

Ningbo Shanshan Co., Ltd.
2022 Annual Report

Important Notes

I. The Board of Directors, the Board of Supervisors, and directors, supervisors and senior management of the Company confirm that the content of this Annual Report is true, accurate and complete and has no false representations, misleading statements or material omissions, and they individually and collectively accept legal responsibility for such content.

II. Information about the directors absent

Post of the directors absent	Name of the directors absent	Reason for the directors absent	Name of the trustee
Independent director	Zhu Jingtao	For work reason	Zhang Chunyi

III. BDO China Shu Lun Pan Certified Public Accountants LLP has issued a standard audit report with unqualified opinions to the Company.

IV. Zheng Ju, Chairman of the Company, You Hai, Chief Financial Officer of the Company, and Li Keqin, Person in Charge of the Accounting Office (Head of the Accounting Department), hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this Annual Report.

V. Proposal of profit appropriation or proposal of transferring capital reserve into share capital for the Reporting Period was reviewed by the Board of Directors

According to the audit of BDO China Shu Lun Pan Certified Public Accountants LLP, as of 31 December 2022, the parent company's profit available for distribution at the end of the period was RMB3,450,687,783.57. The Company intends to distribute profits in 2022 based on the shares to be distributed (after deducting the special repurchase accounts' shares of the Company from total share capital) registered on the record date for the implementation of equity distribution. The proposal of profit appropriation is as follows:

The Company intends to distribute a cash dividend of RMB3.00 (tax inclusive) per 10 shares to all shareholders. As of the date when the Board of Directors considers the proposal of profit appropriation, the cash dividend to be dispatched by the Company totals RMB671,354,367.30 (tax inclusive) based on the 2,237,847,891 shares to be dispatched by the Company (2,263,973,358 total share capital and 26,125,467 shares in the specific accounts for repurchase of the Company). There will be no transfer from the capital reserve to share capital in this year.

The shares held by the Company in the accounts specific for repurchase will not be included in the extent of the profit attribution, and the Company will disclose the particular number of shares with profit attribution in the announcement of the implementation of equity distribution. If changes in the total share capital or the shares to be distributed of the Company occur during the period commencing from the disclosure date of this proposal to the record date of the implementation of equity distribution due to

share repurchase, repurchase or cancellation of shares granted under share incentives and the like, the Company proposes that the distribution proportion of each share will remain the same, and the aggregate amount of distribution will be adjusted accordingly. The details will be disclosed in the announcement of the implementation of equity distribution.

VI. Risk associated with forward-looking statements

Applicable Not applicable

The forward-looking description in this Report such as the Company's future plans and development strategies does not constitute an actual commitment of the Company to investors. Investors should be aware of the investment risks.

VII. Was there any misappropriation of the Company's capital by the controlling shareholders and other related parties for non-operational purposes?

No

VIII. Did the Company provide any guarantee to external parties in violation of the required decision-making process?

No

IX. Did more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company?

No

X. Material risk alert

The Company has detailed the possibly relevant risk in the Report, investors may refer to "(IV) Risk Exposures" in "VI. Discussion and Analysis on Future Development of the Company" under "Section III Management Discussion and Analysis".

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Documents Available for Inspection	<p>Financial statements containing the signatures and seals of the Chairman of the Company, the Chief Financial Officer of the Company and the Person in Charge of the Accounting Office (Head of the Accounting Department).</p> <p>Original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.</p> <p>The original copies of all documents and announcements disclosed during the Reporting Period.</p>
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Section I Definitions

I. Definitions

In this Report, unless the context otherwise requires, the following expressions shall have meanings as follows:

