo Dairy Co., Ltd. with the above money as its quality guarantee. Guizhou Haoyiduo Dairy Co., Ltd. promised to purchase no less than 13 million packaging boxes of products from the Company every year, and return the above money after the termination of the partnership. As long as the cooperation relationship is not terminated, the agreement will automatically continue after expiration. During the reporting period, Guizhou Haoyiduo Dairy Co., Ltd. has a good cooperation relationship with the Company, and the annual order quantity to the Company exceeds the agreed quantity in the above agreement. The Company expects that the above agreement will continue.

Note 2: The Company purchases filling machines and auxiliary equipment and sells them to customers by installment sales. The price of the equipment shall be paid together with the payment for the Company's products purchased by customers. Until the appointed time, all the payments for equipment shall be recovered, invoices shall be issued and the property rights of the equipment shall be transferred to customers.

Note 3: As of December 31, 2023, term deposits of RMB53,500,694.44 were pledged to secure bank borrowings.

22. Short-term loans

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	644,093,855.11	275,049,783.20
Guaranteed loan	6,604,597,126.61	9,147,455,802.07
Credit loan	37,852,112.49	94,190,000.00
Undue interest payables	4,151,812.06	11,157,849.28
Total	7,290,694,906.27	9,527,853,434.55

Explanation for Classification of short-term borrowings:

The main reason for the larger increase in the ending balance of the Company's short-term loans over the opening balance is: The non-public issuance of Renminbi ordinary shares of the Company leads to the relief of capital demand for daily business activities and the decrease of bank loans.

Pledged loan: the subsidiary Shanghai Energy New Material Technology Co., Ltd. obtained a loan of RMB99,745,908.64 by pledging its own notes receivable of RMB100,234,469.14; the subsidiary Zhuhai Energy New Material Technology Co., Ltd. obtained a loan of RMB147,486,873.04 by pledging its own large deposit certificate of RMB160,590,833.33; the subsidiary Jiangxi Tonry New Energy Technology Development Co., Ltd. obtained a loan of RMB147,275,865.12 by pledging its own notes receivable of RMB148,239,421.36 and obtained a loan of RMB199,761,666.65 by pledging its own time deposit of RMB201,674,166.67; the subsidiary Suzhou GreenPower obtained a loan of RMB49,823,541.66 by pledging its own time deposit of RMB50,154,589.04. See VII -61 assets with restricted ownership or use right for details of pledge.

Guaranteed loans: please refer to XIV. Related Parties and Related Party Transactions - 5. Related party transactions - (5). Related party guarantees for details of the loans guaranteed by the Company's actual controllers, the Company and its subsidiaries.

23. Trading financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Including:		
Financial liabilities designated as measured at fair value and whose changes are included in other comprehensive income		94,394.79
Including:		
Derivative financial liabilities		94,394.79
Total		94,394.79

Other explanations:

24. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance	798,224,515.32	604,656,235.72
Bank acceptance	4,709,188.70	4,659,463.30
Total	802,933,704.02	609,315,699.02

25. Accounts payable

(1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Materials payable	680,801,257.32	514,269,975.80
Engineering equipment payable	752,175,443.55	1,070,892,790.28
Accessories and spare parts payable	54,096,569.19	37,809,458.76
Transportation fee payable	43,961,121.64	41,599,051.31
Other payable	77,275,224.76	56,015,715.96
Total	1,608,309,616.46	1,720,586,992.11

(2) Major accounts payable aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Suzhou RS Technology Co., Ltd.	11,375,211.22	Not mature
Yunnan Yuxi Hengda Interspace Steel Structure Co., Ltd.	9,674,433.76	Not mature
Yunnan Shangjing Architectural Decoration Engineering Co., Ltd.	5,889,908.19	Not mature
Surui Intelligent (Mingguang) Co., Ltd.	5,849,197.02	Not mature
Total	32,788,750.19	

Other explanations:

26. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable	95,117,453.54	9,778,239.09
Other payables	149,580,848.79	199,901,993.77
Total	244,698,302.33	209,680,232.86

(1) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common share dividends	95,117,453.54	9,778,239.09
Total	95,117,453.54	9,778,239.09

Other explanations, including important dividends payable that have not been paid for more than one year, shall disclose the reasons for nonpayment:

The year-end balance of dividends payable is the dividend payable by the subsidiary Shanghai Energy New Material Technology Co., Ltd. to minority shareholders.

(2) Other payables

1) Other payables listed by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Restricted stock repurchase obligations	57,284,985.20	101,753,346.66
Equity acquisition	42,736,010.00	42,736,010.00
Deposits and guarantees	26,896,046.27	44,077,111.71
Withholding employees' social insurance	1,916,544.15	3,758,967.93
Reimbursement	14,000,000.00	
Other	1,105,898.00	1,865,087.72
Item	5,641,365.17	5,711,469.75
Total	149,580,848.79	199,901,993.77

2) Major other payables aged over one year or due

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Gao'an Kewei investment partnership (limited partnership)	22,380,000.00	Payment terms not been met
DENCOLIMITED	20,356,010.00	Payment terms not been met
Total	42,736,010.00	

3) Top five customers with closing balance of other payables collected by counterparty

Other explanations:

27. Contractual liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance receivable for goods	21,662,658.20	22,179,220.18
Rebate	8,129,313.05	2,416,933.97
Total	29,791,971.25	24,596,154.15

28. Employee benefits payable**(1) Employee benefits payable**

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term remuneration	48,625,919.20	1,172,265,125.01	1,136,158,487.84	84,732,556.37
II. Retirement pension program-defined	5,538,222.60	91,017,719.56	93,599,784.24	2,956,157.92

contribution plan				
III. dismissal benefits		604,881.64	604,881.64	
Total	54,164,141.80	1,263,887,726.21	1,230,363,153.72	87,688,714.29

(2) Short-term benefits

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wage, bonus, allowance and subsidies	43,284,880.55	1,021,606,122.16	983,840,255.53	81,050,747.18
2. Employee welfare	32,004.00	59,067,475.09	59,099,479.09	
3. Social insurance	3,853,982.83	46,875,100.06	49,307,918.66	1,421,164.23
Including: medical insurance	3,592,763.70	41,859,688.20	44,118,578.54	1,333,873.36
Labor injury insurance	261,219.13	2,668,471.67	2,882,960.43	46,730.37
Maternity insurance premium		1,146,186.18	1,105,625.68	40,560.50
Supplementary medical insurance		1,103,428.36	1,103,428.36	
4. Housing fund	605,311.99	39,270,101.36	38,543,455.35	1,331,958.00
5. Labor union budget and staff education fund	849,739.83	5,398,118.50	5,319,171.37	928,686.96
Other short-term benefits		48,207.84	48,207.84	
Total	48,625,919.20	1,172,265,125.01	1,136,158,487.84	84,732,556.37

(3) Defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension	5,371,528.09	88,148,682.21	90,653,634.88	2,866,575.42
2. Unemployment insurance	166,694.51	2,869,037.35	2,946,149.36	89,582.50
Total	5,538,222.60	91,017,719.56	93,599,784.24	2,956,157.92

Other explanations:

29. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	27,197,483.43	70,699,654.71
Corporate income tax	125,352,993.96	188,809,538.54
Personal income tax	7,468,828.49	1,328,104.94
City maintenance and construction tax	1,221,378.93	3,176,657.88
Property tax	13,107,647.84	7,997,292.20
Land using tax	2,402,253.38	1,069,578.09
Education surtax	997,712.64	2,720,034.27
Vehicle and vessel usage tax		1,378,475.54
Stamp duty	2,332,118.04	2,071,485.34
Other	213,439.40	210,909.28
Total	180,293,856.11	279,461,730.79

Other explanations:

30. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	1,088,108,156.55	853,139,372.52
Bonds payable due within 1 year	6,070,366.96	3,980,586.67
Lease liabilities due within 1 year	1,375,995.60	1,375,995.60
Total	1,095,554,519.11	858,495,954.79

Other explanations:

31. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output value-added tax payable	2,219,902.48	2,536,656.79
Endorsement of unconfirmed bank acceptance bill	181,173,715.43	252,146,381.12
Endorsement for transfer of unconfirmed supply chain voucher	6,398,603.21	20,539,948.43
Total	189,792,221.12	275,222,986.34

Change in short-term bonds payable:

Unit: RMB

Name of bond	Par value	coupon rate	Issue date	Term	Issue size	Opening balance	Issued in current period	Interest provisioned by par value	Amortization of discounts and premiums	Paid in the current period	Shares converted in the current period	Closing balance	Default or not
Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	1,600,000.00		February 11, 2020	6 years	1,600,000.00	425,795,937.76			10,774,649.00		-670,100.00	435,900,486.76	No
Total													

Other explanations:

According to the Listing Rules of Shares on the Shenzhen Stock Exchange Stock and the Prospectus of Yunnan Energy New Material Co., Ltd. on the Public Issuance of Convertible Corporate Bonds, the debt and share conversion period of Yunnan Energy commences from the first trading day in the six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026, and the initial conversion price is RMB64.61 per share.

On May 21, 2020, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2019 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted from RMB64.61 per share to RMB64.49 per share.

On September 3, 2020, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company adopts the non-public issuance of new shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB65.09 per share.

As at September 28, 2020, in accordance with the Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares, the Company repurchased and cancelled the Company's restricted shares held by the four incentive objects because the personal assessment grade of the four incentive objects was "good" when the Company's 2017 Restricted Stock Incentive Plan was unlocked for the third time. Due to the small proportion of the repurchased and cancelled shares in the Company's total share capital, after the repurchase and cancellation, the conversion price of debts and shares of Yunnan Energy remained unchanged at RMB65.09 per share.

On April 30, 2021, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2020 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.92 per share.

On May 16, 2022, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company Implemented the 2021 annual equity allocation plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.62 per share.

On June 20, 2023, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implemented non-public issuance of Renminbi ordinary shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB66.64 per share.

On July 20, 2023, according to the Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares, the Company repurchased and cancelled the Company's certain restricted shares held by 2022 Stock Options and Restricted Stock Incentive Plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.64 per share.

On August 21, 2023, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2022 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB66.46 per share.

On September 21, 2023, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2023 semi-annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB66.26 per share.

32. Long-term borrowings

(1) Long-term borrowings by type

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	636,000,000.00	1,175,100,000.00
Mortgaged loan	1,191,337,067.22	833,353,874.05
Guaranteed loan	3,571,102,307.79	2,707,281,656.13
Credit loan	370,000,000.00	306,000,000.00
Undue interest payables	4,984,599.24	10,668,589.20
Long-term loans and interest due within 1 year	-1,088,108,156.55	-853,139,372.52
Total	4,685,315,817.70	4,179,264,746.86

Description for long-term borrowings by type:

Other explanations of long-term borrowings:

The main reason for the larger increase in the ending balance of the Company's long-term borrowings over the opening balance is: the increase in special loan for project construction by the subsidiary Shanghai Energy and its subsidiaries.

Pledged loans: the subsidiary Shanghai Energy New Material Technology Co., Ltd. will pledge its 100% equity in Suzhou GreenPower New Energy Materials Co., Ltd. to obtain a loan of RMB 636,000,000.00.

Mortgaged loan: the subsidiary Yunnan Hongta Plastic Co., Ltd., the sub- subsidiaries Zhuhai Energy New Material Technology Co., Ltd., Wuxi Energy New Material Technology Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Energy New Material Technology Co., Ltd., Chongqing Energy New Material Technology Co., Ltd. obtained a loan of RMB 1,191,337,067.22 by pledging their own fixed assets, intangible assets and construction in progress. See VII 61. Assets with Restricted Ownership in this section for details of pledge.

Guaranteed loan: For details of loans obtained through the guarantee provided by actual controllers of the Company, the Company and its subsidiaries, please refer to "XIV. Related Parties and Related Party Transactions - 5. Related party transactions - (5). Related party guarantees" in this section.

Other explanations, including interest rate range:

33. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	441,970,853.72	429,776,524.43
Less: Bonds payable due within 1 year	-6,070,366.96	-3,980,586.67
Total	435,900,486.76	425,795,937.76

(2) Changes in bonds payable: (excluding preferred shares classified as financial liabilities, perpetual bonds and other financial instruments)

Unit: RMB

Name of bond	Par value	coupon rate	Issue date	Term	Issue size	Opening balance	Issued in current period	Interest provided by par value	Amortization of discounts and premiums	Paid in the current period	Shares converted in the current period	Closing balance	Default or not
Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	1,600,000,000.00	0.40% - 2.00%	February 11, 2020	6 years	1,600,000,000.00	425,795,937.76			10,774,649.00		670,100.00	435,900,486.76	No
Total													

(3) Explanation on convertible corporate bonds

According to the Listing Rules of Shares on the Shenzhen Stock Exchange Stock and the Prospectus of Yunnan Energy New Material Co., Ltd. on the Public Issuance of Convertible Corporate Bonds, the debt and share conversion period of Yunnan Energy commences from the first trading day in the six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026, and the initial conversion price is RMB64.61 per share.

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As at September 28, 2020, in accordance with the Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares, the Company repurchased and cancelled the Company's restricted shares held by the four incentive objects because the personal assessment grade of the four incentive objects was "good" when the Company's 2017 Restricted Stock Incentive Plan was unlocked for the third time. Due to the small proportion of the repurchased and cancelled shares in the Company's total share capital, after the repurchase and cancellation, the conversion price of debts and shares of Yunnan Energy remained unchanged at RMB65.09 per share.