Definitions of Common Terms		
Reporting Period	means	Year 2022
CSRC	means	China Securities Regulatory Commission
SSE	means	Shanghai Stock Exchange
CSDC	means	China Securities Depository and Clearing Co., Ltd.
The Company, Company or NBSS	means	Ningbo Shanshan Co., Ltd.
Shanshan Holdings	means	Shanshan Holdings Co., Ltd.
Shanshan Group	means	Shanshan Group Co., Ltd.
Pengze Trading	means	Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)
Yinzhou Jielun	means	Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)
Anode materials companies	means	Shanghai Shanshan Lithium Battery Material Technology Co. and its subsidiaries
Shanghai Shanshan Lithium Battery Material	means	Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.
Fujian Shanshan	means	Fujian Shanshan Technology Co., Ltd.
Shanjin Optoelectronics	means	Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries
Yongquan Investment	means	Ningbo Yongquan Investment Co., Ltd.
Yongshan (Ningbo)	means	Yongshan (Ningbo) Lithium Co., Ltd.
BASF Shanshan, Shanshan Energy	means	“Hunan Shanshan Energy Technology Co., Ltd.”, the Company’s former cathode material subsidiary, is now renamed “BASF Shanshan Battery Material Co., Ltd.”
Quzhou Shanshan	means	“Shanshan Advanced Materials (Quzhou) Co., Ltd.”, the Company’s former electrolyte subsidiary, is now renamed “Sunyes Shanshan New Material Technology (Quzhou) Co., Ltd. (新亚杉杉新材料科技(衢州)有限公司)”
Hunan Yongshan	means	Hunan Yongshan Lithium Co., Ltd.
Ningbo Shanshan Venture Capital	means	Ningbo Shanshan Venture Capital Co., Ltd.
Ulica	means	Ningbo Ulica SOLAR Co., Ltd.
Shanshan brand	means	Shanshan Brand Management Co., Ltd.
2022 Equity Incentive Plan	means	2022 Stock Option and Restricted Share Incentive Plan
2019 Equity Incentive Plan	means	2022 Stock Option Incentive Plan
GDR	means	Global depository receipt

Section II Company Profile and Key Financial Indicators

I. Company Information

Chinese name of the Company	宁波杉杉股份有限公司
Chinese abbreviation of the Company	杉杉股份
Foreign name of the Company	NINGBO SHANSHAN CO., LTD.
Foreign abbreviation of the Company	NBSS
Legal representative of the Company	Zheng Ju

II. Contact Details

	Board secretary	Securities representative
Name	Chen Ying	Lin Feibo
Address	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province
Tel.:	0574-88208337	0574-88208337
Fax:	0574-88208375	0574-88208375
Email	ssgf@shanshan.com	ssgf@shanshan.com

III. General Information

Registered office of the Company	Room 801 (Shanshan Plaza), 777 Rili Middle Road, Shounan Street, Yinzhou District, Ningbo City, Zhejiang Province
Change of the Company's registered address	In September 1996, the registered address of the Company was changed from 139 Baizhang Road, Jiangdong District to 158 Baizhang Road, Jiangdong District; in August 2007, the registered address of the Company changed from 158 Baizhang Road, Jiangdong District to 238 Central Yunlin Road, Wangchun Industrial Park, Ningbo; in February 2016, the registered address of the Company was changed from 238 Central Yunlin Road, Wangchun Industrial Park, Ningbo to No. 801, Shanshan Plaza, 777 Rili Middle Road, Shounan Street, Yinzhou District, Ningbo City, Zhejiang Province.
Office address of the Company	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province
Postal code of the office address of the Company	315100
Company's website	www.ssgf.net
Email	ssgf@shanshan.com

In late May 2022, the office address of the Company was changed to F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province.

IV. Information Disclosure and Place Available for Inspection

Name and website of the media where the Company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times (hereinafter collectively called "designated media")
Website of the stock exchange where the Company discloses its annual report	www.sse.com.cn
Location for inspection of the annual report of the Company	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province

As of March 2022, the four media above are designated for its information disclosure.