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On June 20, 2023, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implemented non-public issuance of Renminbi ordinary shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB66.64 per share.

On July 20, 2023, according to the Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares, the Company repurchased and cancelled the Company's certain restricted shares held by 2022 Stock Options and Restricted Stock Incentive Plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.64 per share.

On August 21, 2023, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2022 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.46 per share.

On September 21, 2023, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2023 semi-annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.26 per share.

34. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	1,375,995.60	1,375,995.60
1 to 2 years	229,332.60	1,375,995.60
2 to 3 years		229,332.60
Less: Unrecognized financing expenses	-46,668.72	-273,843.04
Less: Lease liabilities due within one year	-1,375,995.60	-1,375,995.60
Total	182,663.88	1,331,485.16

Other explanations:

The interest expense of lease liabilities was RMB227,174.32 for the period.

35. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason
Government subsidies related to assets	823,467,109.47	219,247,493.64	80,100,443.82	962,614,159.29	Note 9: Government subsidies (II)
Government subsidies related to income		1,032,073.81	372,693.31	659,380.50	Note 9: Government subsidies (II)
VAT deduction		67,869,658.14	36,168,201.97	31,701,456.17	
Total	823,467,109.47	288,149,225.59	116,641,339.10	994,974,995.96	--

Other explanations:

36. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Government support for lithium battery separation film project (Note 1)	455,517,694.55	455,517,694.55
Investment in lithium battery separation film project (Note 2)	86,000,000.00	86,000,000.00
Subsidy for lithium battery separation film R&D project	700,000.00	700,000.00
Subsidy for high safety and reliability lithium battery and high strength separation film R&D project for energy electronics (Note 3)	22,000,000.00	
Total	564,217,694.55	542,217,694.55

Other explanations:

Explanations of other non-current liabilities:

Note 1: Jiangxi Tonry New Energy Technology Development Co., Ltd., a third-level subsidiary of the Company, has built an item production base of lithium-ion separator in Gao'an City, Yichun City, Jiangxi Province, with policy support from the local government. According to the relevant provisions of the investment agreement, the government borrows money in advance to pay for the purchase of equipment. When each lithium-ion film production line is put into use, the equipment subsidy shall be recognized in batches according to the corresponding proportion of the value of the imported equipment of the production line that has been put into operation.

Note 2: Chongqing Energy New Material Technology Co., Ltd., a third-level subsidiary of the Company, has built a production line base of high-performance lithium-ion battery micropore separator in Changshou Economic and Technological Development Zone, Chongqing City, with policy support from the local government. According to the relevant provisions of the investment agreement, the government grants infrastructure construction industry development funds in the form of a government subsidy, and after the commitment of the investment agreement is fulfilled, the subsidy shall be recognized in batches as the plant and equipment subsidy according to the corresponding proportion of the value of the plant and equipment.

Note 3: Chongqing Energy, the third-level subsidiaries of the Company, Chongqing Energy Newmi Technological Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., constructed the joint venture with Suzhou RS Technology Co., Ltd. and Hubei Eve Power Co., Ltd., to jointly participate in implementation of the key tasks recommended by the Chongqing Economic and Information Technology Commission for high safety and reliability lithium batteries and high-strength separators for energy electronics. According to the project contract, the Electronic Information Department of the Ministry of Industry and Information Technology conducts assessments based on the annual progress and achievement of goals of the consortium, and issues funds according to the financial fund plan. The proposed approval of fiscal funds shall not exceed 30% of the total project investment, and the amount of fiscal funds to be disbursed shall be determined based on the final acceptance assessment.

37. Share capital

Unit: RMB

	Opening balance	Increase or decrease(+, -)					Closing balance
		New issues	Bonus issuance	Conversion of reserve into share	Others	Subtotal	
Total amount of shares	892,411,690.00	85,421,412.00			-78,885.00	85,342,527.00	977,754,217.00

Other explanations:

Explanations on the change of share capital:

1. See "I. Basic information of the Company". The convertible bonds publicly issued by the Company entered the share transfer period on August 17, 2020. As of December 31, 2023, the Company's share capital increased by RMB10,089.00 due to the share transfer.

2. See "I. Basic information of the Company". Non-public issuance of Renminbi ordinary shares (A Share) of 85,421,412.

3. See "I. Basic information of the Company". The Company repurchased and cancelled the restricted stocks of RMB88,974.00.

38. Other equity instruments

(1) Outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting

Period

Under the Approval of the Issuance of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (Zheng Jian Xu Ke [2019] No. 2701) issued by the China Securities Regulatory Commission, the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, which was calculated as the value of the debt instruments of the convertible corporate bonds was RMB1,408,703,126.08, and the value of the equity instruments was RMB177,419,515.43 by referring to the interest rates of the credit bonds of similar enterprises with AA credit rating and similar maturities in the market and deducting the bond issuance expenses.

(2) Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Unit: RMB

Outstanding financial instruments	At the beginning of the period		Increase for the period		Decrease for the period		At the end of the period	
	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
Equity instrument of convertible corporate bonds		50,317,083.84				74,305.52		50,242,778.32
Total		50,317,083.84				74,305.52		50,242,778.32

Explanations on changes in other financial instruments and reasons thereof as at the end of the Reporting Period, and basis for related accounting treatment:

In 2023, the Company's "Energy Convertible Bond" decreased by RMB670,100.00 (6,701.00 bonds) due to the transfer of 10,089.00 shares and reduced the other equity instrument by RMB74,305.52.

Other explanations:

In 2023, the Company's "Energy Convertible Bond" decreased by RMB670,100.00 (6,701.00 bonds) due to the transfer of 10,089.00 shares and reduced the other equity instrument by RMB74,305.52.

39. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (capital stock premium)	7,600,521,676.06	7,368,984,534.30	5,643,152.20	14,963,863,058.16
Other capital reserve	84,810,922.74	22,280,126.86		107,091,049.60
Total	7,685,332,598.80	7,391,264,661.16	5,643,152.20	15,070,954,107.76

Other explanations, including changes and reasons thereof as at the end of the Reporting Period:

1. The capital premium (capital stock) increased by RMB 7,368,984,534.30 for the period, mainly because:

(1) The convertible bonds publicly issued by the Company entered the share transfer period on August 17, 2020. The Company's capital reserve increased by RMB732,247.16 due to the share transfer.

(2) The Company's capital reserve increased by RMB7,368,124,689.02 due to the non-public issuance of Renminbi ordinary shares.

(3) The minority shareholders of the sub-subsidiary Jiangxi Enpo New Materials Co., Ltd. injected capital for the period, resulting in an increase of RMB127,598.12 in capital reserve.

2. The capital premium (share capital premium) decreased by RMB5,643,152.20 for the period, mainly due to the repurchase and cancellation of restricted stocks by the Company.

3. The increase of other capital reserves was RMB22,280,126.86 for the period, mainly due to:

(1) The Company implemented stock incentive for employees and recognized related expenses for share based payments, resulting in an increase of RMB21,993,180.34 in other capital reserves.

(2) The subsidiary Yunnan Hongchuang Packaging Co., Ltd. implemented stock incentive for employees and recognized related expenses for share-based payments, resulting in an increase of RMB286,946.52 in other capital reserves.

40. Treasury stock

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Equity incentive repurchase		549,976,686.75		549,976,686.75
Restricted share-based payment	101,753,346.66		44,468,361.46	57,284,985.20
Total	101,753,346.66	549,976,686.75	44,468,361.46	607,261,671.95

Other explanations, including changes and reasons thereof as at the end of the Reporting Period:

1. Because the Company used the repurchased shares for stock incentive, the treasury shares decreased by RMB549,976,686.75;

2. Please refer to XIII. Share-based payment. Due to the cancellation of restricted stock repurchases and dividends of the Company, the treasury shares decreased by RMB44,468,361.46.

3. In 2023, the Company repurchased 88,974.00 shares due to the implementation of stock incentive, accounting for 0.01% of the total issued shares of the Company, representing the cumulative proportion of treasury stocks to the total issued shares of 0.98%.

41. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount incurred before the income tax in the current period	Less: Amount included into other comprehensive income in the prior period and transferred into the profit and loss in the current period	Less: Amount included into other comprehensive income in the prior period and transferred into the retained earnings in the current period	Less: Income tax expense	After-tax amount attributable to the parent company	After-tax amount attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss	750,000.00	22,000,000.00	-	-	5,500,000.00	16,500,000.00	-	15,750,000.00
Changes in fair value of other equity instrument investments	750,000.00	22,000,000.00	-	-	5,500,000.00	16,500,000.00	-	15,750,000.00
II. Other comprehensive income that will be reclassified subsequently to profit or loss	7,024,250.92	103,588,686.32	-	-	-	98,637,147.11	4,951,539.21	105,661,398.03
Exchange differences from translation of statements denominated in foreign currencies	7,024,250.92	103,588,686.32	-	-	-	98,637,147.11	4,951,539.21	105,661,398.03
Total other comprehensive income	7,774,250.92	81,588,686.32	-	-	5,500,000.00	82,137,147.11	4,951,539.21	89,911,398.03

Other explanations, including adjusting the effective portion of cash flow hedging profit and loss to the initial recognition amount of the hedged item:

42. Surplus reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	169,074,481.22	207,369,959.40		376,444,440.62
Reserve fund	21,153,681.64			21,153,681.64
Enterprise development fund	1,416,680.73			1,416,680.73

Total	191,644,843.59	207,369,959.40	399,014,802.99
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Explanations on surplus reserve, including explanation about the reason of the change:

The increase in surplus reserve for the year was due to the provision of 10% of the net profit of the parent company for the year.

43. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit before adjustments at the end of the prior period	9,000,475,751.88	5,288,265,431.08
Undistributed profit adjusted at the beginning of the period	9,000,475,751.88	5,288,265,431.08
Add: Net profit attributable to owners of parent company in the current period	2,526,688,570.92	4,000,461,964.37
Less: Withdrawal of statutory surplus reserve	207,369,959.40	18,251,921.33
Common share dividends payable	373,914,501.31	269,999,722.24
Undistributed profits at the end of the period	10,945,879,862.09	9,000,475,751.88

Breakdown of the undistributed profit at the beginning of the period of adjustment:

44. Operating income and operating cost

Unit: RMB

Item	Amount for current period		Amount for previous period	
	Income	Cost	Income	Cost
Main businesses	11,749,728,885.23	7,486,113,707.42	12,217,521,522.39	6,360,676,130.43
Other businesses	292,500,904.07	49,109,748.92	373,404,007.29	207,472,252.22
Total	12,042,229,789.30	7,535,223,456.34	12,590,925,529.68	6,568,148,382.65

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

Yes No

Other explanations

Information on transaction price allocated to remaining performance obligations:

The corresponding revenue from performance obligations that have been contracted but not yet performed or completed amounted to RMB0.00 as at the end of the Reporting Period.

45. Taxes and surcharges

Unit: RMB

Item	Amount for current period	Amount for previous period
City maintenance and construction tax	11,959,666.52	10,137,102.35
Education surcharge	9,228,982.47	8,928,750.72
Property tax	32,927,258.96	24,477,126.87
Land using tax	11,181,669.21	6,789,704.51
Vehicle and vessel usage tax	38,704.59	25,019.80
Stamp duty	8,354,706.02	6,466,537.77
Other	1,074,092.67	856,713.01
Total	74,765,080.44	57,680,955.03

46. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Item		
Employee compensation	206,470,581.73	158,061,912.74
Share-based expense	12,760,449.61	51,022,209.61
Depreciation and amortization	54,578,336.94	43,343,632.86
Agencies	27,679,857.67	14,296,148.37
Maintenance costs	5,663,215.76	4,223,440.57
Office expense	9,921,970.42	7,044,955.89
Travel expense	6,423,228.89	4,088,667.43
Entertainment expense	7,546,211.37	2,531,330.21
Environmental protection fee	14,810,244.45	8,110,686.32
Others	37,561,391.88	30,568,947.01
Total	383,415,488.72	323,291,931.01

47. Selling expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Item		
Sales commission	23,423,364.38	15,749,712.52
Labor costs	28,291,192.38	29,479,359.97
Sales agency expense	8,618,890.35	9,528,124.63
Depreciation and amortization	10,385,360.44	5,805,912.99
Entertainment expense	5,312,208.11	3,459,975.18
Travel expense	4,564,811.36	2,899,891.55
Share-based payment	590,797.55	2,293,041.47
Other	8,152,109.88	5,239,025.16
Total	89,338,734.45	74,455,043.47

48. R&D expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Item		
Material costs	345,485,094.08	403,898,381.02
Employee compensation	214,976,253.76	179,390,617.59
Depreciation and amortization	41,886,506.67	44,490,331.35
Utility costs	63,170,087.39	46,238,014.05
Others	61,963,059.77	50,280,355.65
Total	727,481,001.67	724,297,699.66

49. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Item		
Interest expenses	376,997,402.81	287,498,131.60
Less: interest income	-84,200,436.11	-26,258,474.95

Exchange gain/loss	-62,517,076.68	-61,184,128.02
Bank charges and other	8,359,787.06	11,476,342.34
Total	238,639,677.08	211,531,870.97

50. Other Income

Unit: RMB

Other sources of income	Amount for the current period	Amount for previous period
Government subsidy	170,294,191.72	155,302,624.29
Return of individual income tax service charge	589,416.97	1,131,403.22
VAT deduction	36,168,201.97	
Tax incentives for independent entrepreneurship	2,068,401.09	
Total	209,120,211.75	156,434,027.51

51. Gains on fair value change

Unit: RMB

Source of gains on fair value change	Amount for the current period	Amount for previous period
Trading financial assets		9,850,069.59
Trading financial liabilities		-94,394.79
Total		9,755,674.80

Other explanations:

52. Investment income

Unit: RMB

Item	Amount for the current period	Amount for previous period
Gain on long-term equity investments subject to accounting with equity method	1,351,086.12	1,471,658.10
Investment income from disposal of trading financial assets	7,906,094.29	12,080,580.37
Proceeds from wealth management products	29,064,274.85	27,838,099.70
Investment income from derecognition of financial assets at amortized cost	-21,537,307.12	-18,658,871.90
Total	16,784,148.14	22,731,466.27

53. Credit impairment losses

Unit: RMB

Item	Amount for the current period	Amount for previous period
Bad debt losses on notes receivable	9,002,433.59	-8,690,103.00
Bad debt losses on receivables	-12,674,580.15	80,338.10
Bad debt losses on other receivables	-200,364.05	-649,051.50
Impairment losses on accounts receivable financing		934,762.69
Total	-3,872,510.61	-8,324,053.71

Other explanations:

In the above table, loss is indicated with “-”.

54. Asset impairment losses

Unit: RMB

Item	Amount for the current period	Amount for previous period
I. Inventory falling price losses and contract performance cost depreciation losses	-186,376,180.23	-42,921,534.91
Total	-186,376,180.23	-42,921,534.91

55. Gains on disposal of assets

Unit: RMB

Source	Amount for the current period	Amount for previous period
Disposal of fixed assets	204,866.12	223,345.22

56. Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Accepting donations	26,000.00	111,645.43	26,000.00
Compensation received	354,106.48	249,743.26	354,106.48
Payments that do not need to be made upon approval	1,019,939.10	614,291.80	1,019,939.10
Others	1,116,185.56	986,822.77	1,116,185.56
Total	2,516,231.14	1,962,503.26	2,516,231.14

57. Non-operating expenses

Unit: RMB

Item	Amount for the current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Donation	645,413.15	524,578.80	645,413.15
Abandonment losses of non-current assets	2,840,110.13	5,093,236.75	2,840,110.13
Others	1,915,066.99	619,138.51	1,915,066.99
Total	5,400,590.27	6,236,954.06	5,400,590.27

58. Income tax expense**(1) Table of income tax expenses**

Unit: RMB

Item	Amount for the current period	Amount for previous period
Current income tax	416,385,943.32	520,107,429.64
Deferred income tax	-40,257,819.24	32,902,134.24
Total	376,128,124.08	553,009,563.88

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	3,026,342,526.64
Income tax expenses calculated based on the statutory (or applicable) tax rates	756,585,687.36
Impact of different tax rates applied to subsidiaries	-277,801,695.00

Impact of adjusting income tax in previous periods	4,157,782.23
Impact of non-taxable income	-202,662.92
Impact of non-deductible cost, expense and loss	2,090,683.23
Impact of deductible losses not recognized as deferred income tax assets before utilization	348,236.53
Impact of deductible temporary differences or deductible losses not recognized as deferred income tax assets for the period	6,851,580.43
Impact of R&D expenses plus deduction	-110,583,320.62
Impact of income tax credit for investment in special equipment	-14,994,738.27
Impact of stock incentive	7,891,571.85
Tax rate adjustment leads to changes in the balance of deferred tax assets/liabilities at the beginning of the period	1,565,871.00
Others	219,128.26
Income tax expenses	376,128,124.08

59. Cash flow statement

(1) Cash received relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	Amount for the current period	Amount for previous period
Interest Income	83,263,325.15	27,599,543.01
Subsidy income	332,690,039.01	228,642,477.43
Recovered deposit	23,568,900.61	38,768,179.58
Reserve funds received	1,439,058.27	
Other receivables received	16,292,885.44	5,656,068.58
Others	1,496,292.04	1,348,211.46
Total	458,750,500.52	302,014,480.06

Cash payments relating to other operating activities

Unit: RMB

Item	Amount for the current period	Amount for previous period
Deposit payment	252,595,453.94	132,561,185.22
Other payable paid	2,381,661.10	1,217,235.92
Administrative expenses and R&D expenses	219,285,376.85	149,669,000.84
Operating expenses	49,819,589.40	36,248,947.35
Service charge	8,359,787.06	11,476,342.34
Donation expenditure	645,413.15	524,578.80
Reserve fund paid	2,612,486.97	3,101,817.82
Others	1,915,066.99	270,929.34
Total	537,614,835.46	335,070,037.63

(2) Cash payments relating to investing activities

Cash payments relating to other investing activities

Unit: RMB

Item	Amount for the current period	Amount for previous period
Deposit for letter of credit and bill	40,991,765.29	150,164,555.53
Total	40,991,765.29	150,164,555.53

(3) Cash payments relating to financing activities

Cash payments relating to other financing activities

Unit: RMB

Item	Amount for the current period	Amount for previous period
Forfeiting Business Deposit	777,800,000.00	253,459,886.80
Lease payment	1,375,995.60	2,649,939.18
Share repurchase	549,976,686.75	
Restricted stock repurchase	5,732,126.20	
Total	1,334,884,808.55	256,109,825.98

Explanations on cash payments relating to other financing activities:

Changes in liabilities arising from financing activities

 Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term borrowings	9,527,853,434.55	10,139,434,318.26	160,076,613.42	11,876,805,624.28	659,863,835.68	7,290,694,906.27
Long-term borrowings	5,032,404,119.38	2,719,779,918.72	189,624,197.95	2,168,384,261.80		5,773,423,974.25
Bonds payable	429,776,524.43		17,402,031.29	4,537,602.00	670,100.00	441,970,853.72
Lease liabilities	2,707,480.76		227,174.32	1,375,995.60		1,558,659.48
Total	14,992,741,559.12	12,859,214,236.98	367,330,016.98	14,051,103,483.68	660,533,935.68	13,507,648,393.72

60. Supplementary information of cash flow statement**(1) Supplementary information of cash flow statement**

Unit: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	2,650,214,402.56	4,212,134,557.39
Plus: impairment provision for assets	190,248,690.84	51,245,588.62
Credit impairment losses	1,448,870,122.29	1,043,974,672.99
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	1,539,070.83	1,208,973.42
Depreciation of right-of-use assets	28,503,276.98	20,775,544.18
Amortization of intangible assets	793,491.24	3,261,644.43
Amortization of long-term unamortized expenses	-204,866.12	-223,345.22
Losses from disposal of fixed assets, intangible assets, and other long-term assets (gain is indicated with "-")	2,840,110.13	5,093,236.75
Losses from scrapping of fixed assets (gain is indicated with "-")		-9,755,674.80
Losses from change of fair value (gain is indicated with "-")	332,671,324.28	275,513,745.88
Financial expenses (gain is indicated with "-")	-16,784,148.14	-22,731,466.27
Investment losses (gain is indicated with "-")	-117,330,364.97	-62,684,028.87
Decrease in deferred income tax assets (increase is indicated with "-")	71,572,545.73	95,615,449.71

Increase in deferred income tax liabilities (decrease is indicated with“-”)	-723,444,795.06	-824,963,603.42
Decrease in inventory (increase is indicated with“-”)	-2,526,548,835.52	-4,529,233,502.65
Decrease in operating receivables (increase is indicated with“-”)	1,300,453,267.13	152,648,586.65
Increase in operating payables (decrease is indicated with“-”)	24,059,967.12	91,707,219.87
Others	2,667,453,259.32	503,587,598.66
Net cash flows from operating activities		
2. Significant investment and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:	2,789,034,001.85	2,972,056,126.01
Closing balance of cash	2,972,056,126.01	1,369,299,568.60
Less: opening balance of cash		
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents	-183,022,124.16	1,602,756,557.41

(2) Total cash outflow related to lease

Total cash outflow related to lease for the current period was RMB1,375,995.60 (previous period: RMB2,649,939.18).

(3) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	2,789,034,001.85	2,972,056,126.01
Including: Cash on hand	53,243.07	89,904.57
Cash at bank that can be readily drawn on demand	2,788,980,758.78	2,971,966,221.44
III. Cash and cash equivalents at the end of the Reporting Period	2,789,034,001.85	2,972,056,126.01

61. Assets with Restricted Ownership or Use Rights

Item	Closing book value	Closing book value	Reason of restriction
Monetary capital	1,045,522,070.90	1,045,522,070.90	Bank draft margin, letter of credit margin, letter of guarantee margin, performance deposit, security deposits for lock exchange, deposit regulated by banks
Notes receivable	248,473,890.50	248,473,890.50	Bank loans through pledge
Other current assets	251,828,755.71	251,828,755.71	Bank loans and bank acceptance through pledge
Other non-current assets	53,500,694.44	53,500,694.44	Bank loans through pledge
Non-current assets due within one year	268,759,015.31	268,759,015.31	Bank loans and bank acceptance through pledge
Fixed assets	581,698,498.88	518,129,104.90	Bank loans through pledge
Construction in progress	92,118,326.54	92,118,326.54	Bank loans through pledge
Intangible assets	309,173,107.74	288,826,669.43	Bank loans through pledge
Total	2,851,074,360.02	2,767,158,527.73	

In addition to the items listed in the above table, the Company's subsidiary Shanghai Energy pledged its 100% equity interest in Suzhou GreenPower to obtain bank loans, which resulted in the above Company's equity interest being restricted assets.

62. Monetary items denominated in foreign currencies**(1) Monetary items denominated in foreign currencies**

Unit: RMB

Item	Ending balance of foreign currency	Exchange rate	Ending balance converted into RMB
Monetary capital			357,860,441.32
Including: USD	24,736,411.72	7.08270	175,200,583.29
Euro	17,417,685.56	7.85920	136,889,074.35
HKD	9.23	0.90622	8.36
JPY	772,807,782.14	0.050213	38,804,997.16
HUF	340,721,456.23	0.020444	6,965,709.45
Accounts receivable			555,563,573.06
Including: USD	69,650,072.81	7.08270	493,310,570.69
Euro	499,491.62	7.85920	3,925,604.54
JPY	1,161,599,532.00	0.05021	58,327,397.30
Accounts payables			240,891,782.12
Including: USD	33,900,073.59	7.08270	240,104,051.22
Euro	81,063.20	7.8592	637,091.90
JPY	3,000,000.00	0.050213	150,639.00

Other explanations:

63. Lease**(1) The Company as the lessor** Applicable Not applicable

The variable lease payments that are not included in the measurement of the lease liabilities

 Applicable Not applicable

The short-term leases and low-value asset leases that are simplified

 Applicable Not applicable**VIII R&D expenses**

Unit: RMB

Item	Amount for the current period	Amount for previous period
Material costs	345,485,094.08	403,898,381.02
Employee compensation	214,976,253.76	179,390,617.59
Depreciation and amortization	41,886,506.67	44,490,331.35
Utility costs	63,170,087.39	46,238,014.05
Others	61,963,059.77	50,280,355.65
Total	727,481,001.67	724,297,699.66
Including: R&D expenditure	727,481,001.67	724,297,699.66

IX. Changes in the Consolidation Scope**1. Merger of enterprises not under common control****(1) Other explanations**

Business combination not under common control occurred this period

2. Merger of enterprises under common control

(1) Other explanations

No business combination under common control occurred this period

3. Reverse purchase

Basic information of the transaction, basis for reverse purchase of the transaction, whether the assets and liabilities retained by the listed company constitute business and their basis, determination of merger costs, adjustment of equity amount and calculation when treating equity transactions:

No reverse purchase occurred this period

4. Disposal of subsidiaries

Whether the right of control is lost after transactions or events in subsidiaries

Applicable Not applicable

Whether the right of control is lost for the current period after disposal of investment in subsidiaries through multiple transactions

Applicable Not applicable

5. Changes in the consolidation scope due to other reasons

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

During the period, the number of entities included into the consolidated financial statement increased by 1 and decreased by 0, including:

Subsidiaries newly included in the consolidation scope in the current period

Name	Reason for change
Yunnan Jiechen Packaging Materials Co., Ltd.	New investment