V. Shares of the Company

Shares of the Company

Type of shares	Stock exchange for listing	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	NBSS	600884
GDR	SIX Swiss Exchange	Ningbo Shanshan Co., Ltd.	SSNE

VI. Other Relevant Information

Accounting firm engaged by the Company (China)	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Office address	4/F, 61 East Nanjing Road, Shanghai
	Signing accountant	Qiao Qi, Shi Danhua
Sponsor performing continuous supervision obligation within the Reporting Period	Name	ZTF Securities
	Office address	Centralized Commercial (North), Financial Business Area, Zhongtian Exhibition Center B, Changling North Road, Guanshan Lake District, Guiyang City, Guizhou Province
	Signing representatives sponsor	Han Danfeng, Li Yuan
	Period of continuous supervision	2021 - November 2022
Sponsor performing continuous supervision obligation within the Reporting Period	Name	LC Securities
	Office address	15/F, Building 8, No.195 Hong Kong East Road, Laoshan District, Qingdao City, Shandong Province
	Signing representatives sponsor	Hu Yulin, Wang Youzhong
	Period of continuous supervision	December 2022
Financial advisor performing continuous supervision obligation within the Reporting Period	Name	ZTF Securities
	Office address	Centralized Commercial (North), Financial Business Area, Zhongtian Exhibition Center B, Changling North Road, Guanshan Lake District, Guiyang City, Guizhou Province
	Signing financial advisor representatives	Han Danfeng, Li Yuan
	Period of continuous supervision	2022-2023

VII. Key Accounting Data and Financial Indicators for the Past Three Years

(I) Key Financial Data

Unit: Yuan Currency: RMB

Key financial data	2022	2021	Increase/Decrease for the period as compared to the same period last year (%)	2020
Operating revenue	21,701,617,268.32	20,699,382,624.28	4.84	8,215,896,691.46
Net profits attributable to shareholders of the listed company	2,691,262,599.60	3,339,696,517.63	-19.42	138,004,106.09

Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss	2,328,894,845.78	1,885,320,125.86	23.53	-163,783,596.97
Net cash flows from operating activities	506,497,694.79	-364,495,067.15	N/A	329,292,015.26
	End of 2022	End of 2021	Increase/Decrease as at the end of the period as compared to the end of the same period last year (%)	End of 2020
Net assets attributable to shareholders of the listed company	23,053,341,900.80	18,928,381,475.79	21.79	12,407,995,674.62
Total assets	44,925,491,219.31	40,288,469,003.76	11.51	24,540,658,795.91
Total share capital at the end of the period	2,263,973,358.00	2,142,919,938.00	5.65	1,628,009,229.00

(II) Key Financial Indicators

Key financial indicators	2022	2021	Increase/Decrease for the period as compared to the same period last year (%)	2020
Basic earnings per share (RMB/share)	1.23	2.04	-39.71	0.10
Diluted earnings per share (RMB/share)	1.23	2.04	-39.71	0.10
Basic earnings per share after deduction of extraordinary items (RMB/share)	1.06	1.15	-7.83	-0.12
Weighted average return on net assets (%)	12.93	23.75	Decreased by 10.82 percentage points	1.21
Weighted average return on net assets ratio after deduction of extraordinary items (%)	11.19	13.41	Decreased by 2.22 percentage points	-1.44

Description of major accounting data and financial indicators for the three years prior to the end of the Reporting Period of the Company

Applicable Not applicable

VIII. Discrepancies in Accounting Data between Chinese and Overseas Accounting Standards

(I) Difference arising from the net profit and net assets attributable to shareholders of the listed company in the financial statements disclosed simultaneously in accordance with the international and Chinese accounting standards

Applicable Not applicable

(II) Difference arising from the net profit and net assets attributable to shareholders of the listed company in the financial statements disclosed simultaneously in accordance with the overseas and Chinese accounting standards

Applicable Not applicable

(III) Explanation on discrepancies between Chinese and overseas accounting standards:

Applicable Not applicable

IX. Quarterly Key Financial Data for 2022

Unit: Yuan Currency: RMB

	The First Quarter (January to March)	The Second Quarter (April to June)	The Third Quarter (July to September)	The Fourth Quarter (October to December)
Operating revenue	5,029,500,864.87	5,742,433,340.28	5,068,633,177.89	5,861,049,885.28
Net profits attributable to shareholders of the listed company	807,056,428.55	854,092,621.92	547,732,862.19	482,380,686.94
Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss	615,171,739.88	805,298,502.91	542,202,762.44	366,221,840.55
Net cash flows from operating activities	107,359,328.32	1,453,089,947.96	233,089,455.25	-1,287,041,036.74

Differences between data by quarter and data disclosed in periodical reports

Applicable Not applicable

X. Non-recurring Profit or Loss Items and Amounts

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount in 2022	Amount in 2021	Amount in 2020
Profit or loss on disposal of non-current assets	165,749,941.33	816,065,365.74	75,740,665.38
Government grants included in the profit or loss for the period, except those closely related to the Company's regular operations, conforming to the policies and regulations of the State and enjoying persistently in line with certain standard ratings or rations	173,791,345.88	97,800,089.25	130,028,360.32
Payment for the use of funds included in the profit or loss for the period and collected from non-financial business		960,504.84	5,596,665.48
Profit or loss of fair value change produced from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities except valid hedging business related to the Company's normal business operation, and	42,133,153.64	-512,823.37	237,599,552.26

income on investment acquired from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other investment on bonds			
Non-operating income and expenses other than those mentioned above	10,295,394.82	-150,763.79	-29,999,414.57
Other profit or loss items that meet the definition of non-recurring profit or loss		1,237,956,808.35	
Less: Amount impacted by income tax	19,786,071.03	683,601,534.42	90,999,609.76
Affected amount of minority interest (after tax)	9,816,010.83	14,141,254.83	26,178,516.05
Total	362,367,753.82	1,454,376,391.77	301,787,703.06

The reason for the Company defining items as non-recurring profit or loss items according to the *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss*, and the reason for defining 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 should be specified.

Applicable Not applicable

XI. Items Measured at Fair Value

Applicable Not applicable

Unit: Yuan Currency: RMB

Project name	Opening balance	Closing balance	Change during the period	The influenced amounts to the profits for the period
Investment in other equity instruments	918,659,446.44	749,414,590.01	-169,244,856.43	
Other non-current financial assets	102,604,599.78	198,154,599.78	95,550,000.00	-1,950,000.00
Receivables financing	644,551,987.38	512,249,842.96	-132,302,144.42	
Total	1,665,816,033.60	1,459,819,032.75	-205,997,000.85	-1,950,000.00

XII. Other

Applicable Not applicable

Section III Management Discussion and Analysis

I. Operation Discussion and Analysis

Operation Profile

During the Reporting Period, in response to the opportunity and challenge caused in the change of market environment and industry, the Company persevered in the driver of technological innovation, to continuously improve the product competitiveness, update the manufacturing process and further reduce costs and increase efficiency. In addition, it deepened the cooperation between the upstream and downstream of the industry chain and provided clients with first-rate products and services through improvement in supply chain management, achieving the steady development of business.

In 2022, the Company's operating revenue reached RMB21,701.6173 million, up 4.84% year on year, such slight increase was mainly because the former cathode material business of the Company was not included in the consolidated financial statements of the Company since 1 September 2021; its net profits attributable to shareholders of the listed company reached RMB2,691.2626 million, down 19.42% year on year, as it transferred some shares of cathode material business in 2021 and confirmed the relevant investment income; the net profit attributable to shareholders of the listed company after deducting the non-recurring profit or loss was RMB2,328.8948 million, up 23.53% year on year. The increase in performance was because:

(1) In terms of the anode material business: the market demand kept increasing amid the persistent development of the downstream NEVs and energy storage market, and the sales grew greatly as a result of the smooth release of new capacity in the Company's Baotou Phase II and the deepening of cooperation between the Company and clients; Moreover, the Company's positive measures, such as the gradual rise in self-supply ratio of graphitization and continuous optimization of upstream raw material supply management, further ensured cost control and product quality.