X. Interests in Other Entities

1. Interests in subsidiaries

(1) Constitution of the enterprise group

Unit: RMB

Name of subsidiaries	Registered capital	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Method of acquisition
					Direct	Indirect	
Yunnan Dexin Paper Co., Ltd.	138,210,800.00	Yuxi, Yunnan	Yuxi, Yunnan	Paper production and sales	100.00%	0.00%	Newly established
Yunnan Jiechen Packaging Materials Co., Ltd.	150,000,000.00	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of packaging materials	100.00%	0.00%	Newly established
Yunnan Hongchuang Packaging Co., Ltd.	152,381,819.00	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of aseptic packing box	60.90%	0.00%	Newly established
Hongchuang Packaging (Anhui) Co., Ltd.	300,000,000.00	Ma'anshan, Anhui	Ma'anshan, Anhui	Production and sales of aseptic packing box	0.00%	100.00%	Newly established
Yunnan Hongta Plastic Co., Ltd.	330,723,618.00	Yuxi, Yunnan	Yuxi, Yunnan	Bopp film production	100.00%	0.00%	Newly established

				and sales			
Hongta Plastic (Chengdu) Co., Ltd.	172,581,213.00	Chengdu, Sichuan	Chengdu, Sichuan	Bopp film production and sales	0.00%	100.00%	Newly established
Yuxi Feiermu Trading Co., Ltd.	39,907,500.00	Yuxi, Yunnan	Yuxi, Yunnan	Trading	0.00%	100.00%	Newly established
Ningbo Energy New Material Co., Ltd.	10,000,000.00	Ningbo, Zhejiang	Ningbo, Zhejiang	Trading	100.00%	0.00%	Newly established
Xiamen Energy New Materials Co., Ltd.	1,600,000,000.00	Xiamen, Fujian	Xiamen, Fujian	Production and sales of new materials	0.00%	100.00%	Newly established
Shanghai Energy New Material Research Co., Ltd.	100,000,000.00	Shanghai	Shanghai	Technical services	100.00%	0.00%	Newly established
Shanghai Energy New Material Technology Co., Ltd.	389,210,834.00	Shanghai	Shanghai	Production and sales of lithium battery separator	95.22%	0.00%	Merger of enterprises under common control
Zhuhai Energy New Material Technology Co., Ltd.	1,600,000,000.00	Zhuhai, Guangdong	Zhuhai, Guangdong	Production and sales of lithium battery separator	0.00%	100.00%	Newly established
Guangdong Energy New Material Institute Co., Ltd.	10,000,000.00	Zhuhai, Guangdong	Zhuhai, Guangdong	Technical services	0.00%	100.00%	Newly established
Wuxi Energy New Material Technology Co., Ltd.	1,600,000,000.00	Wuxi, Jiangsu	Wuxi, Jiangsu	Production and sales of lithium battery separator	0.00%	100.00%	Newly established
Jiangxi Tonry New Energy Technology Development Co., Ltd.	1,200,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator	0.00%	100.00%	Business combination not under the common control
Jiangxi Ruijie New Material Technology Co., Ltd.	8,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of packaging materials	0.00%	82.00%	Business combination not under the common control
Suzhou GreenPower New Energy Materials Co., Ltd.	421,741,781.00	Suzhou, Jiangsu	Suzhou, Jiangsu	Production and sales of lithium battery separator	0.00%	100.00%	Business combination not under the common control
Chongqing Energy New Material Technological Co., Ltd.	291,000,000.00	Chongqing	Chongqing	Production and sales of lithium battery separator	0.00%	76.36%	Business combination not under the common control
Jiangxi Enpo New Material Co., Ltd.	600,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator	0.00%	51.00%	Newly established
Jiangxi Energy New Material Technology Co., Ltd.	100,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator	0.00%	100.00%	Newly established
Chongqing Energy New Material	1,600,000,000.00	Chongqing	Chongqing	Production	0.00%	100.00%	Newly

Technology Co., Ltd.			ng	and sales of lithium battery separator			established
Hainan Energy Investment Co., Ltd.	390,000,000.00	Chengmai County, Hainan Province	Chengmai County, Hainan Province	Investment and technology services	0.00%	100.00%	Newly established
Chuangxin New Material (Hong Kong) Co., Ltd.		Hong Kong	Hong Kong	Trading	0.00%	100.00%	Newly established
SEMCORP Global Holdings Kft.		Hungary	Hungary	Investment and technology services	0.00%	100.00%	Newly established
SEMCORP Hungary Kft.		Hungary	Hungary	Production and sales of lithium battery separator	0.00%	100.00%	Newly established
SEMCORP Properties Kft.		Hungary	Hungary	Sale of self-owned real estate	0.00%	100.00%	Newly established
SEMCORP America Inc.		USA	USA	Investment and technology services	0.00%	100.00%	Newly established
SEMCORP Manufacturing USA LLC		USA	USA	Production and sales of lithium battery separator	0.00%	100.00%	Newly established
Jiangsu Energy New Material Technology Co., Ltd.	550,000,000.00	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of lithium battery separator	0.00%	100.00%	Newly established
Jiangsu Ruijie New Material Technology Co., Ltd.	200,000,000.00	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of packaging materials	0.00%	100.00%	Newly established
Hunan Energy Frontier New Material Technology Co., Ltd.	20,000,000.00	Changsha, Hunan	Changsha, Hunan	Production and sales of new materials	0.00%	65.00%	Newly established
Hubei Energy New Material Technology Co., Ltd.	1,600,000,000.00	Jingmen, Hubei	Jingmen, Hubei	Production and sales of new materials	0.00%	55.00%	Newly established
Jiangsu Sanhe Battery Material Technology Co., Ltd.	100,000,000.00	Liyang, Jiangsu	Liyang, Jiangsu	Production and sales of new materials	0.00%	51.00%	Newly established
Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.	5,000,000.00	Zhuhai, Guangdong	Zhuhai, Guangdong	Trading	0.00%	100.00%	Newly established
Yuxi Energy New Materials Co., Ltd.	500,000,000.00	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of new materials	0.00%	100.00%	Newly established
Shanghai Energy Trading Co., Ltd.	30,000,000.00	Shanghai	Shanghai	Trading	0.00%	100.00%	Newly established
Jiangsu Energy New Material Research Co., Ltd.	200,000,000.00	Changzhou, Jiangsu	Changzhou, Jiangsu	Trading/technology services	0.00%	100.00%	Newly established

Explanation of the difference between shareholding ratio in subsidiaries and voting right ratio:

Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights:

For important structured entities included in the consolidation scope, the basis for control:

Basis for determining whether the company is an agent or principal:

Other explanations:

(2) Key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Percentage of shares held by minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Ending balance of minority interests
Shanghai Energy New Material Technology Co., Ltd.	4.78%	110,756,903.59	85,339,214.45	545,143,657.61

Explanation of the difference between shareholding ratio in subsidiaries and voting right ratio:

Other explanations:

(3) Main financial information of key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Energy New Material Technology Co., Ltd.	13,716,651,194.45	29,701,952,419.55	43,418,603,614.00	24,645,128,994.96	6,453,980,374.27	31,099,109,369.23	13,502,604,003.27	22,422,407,308.96	35,925,011,312.23	19,133,053,749.43	5,703,845,349.32	24,836,899,098.75

Unit: RMB

Name of subsidiaries	Amount for current period				Amount for previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shanghai Energy New Material Technology Co., Ltd.	10,378,457,282.96	2,306,778,425.88	2,488,527,447.83	2,385,389,946.51	10,995,549,786.70	3,884,344,520.12	2,410,367,112.20	336,486,281.72

2. Interests in joint arrangement or associates

(1) Important joint ventures or associates

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Accounting treatment for Investments in joint ventures or associates
				Direct	Indirect	
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Plastic products		40%	Equity method

(2) Main financial information of important associates

Unit: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the previous period
Current assets	10,520,809.76	15,373,699.64
Non-current assets	298,204.40	134,814.50
Total assets	10,819,014.16	15,508,514.14
Current liabilities	2,794,063.91	2,964,408.36
Non-current liabilities		
Total liabilities	2,794,063.91	2,964,408.36
Minority interest		
Shareholders' equity attributable to the parent company	8,024,950.25	12,544,105.78
Pro rata shares of the net assets calculated	3,209,980.10	5,017,642.31
Adjustment		
-- Goodwill		
-- unrealized profits from internal transactions		
-- Other		
Book value of equity investments in associates	3,209,980.10	5,017,642.31
Fair value of equity investment in associates with public quotation		
Operating income	29,874,156.04	35,018,727.82
Net profit	3,377,715.29	3,679,145.26
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	1,351,086.12	1,471,658.10
Dividends received from associates during the year	3,158,748.33	

XI. Government grants

1. Liability items relating to government grants

Applicable Not applicable

Unit: RMB

Item related to accounting	Opening balance	Amount of new grants for the period	Amount recognized in non-operating income for the period	Amount transferred to other income for the period	Other changes for the period	Closing balance	Relation with assets/revenue
Deferred income	823,467,109.47	220,279,567.45		80,473,137.13		963,273,539.79	
Support and incentive payment of the Xishan Economic and Technological Development Zone	247,166,279.03	51,298,000.00		22,463,447.44		276,000,831.59	Related to assets

Item related to accounting	Opening balance	Amount of new grants for the period	Amount recognized in non-operating income for the period	Amount transferred to other income for the period	Other changes for the period	Closing balance	Relation with assets/revenue
Equipment subsidies of the Gao'an Municipal People's Government	245,247,614.82			25,125,178.56		220,122,436.26	Related assets to
Item subsidy for the development of advanced	148,179,039.62			14,308,295.40		133,870,744.22	Related assets to
Subsidies for buildings of Jiangsu Energy		45,141,000.00		189,668.07		44,951,331.93	Related assets to
Subsidies for equipment of Ruijie		35,907,266.17				35,907,266.17	Related assets to
Special funds for the development of provincial strategic emerging industries of Wuxi Energy	26,538,461.58			2,307,692.31		24,230,769.27	Related assets to
Subsidies for infrastructure construction	22,790,200.24			1,340,599.92		21,449,600.32	Related assets to
Subsidy with interests of Imported equipment for Jiangxi Tony	8,535,608.65	11,687,700.00		800,707.17		19,422,601.48	Related assets to
Support fund for imported equipment industry of Gao'an Municipal People's Government	18,109,140.71			1,545,796.28		16,563,344.43	Related assets to
National import discount for Wuxi Energy	10,784,050.78	6,061,400.00		1,055,406.38		15,790,044.40	Related assets to
Subsidies for equipment of Jiangsu Energy		15,113,066.73		98,226.66		15,014,840.07	Related assets to
Land subsidy for Sanhe village, Jiangsu	8,413,407.19	6,464,700.00		267,063.69		14,611,043.50	Related assets to
Enterprise support funds allocated by Gao'an New World Industrial City Finance Office	15,406,082.68			804,404.76		14,601,677.92	Related assets to
Special funds for the development of provincial strategic emerging industries of Jiangsu Energy		12,000,000.00		59,282.79		11,940,717.21	Related assets to
High-performance lithiumion battery separator project with an output of 90 million square meters	10,835,090.16			2,696,405.76		8,138,684.40	Related assets to
Municipal technological transformation project for high-quality development	8,906,250.00			1,125,000.00		7,781,250.00	Related assets to
National import discount for Chongqing Energy		7,726,599.00		166,761.12		7,559,837.88	Related assets to
Land subsidies granted by the Administrative Committee of Yuxi High-tech Industrial Development Zone for	6,766,262.19	777,000.00		440,202.10		7,103,060.09	Related assets to

Item related to accounting	Opening balance	Amount of new grants for the period	Amount recognized in non-operating income for the period	Amount transferred to other income for the period	Other changes for the period	Closing balance	Relation with assets/revenue
the annual production of 1 billion liquid packing boxes							
Technological transformation project of the production line of lithium-ion battery separator	8,006,026.90			1,080,781.56		6,925,245.34	Related to assets
Enterprise development support funds (subsidy for plant construction of Jiangxi Enpo)	6,315,328.00			336,817.49		5,978,510.51	Related to assets
Technical transformation funds for Jiangxi Tonry		6,000,000.00		136,812.92		5,863,187.08	Related to assets
Technological transformation project of the second batch of industrial transformation in 2020	6,450,000.00			900,000.00		5,550,000.00	Related to assets
Technical transformation guidance funds	5,299,515.00			264,975.75		5,034,539.25	Related to assets
Special funds for 70,000-ton BOPP projects	5,300,000.00			530,000.03		4,769,999.97	Related to assets
Lithium-ion battery microporous separator production digitalized workshop B of Chongqing Energy		4,000,000.00		52,173.90		3,947,826.10	Related to assets
Special fund for the development of small and medium-sized enterprises at the provincial level for Jiangxi Tonry		3,300,000.00		211,939.86		3,088,060.14	Related to assets
Fund for the development of digital economy and digital transformation for Wuxi Energy		3,000,000.00		21,739.13		2,978,260.87	Related to assets
Support subsidies of cleaner production for Shanghai Energy		3,000,000.00		125,000.00		2,875,000.00	Related to assets
Special funds for basic projects	3,083,332.99			307,692.48		2,775,640.51	Related to assets
Special fund for the development of small and medium-sized enterprises at the provincial level in 2021 by Yuxi Municipal Bureau of Industry and Information Technology	2,239,898.21			143,265.70		2,096,632.51	Related to assets
Boiler upgrading and reconstruction projects	2,165,138.56			196,830.72		1,968,307.84	Related to assets
National import discount for Suzhou GreenPower		1,936,935.00		27,084.36		1,909,850.64	Related to assets
Cable trench subsidy	2,181,667.17			339,999.96		1,841,667.21	Related to assets

Item related to accounting	Opening balance	Amount of new grants for the period	Amount recognized in non-operating income for the period	Amount transferred to other income for the period	Other changes for the period	Closing balance	Relation with assets/revenue
							assets
National import discount for Jiangxi Energy		1,637,100.00		11,415.13		1,625,684.87	Related to assets
Investment subsidies for high-performance lithium-ion battery microporous separator key project (phase I) of Chongqing Energy		1,000,000.00		13,452.90		986,547.10	Related to assets
Core technical know-how for industrialization of Wuxi Energy		1,000,000.00		31,744.57		968,255.43	Related to assets
Low-nitrogen transformation project subsidy of the Finance Bureau of Changshou	928,571.44			71,428.56		857,142.88	Related to assets
Key industrial technology innovation project funds of Suzhou	700,000.00					700,000.00	Related to assets
Special funds for basic projects of Jiangxi Tonry	769,231.16			76,922.88		692,308.28	Related to assets
Enterprise development support funds of Wuxi Energy	707,692.25			61,538.52		646,153.73	Related to assets
Subsidies for talent leading of Shanghai Energy		600,000.00		29,787.23		570,212.77	Related to assets
VOCs subsidies for project governance of Hongchuang Packaging		585,000.00		48,750.00		536,250.00	Related to assets
District-level administrative approval pre-intermediary service project of Hubei Energy		443,926.05				443,926.05	Related to assets
Special funds for the construction of the Yuxi municipal industrial park in 2017	469,282.40			34,977.60		434,304.80	Related to assets
Provincial-level special funds for high quality development of manufacturing industry for Hubei Energy		400,000.00		5,161.29		394,838.71	Related to assets
Subsidies of the Yuxi Municipal Bureau of Finance for the first major technical equipment	415,094.48			113,207.52		301,886.96	Related to assets
Reward for Suzhou to build an intelligent demonstration workshop of advanced manufacturing base in 2020	329,670.24			65,933.97		263,736.27	Related to assets
Funds for the preparation	262,506.61			14,720.04		247,786.57	Related to assets

Item related to accounting	Opening balance	Amount of new grants for the period	Amount recognized in non-operating income for the period	Amount transferred to other income for the period	Other changes for the period	Closing balance	Relation with assets/revenue
of touring inspection activities in Yichun and centralized commencement and completion activities of major projects in Yichun, allocated by Gao'an New World Industrial City Finance Office							assets
National-level subsidy for new energy projects of Shanghai Energy		167,800.69		2,151.30		165,649.39	Related to assets
Subsidies for the renovation of power supporting projects outside the plants in the Jiulong district of the Yuxi High-Tech Development Zone Management Committee	166,666.41			50,000.04		116,666.37	Related to assets
National-level subsidy for new energy projects of Shanghai Energy		1,032,073.81		372,693.31		659,380.50	Related to revenue

2. Government grants recognized in profit or loss for the period

Applicable Not applicable

Unit: RMB

Item related to accounting	Amount incurred in the current period	Amount incurred in the previous period
Other income	28,818,978.59	28,315,730.87
Other income	24,252,700.00	27,456,200.00
Other income	22,463,447.44	16,557,514.46
Other income	14,308,295.40	14,308,295.40
Other income	12,854,416.65	
Other income	11,897,179.30	3,102,696.34
Other income	8,136,616.07	
Other income	5,802,187.32	5,802,187.32
Other income		31,140,000.00
Other income		13,000,000.00
Other income	41,760,370.95	15,619,999.90
Financial expenses	-1,099,103.16	-91,800.00
Financial expenses	-253,200.00	-16,693,000.00

XII. Risks Related to Financial Instruments

1. Categories of risks arising from financial instruments

The Company's primary financial instruments include cash and cash equivalents, equity investment, loans, receivables, payables and convertible bonds, etc. In daily business activities, the Company is faced with various risks of financial instruments, mainly including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted

by the Company to mitigate these risks are described as follows:

The board of directors is responsible for planning and establishing the Company's risk management framework, formulating risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks. These risk management policies clearly stipulated the specific risks, covering market risk, credit risk, liquidity risk management and many other aspects. The Company regularly evaluates the market environment and changes in its business activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the risk management committee in accordance with the policies approved by the board of directors. The risk management committee identifies, evaluates and avoids relevant risks through close cooperation with other departments. The internal audit department performs regular audit on risk management controls and procedures, and reports the audit results to the audit committee. The Company disperses the risk of financial instruments through appropriate diversified investment and business portfolio, and reduces the risks of being concentrated on a single industry, specific region or specific counterparty by formulating corresponding risk management policies.

(I) Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations. The management has formulated appropriate credit policies and constantly monitors the exposure of credit risk.

The Company has adopted a policy of trading only with credit worthy counterparties. In addition, the Company assesses the credit qualification of customers and sets corresponding credit period based on their financial status, the possibility of obtaining guarantee from a third party, credit records and other factors such as current market conditions. The Company continuously monitors the balance and recovery of notes and accounts receivable. For customers with poor credit records, the Company will use written dunning, shortening credit period or canceling credit period to ensure that the Company will not face significant credit loss. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets are fully prepared for the expected credit loss.

Other financial assets of the Company include cash and cash equivalents, other receivables, etc. The credit risk of these financial assets comes from the default of the counterparty, and the maximum credit risk exposure is the book amount of each financial asset in the statement of financial position. The company does not provide any other guarantee that may expose company to credit risk, except for the financial guarantees made by the Company as stated in Note XIV. (II).

The cash and cash equivalents held by the Company are mainly deposited in the state-owned holding banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status, there is no significant credit risk, and there will be no significant loss caused by the default of the other party. The company's policy is to control the amount of deposit deposited according to the market reputation, business scale and financial background of each well-known financial institution, so as to limit the amount of credit risk to any single financial institution.

As a part of the Company's credit risk asset management, the Company uses account aging to assess the impairment loss of accounts receivable and other receivables. The accounts receivable and other receivables involve a large number of customers. The aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. Based on historical data, the Company calculates the historical actual bad debt rate of different account age periods, and takes into account the forecast of current and future economic conditions, such as national GDP growth, total infrastructure investment, national monetary policy and other forward-looking information to adjust the expected loss rate. For long term receivables, the Company comprehensively considers the settlement period, payment period agreed in the contract, the financial situation of the debtor and the economic situation of the debtor's industry, and reasonably evaluates the expected credit loss after adjusting the aforesaid forward-looking information.

As of December 31, 2023, the book balance and expected credit impairment loss of related assets are as follows:

Item	Book balance	Provision for impairment
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Notes receivable	770,021,854.08	9,053,466.83
Accounts receivable	6,865,281,589.35	145,581,827.17
Other receivables	28,319,743.88	1,751,649.62
Other current assets	251,828,755.71	
Non-current assets due within one year	618,295,576.83	
Other non-current assets	160,506,597.17	
Receivable financing	408,354,641.63	
Total	9,102,608,758.65	156,386,943.62

As of December 31, 2023, the amount of financial guarantees provided by the Company was RMB43,680.3422 million. Please refer to XIV. (II) for details of financial guarantee contracts. The management of the Company has assessed whether the guaranteed loans are overdue, the financial positions of borrowers and the economic conditions of the industries which the borrowers are in. It is believed that the relevant credit risks have not increased significantly since the initial recognition of financial guarantee contracts. Therefore, the Company measures its impairment provision at the amount equivalent to the expected credit loss of the above-mentioned financial guarantee contracts in the next 12 months. During the Reporting Period, the Company's assessment methods and major assumptions have not changed. According to the assessment of the Company's management, there are no significant expected provision of impairments on the relevant financial guarantees.

The major clients of the Company have reliable and good reputation. Therefore, the Company does not believe that such customers have significant credit risks. As the Company has a wide range of customers, there is no significant credit concentration risk.

No collateral is required as the Company only transacts with approved and reputable third parties. Credit risk concentration is managed on a customer basis. As at December 31, 2023, the Company has certain concentration of credit risk. 42.67% (December 31, 2022: 44.23%) of the Company's accounts receivable came from the top five customers in the balance. The Company does not hold any collateral or other measures on credit enhancement on its accounts receivable balances.

The maximum credit risk exposure of the Company is the book value of each financial asset in the balance sheet.

In terms of the wealth management products of banks, which are invested in by the Company, the credit rating of the counterparty must be higher than or the same as that of the Company. In view of the good credit rating of the counterparty, the management of the Company does not expect that the counterparty will be unable to perform its obligations.

(II) Liquidity risk

Liquidity risk refers to the risk of fund shortage when the Company satisfies the obligation of settlement by delivering cash or other financial assets. Each member of the Company is responsible for their own cash flow forecast. Based on the cash flow forecast results of each member enterprise, the subordinate financial department of the Company continuously monitors the short-term and long-term capital demand of the Company at the Company level to ensure that sufficient cash reserves are maintained; at the same time, it continuously monitors whether it conforms to the provisions of the loan agreement and obtains the commitment of providing sufficient reserve funds from the main financial institutions to meet the short-term and long-term capital demand. In addition, the Company entered into a financing line credit agreement with major business banks to provide support for the Company to fulfill its obligations related to commercial bills. As of December 31, 2023, the Company has had a bank credit line of RMB32,140.3422 million granted by several domestic banks, RMB12,031.9544 million of which has been used.

As of December 31, 2023, all the financial liabilities and off-balance sheet guarantees of the Company are presented at undiscounted contractual cash flows by maturity date as follows:

Item	Closing balance		
	Less than 1 year	1-5 years	Total

Non-derivative financial liabilities			
Short-term borrowings	7,290,694,906.27		7,290,694,906.27
Notes payable	802,933,704.02		802,933,704.02
Accounts payable	1,441,243,438.57	167,066,177.89	1,608,309,616.46
Other payables	134,044,694.47	110,653,607.86	244,698,302.33
Long-term borrowings	1,088,108,156.55	4,685,315,817.70	5,773,423,974.25
Bonds payable	6,070,366.96	435,900,486.76	441,970,853.72
Subtotal of non-derivative financial liabilities	10,763,095,266.84	5,398,936,090.21	16,162,031,357.05
Total	10,763,095,266.84	5,398,936,090.21	16,162,031,357.05

Market risk

1. Exchange rate risk

The Company's major operational activities are carried out in China, and its main business is settled in RMB. However, the recognized assets and liabilities denominated in foreign currencies and future transactions denominated in foreign currencies (the assets and liabilities denominated in foreign currencies and transactions denominated in foreign currencies are mainly denominated in USD, EUR and JPY) still have exchange rate risk. The financial department of the Company is responsible for monitoring the scale of transactions denominated in foreign currencies and assets and liabilities of the Company denominated in foreign currencies to minimize the exchange rate risk; therefore, the Company may sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk.

- (1) There was on forward exchange contracts or currency swap contracts signed by the Company for the year.
- (2) As of December 31, 2023, the financial assets and the financial liabilities denominated in foreign currencies held by the Company, are expressed in RMB as follows:

Item	Closing balance					
	USD	JPY	EUR	HKD	HUF	Total
Financial assets denominated in foreign currencies:						
Monetary capital	175,200,583.29	38,804,997.16	136,889,074.35	8.36	6,965,709.45	357,860,372.61
Accounts receivable	493,310,570.69	58,327,397.30	3,925,604.54			555,563,572.53
Subtotal	668,511,153.98	97,132,394.46	140,814,678.89	8.36	6,965,709.45	913,423,945.14
Financial liabilities denominated in foreign currencies:						
Accounts payable	240,104,051.22	150,639.00	637,091.90			240,891,782.12
Sub-total	240,104,051.22	150,639.00	637,091.90			240,891,782.12

- (3) Sensitivity analysis:

As of December 31, 2023, for all kinds of USD, EUR and JPY financial assets and USD, EUR and JPY financial liabilities of the Company, if RMB appreciates or depreciates 10% against USD, EUR and JPY, and other factors remain unchanged, the Company will reduce or increase its net profit by about RMB57.1652 million (about RMB35.2179 million in 2022).

2. Interest rate risk

The interest rate risk of the Company mainly derives from bank loans and others. The financial liabilities at floating interest rate expose

the Company to the interest rate risk of cash flow, and financial liabilities with fixed interest rate expose the Company to the interest rate risk of fair value. The company determines the relative proportion of fixed rate and floating rate contracts according to the market environment at that time.

The financial department of the Company continuously monitors the interest rate level of company. The rising interest rate will increase the cost of new interest-bearing debt and the interest expense of the outstanding interest-bearing debt at floating interest rate, and have a significant adverse impact on the financial performance of company. The management will make timely adjustments according to the latest market conditions, which may be interest rate swap arrangements to reduce interest rate risk.

- (1) The Company had no significant interest rate swap arrangements this year.
- (2) As of December 31, 2023, the Company's long-term interest-bearing liabilities were the floating rate contract denominated in RMB, amounting to RMB5,768.4394 million, as set out in note V. 32.
- (3) Sensitivity analysis:

As of December 31, 2023, if the loan interest rate on the floating interest rate borrowings rises or falls by 50 basis points, while other factors remain unchanged, the Company's net profit will decrease or increase by about RMB42,246,600 (approximately RMB29,618,500 in 2022).

The above sensitivity analysis assumes that the interest rate has changed on the balance sheet date and has been applied to all borrowings obtained by the Company at a floating interest rate.

3. Price risk

Price risk refers to the risk of fluctuation due to the change of market price other than exchange rate risk and interest rate risk, which mainly comes from the change of commodity price, stock market index, equity instrument price and other risk variables.