(2) Its sales of polarizer business showed an improvement year on year, as a result of the positive responses to the decline in demand of the industry including strengthening new product development, optimizing product mix and deepening cooperation between the Company and clients; in addition, the Company promoted the operational efficiency through delicacy management and manufacturing process upgrades, and the costs declined due to the preferential policy of duty-free import of major raw materials and fluctuation in exchange rate, leading to the stable development of polarizer business.

During the Reporting Period, operation situation of each business of the Company is as follows:

(I) Anode Material Business

In 2022, facing the fast-growing global power and energy storage market and demand slowdown in the consumer electronics market, the Company achieved a surge in sales through optimizing capacity allocation and accelerating the capacity release in the Phase II of Baotou Integration Base; although the graphitization outsourcing process price rocketed in the first half of 2022 owing to supply-demand mismatch of capacity and prices of the petroleum coke and needle coke further fluctuated, the Company ensured the stable supply and safety of raw materials as it continued to enhance the raw materials

development competence through improving self-supply ratio of graphitization, enhancing the graphitization process, easing the pressure on outsourcing price hikes and deepening industry chain cooperation.

During the Reporting Period, the anode material business achieved main business revenue of RMB8,057.8924 million, up 94.63% year on year; Net profit of RMB920.3315 million, up 53.25% year on year; the net profit attributable to the shareholders of the listed company reached RMB813.1196 million, up 54.95% year on year. The details are as follows:

(1) The Company's sales of artificial graphite worldwide stayed ahead and the cooperation with overseas clients achieved breakthroughs

According to ICC data, the Company's sales of anode materials artificial graphite ranked first worldwide in 2022, further consolidating its industry leadership. Through the Company's continuous strengthening in the deep cooperation with leaders in the global battery industry, its sales of anode materials business to major clients in 2022 rose significantly, in which the proportion of sales of top 10 clients further increased. With the breakthroughs in overseas business, the Company's overseas sales in 2022 surged by over 50% year on year, which was higher than the growth rate of overseas demand. Meanwhile, overseas clients were enhancing their recognition for the Company. The Company's new silicon-based materials orders from overseas clients reached over one ton and new medium and large projects had passed tests and reviews of them.

(2) With the expansion of dominating advantages of products, silicon-based, hard carbon and other new products were marketed

By virtue of outstanding performance, the Company's fast-charging products maintained a leading share and were improving in consumer battery applications, and the sales of these products shot up in the power battery field. The sales of these products in this period surged, and the proportion of sales increased to over 60%. With upgrades to liquid phase coating technologies, the Company's products with the new generation of technologies have been exclusively supplied to power battery leaders, further expanding the leading edge.

The Company's silicon-based anode products have made a major breakthrough in applications in China and overseas, achieving industrializing applications in consumer electronics and power markets. The Company was upgrading its silicon-based products. The first and second generation of silicon-oxygen anode products had achieved supply in a large scale, and the third and fourth generation was in the process of development and certification; in terms of basic model of new generation of silicon-carbon products with high capacity and efficiency, the development was finished, the core patents had been authorized in China and the Company was applying for international patents. In order to satisfy the downstream clients' demand, the Company planned 40,000 tons of silicon-based anode capacity in Ningbo of Zhejiang during the Reporting Period, of which the Phase I with 10,000 tons capacity had started construction and was projected to put into trial production in 2024.

The Company's hard carbon anode products for sodium-ion batteries are leading in capacity, high-temperature and processing performance, and had completed sample verification from Chinese and overseas clients and reached sales over one ton for clients in China.