XIII. Disclosure of Fair Value**1. Fair value of assets and liabilities measured at fair value at the end of the period**

Unit: RMB

Item	Closing fair value			
	Fair value measured at the first level	Fair value measured at the second level	Fair value measured at the third level	Total
I. Continuous fair value measurement	--	--	--	--
(II) Other debt investment			408,354,641.63	408,354,641.63
(III) Other equity instrument investment			89,000,000.00	89,000,000.00
Total assets measured at fair value on a continuous basis			497,354,641.63	497,354,641.63
II. Non-continuous fair value measurement	--	--	--	--

2. Determination basis of the market price of the item measured using the first-level continuous and non-continuous fair value measurement

None

3. Valuation techniques and qualitative and quantitative information on important parameters adopted for the second-level continuous and non-continuous fair value measurement

None

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for the third-level continuous and non-continuous fair value measurement

The non-trading equity instruments at fair value through other comprehensive income held by the Company, whose fair value is measured at the third level, are mainly the equity investment projects that are not available for verification by data in observable active markets, for which the financial forecast is made using their own information,

The receivables financing held by the Company were the bank acceptance bills held by the Company, whose remaining life is short and book value is close to their fair value.

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book values and sensitivity analysis of unobservable parameters

(1) Reconciliation information between opening and closing book values

Item	Opening balance	Transfer into Level 3	Transfer out of level 3	Total gains or losses for the period		Purchases, issues, sales and settlements				Ending balance	Changes in unrealized gains or losses for the period included in profit or loss for assets held at the end of the Reporting Period
				Charged to profit or loss	Charged to other comprehensive income	Purchase	Issue	Sales	Settlement		
Receivables financing	692,286,629.08					408,354,641.63			692,286,629.08	408,354,641.63	
Investments in other equity instruments	111,000,000.00				-22,000,000.00					89,000,000.00	
Total assets	803,286,629.08				-22,000,000.00	408,354,641.63			692,286,629.08	497,354,641.63	

6. For the continuous fair value measurement items, if there is a conversion between levels in the current period, describe the reason for the conversion and the policy for determining the time point of the conversion

The above continuous fair value measurement project of the Company has not changed between different levels in this year.

7. Changes in valuation techniques and the cause of changes in the current period

The fair value valuation technology of the Company's financial instruments has not changed in this year.

8. Fair value of financial assets and financial liabilities that are not measured at fair value

Financial assets and liabilities not measured at fair value mainly include receivables, short term loans, payables, non-current liabilities maturing within one year and long-term loans. The difference between book value and fair value of the above financial assets and liabilities not measured at fair value is very small.

XIV. Related Parties and Related Party Transactions

1. Information about Parent Company of the Company

Description of Information about Parent Company of the Company:

As of December 31, 2023, the actual controller of the Company was the Paul Xiaoming Lee family. The Paul Xiaoming Lee family held 41.60% of the Company's shares directly and indirectly, and actually controlled the Company. The shareholding of Paul Xiaoming Lee's family is as follows: his family member Paul Xiaoming Lee holds 13.03% of the shares directly, his family member Li Xiaohua holds 6.93% of the shares directly, his family member Sherry Lee holds 7.29% of the shares directly, and his family member Jerry Yang Li holds 1.51% of the shares directly. Paul Xiaoming Lee's family members indirectly hold 12.84% equity of the Company through Yuxi Heyi Investment Co., Ltd, Yuxi Heli Investment Co., Ltd and Shanghai Hengzou Enterprise Management Firm (Limited Partnership).

The ultimate controller of the Company was the Paul Xiaoming Lee family.

Other explanations:

2. Information about subsidiaries of the Company

Please refer to Note X (I). Interest in Subsidiaries for details of the subsidiaries of the Company.

3. Information about joint ventures and associates of the Company

Please refer to Note X (II). Equity in Joint Ventures or Associates Enterprises for details of joint ventures and associates of the Company.

Information on other associates or joint ventures which have related-party transactions with the Company in the current period or whose related-party transactions with the Company produced balance in previous years is as follows:

Name of joint venture or associate	Relationship with the Company
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	An associate of the Company

Other explanation:

4. Information about Other Related Parties

Name of other related party	Relationship with the Company
Yuxi Heli Investment Co., Ltd.	Shareholder
Yuxi Heyi Investment Co., Ltd.	Shareholder
Zhuhai Chenyu New Material Technology Co., Ltd.	Li Xiaohua, one of the actual controllers of the Company, vice chairman and general manager, holds 5% of its equity interests, and Shanghai Energy New Material Technology Co., Ltd., a subsidiary of the Company,

	holds 8% of its equity interests
Suzhou Jiesheng Technology Co., Ltd.	Li Xiaohua, one of the actual controllers of the Company, vice chairman and general manager, serves as its executive director and general manager
Suzhou Fuqiang Technology Co., Ltd.	Li Xiaohua, one of the actual controllers of the Company, vice chairman and general manager, serves as its chairperson
Suzhou Fuqiang Jianeng Machinery Co., Ltd.	Li Xiaohua, one of the actual controllers of the Company, vice chairman and general manager, serves as its chairperson
Changshu Juxing Machinery Co., Ltd.	Li Xiaohua, one of the actual controllers of the Company, vice chairman and general manager, serves as its executive director and general manager
Paul Xiaoming Lee	Main member of the ultimate controller family
Li Xiaohua	Main member of the ultimate controller family
Sherry Lee	Main member of the ultimate controller family
Jerry Yang Li	Main member of the ultimate controller family
Industrial and Commercial Bank of China Limited	The spouse of Ms. Zheng Haiying, an independent Director who ceased to hold office on March 24, 2023, is a non-executive Director of ICBC

Other explanations:

5. Related party transactions

(1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Statement of purchase of goods/acceptance of services

Unit: RMB

Related party	Particulars of Related party transaction	Amount for the current period	Approved transaction limit	Whether exceeding the transaction limit	Amount for the previous period
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Purchase of additives	29,859,590.68	40,000,000.00-55,000,000.00	No	35,018,727.82
Zhuhai Chenyu New Material Technology Co., Ltd.	Procurement of materials	112,972,507.96	Not more than 283,500,000.00	No	93,132,510.82
Suzhou Jiesheng Technology Co., Ltd. and its subsidiaries	Purchase of equipment and spare parts	271,815,892.27	Not more than 324,970,300.00	No	103,670,771.66
Total		414,647,990.91		No	231,822,010.30

Statement of sales of goods/rendering of services

Unit: RMB

Related party	Particulars of related party transaction	Amount for the current period	Amount for the previous period
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Sales of raw materials	8,394,304.54	10,055,309.73
Zhuhai Chenyu New Material Technology Co., Ltd.	Sales of packaging materials	1,114,800.87	125,486.73
Total		9,509,105.41	10,180,796.46

Description of related-party transactions on purchase and sales of goods and rendering and receiving of services

(2) Related party trustee management/contracting and proxy management/ situation of outsourcing: None

(3) Leases with related parties

The Company as the lessor:

Unit: RMB

Lessee's name	Type of leased assets	Rental income recognized for the period	Rental income recognized in the previous period
Yuxi Heli Investment Co., Ltd.	Office	2,285.72	2,285.72
Yuxi Heyi Investment Co., Ltd.	Office	3,077.77	3,142.84
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Workshop	22,018.34	22,857.14
Total		27,381.83	28,285.70

The Company as a Lessee: None

(4) Related party guarantees

The Company as the guarantor

Unit:

RMB

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Yunnan Hongta Plastic Co., Ltd.	44,000,000.00	April 25, 2023	March 24, 2024	No
Yunnan Hongta Plastic Co., Ltd.	40,000,000.00	November 9, 2020	October 23, 2025	No
Yunnan Hongta Plastic Co., Ltd.	78,000,000.00	November 29, 2021	November 29, 2024	No
Yunnan Hongta Plastic Co., Ltd.	51,650,000.00	May 5, 2022	May 4, 2025	No
Yunnan Hongta Plastic Co., Ltd.	80,000,000.00	October 24, 2022	October 23, 2026	No
Yunnan Hongta Plastic Co., Ltd.	35,000,000.00	March 18, 2023	March 18, 2026	No
Yunnan Hongta Plastic Co., Ltd.	100,000,000.00	March 30, 2023	March 30, 2024	No
Yunnan Hongta Plastic Co., Ltd.	129,000,000.00	July 7, 2023	April 6, 2026	No
Yunnan Hongta Plastic Co., Ltd.	60,000,000.00	July 15, 2023	July 15, 2025	No
Yunnan Hongta Plastic Co., Ltd.	50,000,000.00	August 21, 2023	August 21, 2024	No
Yunnan Hongta Plastic Co., Ltd.	50,000,000.00	August 25, 2023	August 10, 2024	No
Yunnan Dexin Paper Co., Ltd.	8,000,000.00	March 30, 2021	December 31, 2024	No
Yunnan Dexin Paper Co., Ltd.	10,000,000.00	June 7, 2022	December 31, 2024	No
Yunnan Dexin Paper Co., Ltd.	10,000,000.00	October 24, 2022	October 23, 2026	No
Yunnan Dexin Paper Co., Ltd.	20,000,000.00	March 30, 2023	March 30, 2024	No
Yunnan Dexin Paper Co., Ltd.	20,000,000.00	April 18, 2023	April 18, 2026	No
Yunnan Hongchuang Packaging Co., Ltd.	66,000,000.00	April 25, 2023	March 24, 2024	No
Yunnan Hongchuang Packaging Co., Ltd.	50,000,000.00	February 23, 2022	February 23, 2027	No
Yunnan Hongchuang Packaging Co., Ltd.	30,000,000.00	March 1, 2022	March 1, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	56,000,000.00	March 15, 2022	March 15, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	162,000,000.00	March 21, 2022	March 20, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	40,000,000.00	May 1, 2022	April 30, 2024	No
Yunnan Hongchuang Packaging Co., Ltd.	120,000,000.00	October 21, 2022	October 20, 2026	No
Yunnan Hongchuang Packaging Co., Ltd.	40,000,000.00	December 20, 2022	December 19, 2023	No

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Ltd.				
Yunnan Hongchuang Packaging Co., Ltd.	110,000,000.00	March 30, 2023	March 30, 2024	No
Yunnan Hongchuang Packaging Co., Ltd.	8,438,340.60	June 27, 2023	June 26, 2024	No
Yunnan Hongchuang Packaging Co., Ltd., Shanghai Energy New Material Technology Co., Ltd., Wuxi Energy New Material Technology Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd.	392,249,000.00	November 30, 2020	May 30, 2028	No
Yunnan Hongchuang Packaging Co., Ltd.	100,000,000.00	August 8, 2023	August 8, 2024	No
Yunnan Hongchuang Packaging Co., Ltd.	60,000,000.00	September 22, 2023	September 22, 2026	No
Hongta Plastic (Chengdu) Co., Ltd.	75,000,000.00	July 24, 2023	December 31, 2024	No
Hongta Plastic (Chengdu) Co., Ltd.	30,000,000.00	November 23, 2023	November 22, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	856,000,000.00	September 28, 2020	September 27, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	660,000,000.00	February 7, 2022	February 7, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	110,000,000.00	November 30, 2020		No
Shanghai Energy New Material Technology Co., Ltd.	240,000,000.00	June 5, 2022	June 4, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	900,000,000.00	June 9, 2022	June 8, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	46,225,860.00	June 10, 2022	June 10, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	450,000,000.00	March 5, 2021	March 5, 2026	No
Shanghai Energy New Material Technology Co., Ltd. ∙ Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	December 28, 2022	June 28, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	300,000,000.00	August 18, 2022	August 18, 2027	No
Shanghai Energy New Material Technology Co., Ltd., Zhuhai Energy New Material Technology Co., Ltd.	343,820,000.00	April 10, 2023	April 10, 2026	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	April 18, 2023	April 17, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	April 12, 2023	April 11, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	120,000,000.00	April 11, 2023	April 10, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	800,000,000.00	April 23, 2023	April 17, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	586,959,000.00	May 4, 2023	May 4, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	500,000,000.00	July 7, 2023	July 6, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	1,200,000,000.00	August 1, 2023	August 1, 2038	No
Shanghai Energy New Material	875,000,000.00	July 27, 2023	July 20, 2024	No

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Technology Co., Ltd.				
Shanghai Energy New Material Technology Co., Ltd.	209,000,000.00	September 20, 2023	September 20, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	165,000,000.00	October 27, 2023	October 26, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	606,000,000.00	November 10, 2023	October 12, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	196,000,000.00	November 13, 2023	July 11, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	500,000,000.00	December 22, 2023	December 21, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	50,000,000.00	December 27, 2023	December 27, 2024	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	December 12, 2023	December 11, 2024	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	February 21, 2023	February 21, 2028	No
Zhuhai Energy New Material Technology Co., Ltd.	220,000,000.00	September 1, 2021	December 31, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	January 19, 2022	January 11, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	270,000,000.00	February 7, 2022	February 6, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	100,000,000.00	July 8, 2022	July 8, 2026	No
Zhuhai Energy New Material Technology Co., Ltd.	32,000,000.00	September 23, 2022	September 22, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	September 7, 2022	August 29, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	October 27, 2022	October 26, 2023	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	May 11, 2023	May 10, 2024	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	July 13, 2023	July 14, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	150,000,000.00	May 29, 2023	May 29, 2026	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	August 7, 2021	August 7, 2024	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	October 8, 2022	October 7, 2023	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery	700,000,000.00	May 6, 2022	April 10, 2026	No

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd.				
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Epo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd., Xiamen Energy New Materials Co., Ltd., Chongqing Energy Newmi Technological Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd., Jiangxi Energy New Materials Technology Co., Ltd.	3,000,000,000.00	March 1, 2023	December 31, 2024	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Epo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd., Xiamen Energy New Materials Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd.	1,500,000,000.00	April 10, 2023	April 10, 2026	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Materials Technology Co., Ltd., Jiangxi Epo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Yuxi Energy New Material Co., Ltd., Xiamen Energy New Materials Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd.	1,500,000,000.00	April 11, 2022	April 11, 2025	No
Wuxi Energy New Material	70,000,000.00	May 18, 2023	May 11, 2024	No

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Technology Co., Ltd.				
Wuxi Energy New Material Technology Co., Ltd.	200,000,000.00	August 31, 2023	July 24, 2024	No
Wuxi Energy New Material Technology Co., Ltd.	150,000,000.00	November 6, 2023	July 3, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	135,000,000.00	January 22, 2021	January 21, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	100,000,000.00	May 24, 2023	June 23, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	100,000,000.00	May 24, 2023	June 23, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	100,000,000.00	May 24, 2023	June 23, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	200,000,000.00	August 4, 2023	August 4, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	50,000,000.00	September 15, 2023	October 14, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	100,000,000.00	October 31, 2023	October 31, 2024	No
Suzhou GreenPower New Energy Materials Co., Ltd.	104,000,000.00	March 9, 2022	March 9, 2027	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	November 30, 2021	November 30, 2026	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	December 27, 2023	November 20, 2024	No
Chongqing Energy New Material Technology Co., Ltd.	300,000,000.00	December 27, 2023	October 8, 2024	No
Jiangxi Ruijie New Material Technology Co., Ltd.	400,000,000.00	April 12, 2023	April 12, 2030	No
SEMCORP HUNGARY LIMITED LIABILITY COMPANY	1,000,000,000.00	July 14, 2021	July 13, 2026	No
SEMCORP HUNGARY LIMITED LIABILITY COMPANY	450,000,000.00	December 27, 2021	December 26, 2025	No
Jiangxi Energy New Material Technology Co., Ltd.	200,000,000.00	August 7, 2023	August 6, 2024	No
Hubei Energy New Material Technology Co., Ltd.	495,000,000.00	May 24, 2023	May 23, 2028	No
Hubei Energy New Material Technology Co., Ltd.	1,650,000,000.00	May 24, 2023	November 21, 2032	No
Yuxi Energy New Material Co., Ltd.	500,000,000.00	November 24, 2022	November 23, 2025	No
Yuxi Energy New Material Co., Ltd.	1,000,000,000.00	March 1, 2023	December 31, 2026	No
Yuxi Energy New Material Co., Ltd.	800,000,000.00	October 26, 2023	October 25, 2032	No
Shanghai Energy Trading Co., Ltd.	10,000,000.00	September 21, 2023	September 20, 2024	No
Hongchuang Packaging (Anhui) Co., Ltd.	210,000,000.00	November 15, 2023	November 14, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	500,000,000.00	December 28, 2023	December 27, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	1,800,000,000.00	June 10, 2021	April 9, 2024	No
Jiangxi Enpo New Materials Co., Ltd.	1,800,000,000.00	June 10, 2021	April 9, 2024	No
Jiangxi Tony New Energy Technology Development Co., Ltd.	1,500,000,000.00	September 17, 2019	December 31, 2024	No

The Company as the secured party

Unit: RMB

Guarantor	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Yunnan Dexin Paper Co., Ltd.	50,000,000.00	15 July, 2023	15 July, 2025	No

Description of related guarantees

(5) Remuneration for key management

Item	Amount for current period	Amount for previous period
Remuneration for key management personnel	8,565,304.72	12,889,745.41

Unit: RMB

(6) Other related party transactions

Type of transaction	Name of related party	Amount for the current period	Amount for the previous period	Pricing method and
				Procedure for decision-making
Loans with related banks (including application for comprehensive facility, acceptance draft, letter of credit, bank guarantee, etc.)	Industrial and Commercial Bank of China Limited	2,357,627,477.75	791,539,307.31	Market price / as approved at the General Meeting of Shareholders
Deposits with related banks (including demand deposits, time deposits, call deposits, etc.)	Industrial and Commercial Bank of China Limited	125,874,834.09	165,881,639.38	Market price / as approved at the General Meeting of Shareholders
Mutual guarantees between companies within the scope of the company's consolidated financial statements through the related banks	Industrial and Commercial Bank of China Limited	4,987,000,000.00	4,016,900,000.00	Market price / as approved at the General Meeting of Shareholders

6. Amounts due to and due from related parties**(1) Receivable**

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Zhuhai Chenyu New Material Technology Co., Ltd.	1,294,218.60	11,840.48		
Other non-current asset	Suzhou Fuqiang Jianeng Machinery Co., Ltd.	43,734,000.00			
Other non-current asset	Changshu Juxing Machinery Co., Ltd.	155,840,000.00		93,548,000.00	

(2) Payables

Unit: RMB

Item	Related party	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Accounts payable	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	7,565,425.22	9,291,722.26

Accounts payable	Suzhou Jiesheng Technology Co., Ltd	10,751,701.00	
Accounts payable	Suzhou Fuqiang Technology Co., Ltd.	31,914,852.79	19,539,555.22
Accounts payable	Zhuhai Chenyu New Material Technology Co., Ltd.	26,867,834.58	44,210,584.04

XV. Share-based Payment

1. General information about share-based payment

Applicable Not applicable

Unit: RMB

Category of grantee	Grant for the period		Exercise for the period		Unlock for the period		Lapse for the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Sales					14,866.00	954,099.88	1,996.00	128,103.28
Management	180,000.00	990,000.00			325,126.00	20,866,586.68	118,876.00	4,108,661.68
R&D					73,547.00	4,720,246.46	5,654.00	362,873.72
Production					38,624.00	2,478,888.32	121,792.00	775,010.56
Total	180,000.00	990,000.00			452,163.00	29,019,821.34	248,318.00	5,374,649.24

Options or other equity instruments outstanding at the end of the period

Applicable Not applicable

Category of grantee	Options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of option exercise price	Remaining contractual term	Range of option exercise price	Remaining contractual term
Sales	RMB265.36 per share	2 months and 14 months		
Management	RMB265.36 per share	2 months and 14 months		
R&D	RMB265.36 per share	2 months and 14 months		
Production	RMB265.36 per share	2 months and 14 months		

Other explanations:

2. Information on equity-settled share-based payment

Applicable Not applicable

Unit: RMB

Determination method of the fair value of equity instruments on the grant date	(1) The fair value of restricted shares is recognized at the closing price on the grant date; (2) The fair value of stock options is recognized by Black-Scholes model
Important parameters of fair value of equity instruments at grant date	Historical volatility, risk-free return rate, dividend yield
Basis for determining the number of vested equity instruments	On each balance sheet date of lock-up periods, the estimation shall be made according to the latest number of people whose stock options are vested, performance indicators and other follow-up information
Reasons for significant differences between the current estimates and the previous estimates	N/A
Accumulated amount of equity-settled share-based payment included in capital reserve	107,091,049.60
Total expenses recognized for equity-settled share-based payment in the current period	24,097,017.37

Other explanation:

3 Information on cash-settled share-based payment

Applicable Not applicable

4. Share-based payment for the period

Applicable Not applicable

Unit: RMB

Category of grantee	Information on equity-settled share-based payment	Information on cash-settled share-based payment
Sales	590,797.55	
Management	12,760,449.61	
R&D	3,362,613.46	
Production	7,383,156.75	
Total	24,097,017.37	

Other explanation:

XVI. Commitments and Contingencies**1. Significant commitments**

Significant commitments on the balance sheet date

(1) Mortgage of assets

As of December 31, 2023, the Company has obtained the bank's comprehensive credit line with the mortgage of property and plant in fixed assets, machinery and equipment, land use right in intangible assets and construction in progress of RMB899,074,100. See note VII 61 for more.

(2) Pledge of assets

As of December 31, 2023, the Company obtained bank loans of RMB1,280,093,900 by pledging certificate of deposit, notes receivable, and 100% equity interest in its sub-subsidiary Suzhou GreenPower New Energy Materials Co., Ltd. For details, see note VII 22, 32 and 61.

2. Contingencies**(1) Significant contingencies on the balance sheet date****1) Contingencies arising from pending litigation or arbitration and their financial impacts**

The controlling subsidiary of the Company, Shanghai Energy New Material Technology Co., Ltd. and its subsidiary, Zhuhai Energy New Material Technology Co., Ltd. received the subpoena [Case number: No. 2419 and 3054 of Yue 73 Zhi Min Chu (2023)] (【案号为(2023)粤73知民初2419、3054号】) and the civil indictment and other legal documents served by the Guangzhou Intellectual Property Court on December 15, 2023, in which Hebei Gellec New Energy Science & Technology Joint Stock Co., Ltd. ("Gellec") filed a lawsuit against Shanghai Energy and Zhuhai Energy. In its lawsuit, Gellec claimed that Shanghai Energy and Zhuhai Energy infringed its patent rights and applied for financial compensation in total of RMB149 million. As of December 31, 2023, this lawsuit has not yet been heard and the final verdict is uncertain.

2) Contingencies arising from external debt guarantee and their financial implications

For details of guarantees provided to related parties, please refer to Note XII, Related Guarantees for Related Party Transactions

3) Letter of guarantee and letter of credit

As of December 31, 2023, the balance of letters of credit issued by financial institutions for the Company was RMB333,078,202.82, USD1,747,755.00, JPY21,644,516,000.00 and Euro444,444.40, and the amount of the L/G was RMB211,428,000.00 and Euro1,023,300.00.

As at 31 December 2023, except for the disclosures above, there were no other major contingencies that are required to be disclosed.

(2) Where the Company has no disclosable significant contingencies, relevant explanations should be made:

The Company has no significant contingencies to disclose.

XVII. Events Subsequent to the Balance Sheet Date

1. Profit distribution

Based on the total share capital of the Company as at April 11, 2024 after deducting 10,412,256 shares from the special securities account for repurchase of the Company, namely 967,342,327 shares, distribute RMB15.51 in cash (inclusive of tax) for every 10 shares to all shareholders, distribute a total cash dividend of RMB1,500,000,000.00 billion, distribute no dividend shares, convert no surplus reserve into share capital.

In accordance with the relevant provisions of *Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 9– Share Repurchase*, the Company's share repurchase amount of RMB549,976,686.75 (excluding transaction expenses such as commission fee and stock exchange fee) implemented in 2023 is deemed as cash dividend.

If the total share capital of the Company entitled to the profit distribution rights changes due to the listing of newly issued shares, exercise of equity incentive scheme, convertible bonds, share repurchase and other matters during the period from April 11, 2024 to the implementation of the distribution plan, the distribution ratio will be adjusted according to the principle that the total distribution amount remains unchanged.

2. Details of other events after the balance sheet date

The subsidiary of the Company, Jiangxi Tonry New Energy Technology Development Co., Ltd. received the Copy List from the Office of the People's Government of Gao'an City (《高安市人民政府办公室抄告单》) on January 30, 2024, and the People's Government of Gao'an City agreed to, in accordance with the joint acceptance determination of the relevant authorities for 9-16 separation film production lines of Jiangxi Tonry (including the supporting in-line coating line) and the 5 off-line coating line, transfer the remaining borrowings of Jiangxi Tonry from the People's Government of Gao'an City of RMB455,517,694.55 into project support funds. This government subsidy is not sustainable.

Except for the above events after the balance sheet date, as at the date of approval of the financial statements, the Company has no other significant events after the balance sheet date that need to be disclosed but have not been disclosed.

XVIII. Other Significant Events

1. Segment information

(1) Determination basis and accounting policy of reporting segments

The Company determines the business segment based on its internal organizational structure, management requirements and internal reporting system. The operating segments of the Company refer to the components meeting the following conditions at the same time:

- 1) The component can generate income and expenses in daily activities;
- 2) The management can regularly evaluate the operation results of the component to decide to allocate resources to it and evaluate its performance;
- 3) The relevant accounting information can be obtained from the financial status, operating results and cash flow of the component.

The Company determines the reporting segment based on the operating segment, and the operating segment meeting one of the following conditions is determined as the reporting segment:

- 1) The segment revenue of the business segment accounts for 10% or more of the total revenue of all segments;
- 2) The absolute profit (loss) of the segment accounts for 10% or more of the absolute sum of the total profits of all profit segments or the total losses of all deficit segments.

When the total amount of external transaction revenue of the operating segment of the reporting segment determined according to the

above accounting policies does not account for 75% of the total consolidated revenue, increase the number of reporting segments, and include other operating segments not as reporting segments into the scope of reporting segments according to the following provisions until the proportion reaches 75%:

- 1) Determine the operating segment that the management believes the disclosure of the operating segment information is useful to the users of accounting information as the reporting segment;
- 2) The business segment is merged with one or more other business segments which have similar economic characteristics and meet the merger conditions of the business segment as a reporting segment.

The transfer price between segments is determined by referring to the market price, and the assets and related expenses used together with each segment are distributed among different segments according to the income proportion.

(2) The Company's factors considered in determining the reporting segment, and the types of products and services of the reporting segment:

The report segments of the Company are all business units providing different products and services. As various businesses require different technologies and market strategies, the Company independently manages the production and operation activities of each reporting segment, and separately evaluates its operating results to determine its allocation of resources and evaluate its performance.