(3) The Company promoted the strategic presence of integrated production lines in full swing and accelerated the improvement in self-supply ratio of graphitization and process upgrades

During the Reporting Period, the Company was promoting the strategic presence of integrated production lines in full swing while optimizing the existing capacity, so as to meet clients' ever-increasing demand and further cut costs and increase efficiency. In this period, with the Phase II of Baotou Integration Base in Inner Mongolia reaching the designed capacity, the Company's self-supply ratio of graphitization in 2022 improved compared with last year. The Company accelerated the production expansion of the integration bases in Meishan of Sichuan and Anning of Yunnan, and took precedence over the construction of graphitization capacity, of which the graphitization production lines in Phase I of Meishan Base in Sichuan and the project scheme in Phase I of Anning Base in Yunnan had put into trial production in the third quarter of 2022 and third quarter of 2023, respectively.

The Company was upgrading the graphitization process, such as improving the charge per furnace, pre-graphitization and increasing "lane furnace", so as to reduce consumption of graphitization process per ton, further cut costs and improve the profitability.

(4) The Company deeply cooperated with the upstream, enhanced raw material development capability and expanded cost reduction space

The Company implemented deep strategic cooperation with major suppliers in the fields of needle coke, petroleum coke and post-calcined coke, ensuring the stable supply and safety of raw materials in the face of increased price fluctuations of needle coke and petroleum coke. The Company was improving its raw material development capability and promoting the verification of and replacement by low-cost coke and customization and adjustment of raw coke, which was expected to further reduce costs and improve product profitability.

(II) Polarizer Business

During the Reporting Period, the Company's sales of polarizer business showed an improvement year on year, as a result of the positive responses to the decline in demand of the industry including strengthening new product development, optimizing product mix and deepening cooperation between the Company and clients; in addition, the Company promoted the operational efficiency through delicacy management and manufacturing process upgrades, and the costs declined due to the preferential policy of duty-free import of major raw materials and fluctuation in exchange rate, leading to the stable development of polarizer business. The operating revenue of the polarizer business reached RMB10,330.3403 million in 2022, and the net profits attributable to shareholders of the listed company reached RMB1,394.1422 million. The details are as follows:

(1) The Company was strengthening product competitiveness and achieved breakthroughs in global market shares

During the Reporting Period, the Company was improving its market competitiveness in its polarizer business. Data from Yano Research Institute Ltd. showed that the Company's polarizer business in global market shares increased significantly from 25% in 2021 to 29% in 2022, ranking first and further consolidating its industry leadership.

- Improving competitiveness of large-size products

The Company persistently strengthened its technologies and competitiveness in the field of large display applications, especially enhancing its development efforts in the field of high-end applications and super large-size products. During the period, the Company had achieved the development and certification of new products with wide viewing angle, ultra-low reflection and high transmission, and some products had been produced in a large scale.

- Strengthening the development of high-end polarizers with medium and small sizes

The Company comprehensively strengthened the development of high-end polarizers with medium and small sizes in terms of thinness, differentiation, diversification and customization. During the period, the Company had achieved mass production of many types of ultra-thin polarizers with high transmission, and successfully entered the market of gaming laptops with high refresh rate, breaking the monopoly of foreign manufacturers in this field.

(2) The Company strengthened the investment in R&D and further tackled key problems resulting in the remarkable transformation of technological achievements

- Remarkable transformation of achievements from R&D of new technologies and materials

During the Reporting Period, coupled with remarkable transformation of technical results and more than 30 new registered patents, the Company was strengthening the R&D and industrialization of new products, materials and technologies. In new technologies, the Company's polarizers for OLED mobile phones had passed clients' certification, and its production will be increased gradually according to clients' demand; the Company had completed the independent development of polarizers for OLED TVs and VR displays and was waiting for clients' certification. In terms of material development, the Company was introducing new compensation films, environmentally friendly adhesives, high-performance adhesives and other materials to meet diversified needs of clients and enhance competitiveness of products.

- Promoting the construction of global polarizer R&D center

During the Reporting Period, the Company, in addition to strengthening the existing R&D, was promoting the investment and construction of the global polarizer R&D center, and conducting R&D in various ways such as independent R&D, talent introduction and cooperation between industry, academies and research institutes, to enhance the overall R&D strength and technology level of the Company, promote product innovation and increase the added value and competitiveness of products. The investment agreement for the R&D center project has been signed and the Company will focus on the construction of the project.