The Company has 2 reporting segments: the lithium battery separator business segment and the BOPP film business segment. The lithium battery separator business segment is responsible for the production of lithium battery separator, which is mainly used for the production of EV batteries and 3C product batteries; the BOPP film business segment is responsible for the production of BOPP film, which is mainly used for the outer packaging of cigarette boxes, food and other products.

(3) Financial information of reporting segments

Item	Closing balance/ amount for the period				
	Lithium battery separation film business segment	BOPP film business segment	Others	Elimination	Total
Operating income	1,037,845.73	69,893.05	104,748.68	-8,264.48	1,204,222.98
Including: Income from external trade	1,037,845.73	69,893.05	96,484.20		1,204,222.98
Income from inter-segment trade			8,264.47	-8,264.47	
Operating cost	780,095.67	65,803.65	68,291.27	-9,304.25	904,886.34
Including: Depreciation and amortization costs	126,902.75	2,672.79	483,366.63	1,297.26	614,239.43
Income from investment in joint ventures and associates		135.11			135.11
Asset impairment losses	-292.61	-178.41	701.75	156.52	387.25
Credit impairment losses	18,015.71	75.69	546.22		18,637.62
Total profit	260,325.61	4,740.07	221,685.32	-184,116.75	302,634.25
Income tax expense	29,647.77	269.61	7,474.62	220.81	37,612.81
Net profit	230,677.84	4,470.46	214,210.70	-184,337.56	265,021.44
Total assets	4,305,696.00	105,673.32	2,252,334.10	-1,986,898.64	4,676,804.78
Total liabilities	3,079,203.95	52,776.59	170,908.93	-1,481,854.52	1,821,034.95

XIX. Notes to Major Items of Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by age

Unit: RMB

Aging	Closing book balance	Opening book balance
Less than 1 year (inclusive)	14,842,420.52	33,092,406.15
1 to 2 years		32,553.90
2 to 3 years		5,927.37
Over 3 years	5,927.37	
3 to 4 years	5,927.37	
Total	14,848,347.89	33,130,887.42

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage	Amount	Proportion		Amount	Percentage	Amount	Proportion	
Accounts receivable subject to provision for bad debt made on an individual basis	5,390.00	0.04%	5,390.00	100.00%						
Including:										
Accounts receivable subject to provision for bad debt made on a portfolio basis	14,842,957.89	99.96%	816.42	0.01%	14,842,141.47	33,130,887.42	100.00%	617.05	0.00%	33,130,270.37
Including:										
Ageing portfolio	698,160.59	4.70%	816.42	0.12%	697,344.17	25,100,634.86	75.76%	617.05	0.00%	25,100,017.81
Related parties portfolio within the scope of consolidation	14,144,797.30	95.30%			14,144,797.30	8,030,252.56	24.24%			8,030,252.56
Total	14,848,347.89	100.00%	6,206.42	0.04%	14,842,141.47	33,130,887.42	100.00%	617.05	0.00%	33,130,270.37

Provision for bad debts made on an individual basis:

Unit: RMB

Name	Closing balance		Opening balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion	Reason

Yunnan Fuyueda Business and Economy Co. Ltd.	5,390.00	5,390.00	5,390.00	5,390.00	100.00%	Estimated to be uncollectible
Total	5,390.00	5,390.00	5,390.00	5,390.00		

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Proportion
Less than 1 year	697,623.22	279.05	0.04%
1-2 years			
2-3 years			
3-4 years	537.37	537.37	100.00%
Total	698,160.59	816.42	

A description of the basis for determining the portfolio:

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model:

Applicable Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the Reporting Period

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Write-offs	Other	
Provision for bad debts made on an individual basis		5,378.68			11.32	5,390.00
Provision for bad debts made on a portfolio basis	617.05	210.69			-11.32	816.42
Portfolio of related parties within the scope of consolidation						
Total	617.05	5,589.37				6,206.42

Among them, the important amount recovered or reversed of bad debt provision for the period:

Unit: RMB

Company name	Amount recovered or reversed	Reversal reason	Recover measure	Basis for determining the original bad debt provision percentage and its reasonableness

(4) Top five customers with closing balance of accounts receivable and contract assets collected by arrear party

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total of closing balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and provision for impairment on contract assets
Company 1	14,102,187.59		14,102,187.59	94.97%	

Company 2	697,623.22		697,623.22	4.70%	279.05
Company 3	40,706.51		40,706.51	0.27%	
Company 4	5,390.00		5,390.00	0.04%	5,390.00
Company 5	1,903.20		1,903.20	0.01%	
Total	14,847,810.52		14,847,810.52	99.99%	5,669.05

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	2,011,040,000.00	211,040,000.00
Other receivables	12,121,782,217.29	6,620,072,472.90
Total	14,132,822,217.29	6,831,112,472.90

(1) Dividends receivable

1) Dividends receivable by type

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Yunnan Dexin Paper Co., Ltd.	40,000,000.00	70,000,000.00
Shanghai Energy New Material Technology Co., Ltd.	1,841,040,000.00	141,040,000.00
Yunnan Hongta Plastic Co., Ltd.	130,000,000.00	
Total	2,011,040,000.00	211,040,000.00

(2) Other receivables

1) Information on other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of the period	Book balance at the beginning of the period
Security deposit and guarantee deposit		486,939.90
Petty cash		1,464,876.46
Advance money		21,686.80
Others	5,937,803.88	609,566.09
Capital lending	12,116,102,707.88	6,617,788,956.75
Total	12,122,040,511.76	6,620,372,026.00

2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Less than 1 year (inclusive)	6,349,115,309.07	608,992,319.74
1 to 2 years	584,822,661.99	4,984,332,772.34
2 to 3 years	4,421,873,925.04	1,026,771,717.42
Over 3 years	766,228,615.66	275,216.50
3 to 4 years	766,228,615.66	68,200.00
4 to 5 years		20,000.00
Over 5 years		187,016.50
Total	12,122,040,511.76	6,620,372,026.00

3) Disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage	Amount	Proportion		Amount	Percentage	Amount	Proportion	
Provision for bad debt made on an individual basis						187,016.50	0.00%	187,016.50	100.00%	
Including:										
Provision for bad debt made on a portfolio basis	12,122,040,511.76	100.00%	258,294.47	0.00%	12,121,782,217.29	6,620,185,009.50	100.00%	112,536.60	0.00%	6,620,072,472.90
Including:										
Ageing portfolio	5,937,803.88	0.05%	258,294.47	4.35%	5,679,509.41	2,396,052.75	0.04%	112,536.60	4.70%	2,283,516.15
Related parties portfolio within the scope of consolidation	12,116,102,707.88	99.95%			12,116,102,707.88	6,617,788,956.75	99.96%			6,617,788,956.75
Total	12,122,040,511.76	100.00%	258,294.47	0.00%	12,121,782,217.29	6,620,372,026.00	100.00%	299,553.10	0.01%	6,620,072,472.90

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Proportion
Less than 1 year	5,716,799.88	248,680.80	4.35%
1-2 years	1,004.00	43.67	4.35%
2-3 years	20,000.00	870.00	4.35%
3-4 years	200,000.00	8,700.00	4.35%
Total	5,937,803.88	258,294.47	

A description of the basis for determining the portfolio:

If provision was made for bad debts in accordance with the general expected credit loss model:

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance on January 1, 2023	103,436.60	9,100.00	187,016.50	299,553.10
Balance on January 1, 2023				

for the current period				
Provision for the period	154,857.87			154,857.87
Reversal for the period			39.90	39.90
Write-off for the period		9,100.00	186,976.60	196,076.60
Balance on December 31, 2023	258,294.47			258,294.47

Basis of classification of each stage and percentage of provision for bad debts

Movement of book balance of significant change in provision for loss for the period

Applicable Not applicable

4) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts during the period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reverse	Offset or write-off	Other	
Provision for bad debts made on an individual basis	187,016.50		39.90	186,976.60		
Provision for bad debts made on a portfolio basis	112,536.60	154,857.87		9,100.00		258,294.47
Total	299,553.10	154,857.87	39.90	196,076.60		258,294.47

5) Other receivables actually written off during the period

Unit: RMB

Item	Amount written off
Other receivables actually written off	196,076.60

6) Top five customers with closing balance of other receivables collected by arrear party

Unit: RMB

Company name	Nature of amount	Closing balance	Aging	As a percentage of total closing balance of other receivables	Closing balance of provision for bad debts
Shanghai Energy New Material Technology Co., Ltd.	Capital lending	5,460,046,571.37	Less than 1 year, 1-2 years and 2-3 years	45.04%	
Wuxi Energy New Material Technology Co., Ltd.	Capital lending	3,431,529,640.47	Less than 1 year, 1-2 years and 2-3 years	28.31%	
Jiangxi Tonry New Energy Technology Development Co., Ltd.	Capital lending	2,357,531,428.00	Less than 1 year, 1-2 years, 2-3 years and 3-4 years	19.45%	
Jiangsu Energy New Materials Technology Co., Ltd.	Capital lending	848,676,586.25	Less than 1 year	7.00%	
Shanghai Energy New Materials Research Co., Ltd.	Capital lending	17,018,481.79	Less than 1 year	0.14%	
Total		12,114,802,707.88		99.94%	

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,959,728,962.52		4,959,728,962.52	4,750,066,580.90		4,750,066,580.90
Total	4,959,728,962.52		4,959,728,962.52	4,750,066,580.90		4,750,066,580.90

(1) Investments in subsidiaries

Unit: RMB

Name of investee	Opening balance (book value)	Opening balance of provision for impairment	Increase/Decrease for the period				Closing balance (book value)	Closing balance of provision for impairment
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Yunnan Dexin Paper Co., Ltd.	162,135,598.40						162,135,598.40	
Yunnan Hongta Plastic Co., Ltd.	418,898,313.03						418,898,313.03	
Yunnan Hongchuang Packaging Co., Ltd.	441,809,808.43						441,809,808.43	
Shanghai Energy New Material Technology Co., Ltd.	3,672,486,280.07		10,999,304.28				3,683,485,584.35	
Zhuhai Energy New Material Technology Co., Ltd.	8,155,258.92		2,109,064.17				10,264,323.09	
Jiangxi Tony New Energy Technology Development Co., Ltd.	7,181,169.11		2,141,251.81				9,322,420.92	
Jiangxi Enpo New Materials Co., Ltd.	321,122.98		107,548.34				428,671.32	
Energy (Zhuhai Hengqin) New Materials Technology Co., Ltd.	4,852,881.22		1,307,387.39				6,160,268.61	
Jiangxi Ruijie New Material Technology Co., Ltd.	2,572,109.89		659,946.83				3,232,056.72	
Suzhou GreenPower New Energy Materials Co., Ltd.	9,451,353.93		1,583,786.89				11,035,140.82	
Wuxi Energy New Material Technology Co., Ltd.	12,792,257.04		3,003,828.78				15,796,085.82	

Chongqing Energy Newmi Technological Co., Ltd.	9,156,039.27		1,665,065.00				10,821,104.27	
Chongqing Energy New Material Technology Co., Ltd.	33,135.86		11,097.65				44,233.51	
Jiangsu Energy New Materials Technology Co., Ltd.	221,252.75		74,100.48				295,353.23	
Shanghai Energy New Materials Research Co., Ltd.			100,000,000.00				100,000,000.00	
Yunnan Jiechen Packaging Materials Co., Ltd.			86,000,000.00				86,000,000.00	
Total	4,750,066,580.90		209,662,381.62				4,959,728,962.52	

4. Operating income and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main businesses	47,324,192.93	37,369,699.69	145,520,947.85	82,994,977.23
Other businesses	15,791,845.68	12,555,992.03	4,712,468.20	2,518,851.06
Total	63,116,038.61	49,925,691.72	150,233,416.05	85,513,828.29

Information on transaction price allocated to remaining performance obligations:

The corresponding revenue from performance obligations that have been contracted but not yet performed or completed amounted to RMB0.00 million as at the end of the Reporting Period.

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Gain from long-term equity investment under the cost method	1,850,000,000.00	
Total	1,850,000,000.00	

XX. Supplementary Information

1. Breakdown of non-recurring gain or loss for the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Notes
Gains and losses from the disposal of non-current assets	-2,635,244.01	
Government subsidies recognized in current gains or losses (except for those closely related to the Company's business and are in line with the national policies based on established criteria, which have a continuous impact on the profit or loss of the Company)	91,546,051.06	

Gains or losses from changes in fair value arising from the holding of financial assets and trading financial liabilities by non-financial enterprises, and income arising from disposal of financial assets and financial liabilities, excluding the effective hedging business related to the Company's normal business operations	15,433,062.02	
Reversal of the provisions for impairment of receivables subject to separate impairment test	102,906.06	
One-off share-based payment expense recognized for cancellation and modification of equity incentive plans	-21,942,152.71	
Non-operating income and expenses other than above-mentioned items	-44,249.00	
Other items within the definition of non-recurring gains or losses	589,416.97	
Less: effect of the income tax	12,614,212.47	
Effect of minority equities (after tax)	5,004,935.99	
Total	65,430,641.93	--

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

Applicable Not applicable

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

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

Applicable Not applicable

2. Return on equity and earnings per share

Profit during the Reporting Period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profits attributable to common stockholders of the Company	13.31%	2.68	2.58
Net profits attributable to common stockholders of the Company after the deduction of non-recurring gains and loss	12.96%	2.62	2.61