(3) Continued to enhance operation efficiency

During the Reporting Period, the Company improved its operational efficiency remarkably through lean production and cost reforms. During the period, the Company took a series of positive and effective measures in production, management and operation, resulting in continuous improvement in productivity indicators such as first pass yield of products, operation speed of production line and material loss rate, and further enhancement of product competitiveness. In addition, the Company optimized its supply chain network and established an interconnected and efficient operation system centered on clients' satisfaction, to optimize its overall operational efficiency and reduce operating costs.

(4) Promoting the construction of polarizer production line orderly

During the Reporting Period, the Company promoted the construction of new capacity projects orderly in light of strategy planning and market demand. As of the disclosure date of this Report, one new production line of Shanjin Optoelectronics (Guangzhou) Co., Ltd. has achieved mass production and its capacity is greatly improved, the other new production line has put into trial production and is in the production line certification stage; the Company has completed the plant construction on Zhangjiagang production lines, of which one production line has put into trial production and is in the production line certification stage; the Mianyang production line in Sichuan is progressing orderly as planned.

A confirmation letter on termination of delivery of business in Chinese Taiwan was signed by and between the Company and LG Chem on February 1, 2022, after negotiation, as the prerequisite for delivery of business in Chinese Taiwan was failed to satisfy. In May 2022, after the satisfaction of the said prerequisite and in consideration of the integrity of acquisition of polarizer assets and business, the Company resigned a purchase agreement with LG Chem after consideration of the Company's General Manager's Office meeting, to continue the said acquisition under the same transaction terms as the former agreement. On July 1, 2022, the Company completed the acquisition.

(III) Other Business

1. Electrolyte business

In 2022, the Company's electrolyte business achieved main business revenue of RMB1,105.4186 million, down 19.31% year on year; net profit of RMB159.5867 million, down 63.27% year on year; net profit attributable to the shareholders of the listed company reached RMB134.2816 million, down 63.49% year on year. Although the Company's sales of electrolyte business increased slightly in 2022, the drop in overall industry prices led to the decline in operating revenue and profits of electrolyte business year on year.

For the purpose of focusing on the principal business development, the general manager's office meeting of the Company considered and agreed that the Company transferred 51% shares of Quzhou Shanshan held by Yongquan Investment, the Company's wholly-owned subsidiary, to Sunyes Electronic Manufacturing (Guangdong) Holding Co., Ltd. on 8 December 2022, and completed equity delivery on 17 February 2023. Since 18 February 2023, the Company's shareholding in Quzhou Shanshan reduced

from 82.25% to 31.25%, the Company no longer controls over Quzhou Shanshan, and Quzhou Shanshan is no longer included in the Company's consolidated statements.

2. Others

The Company continued to implement the focus strategy by focusing on core business development. During the Reporting Period, the Company's charging pile business, energy storage business and lithium salt business had been disposed of.

In 2022, the Company's main business revenue of PV business came in RMB1,812.8194 million and the net profits attributable to shareholders of the listed company reached RMB25.3471 million. On January 13, 2022, the Company entered into the *Strategic Cooperation Framework Agreement* with Hongrun Construction Group Co.,Ltd. to sell the battery module assets and business of the Company's PV business. Due to the failure to the consensus of the assessment of the underlying assets in the cooperation based on the different valuation methods, both parties terminated the said agreement in December 2022 after negotiation. During the Reporting Period, the Company continuously promoted the divestment to PV business, and has conclude related agreements concerning sales of PV station as of the disclosure date of the Report.

II. Industry Status during the Reporting Period

(I) Lithium Battery Materials Industry Status

The end market of the lithium battery material industry in which the Company is located mainly includes NEVs market, energy storage market and consumer electronics market. The *China Lithium-ion Battery Industry Development White Paper (2023)* published by EVTank showed that aggregate sales of global lithium-ion battery reached 957.7GWH in 2022, up 70.3% year on year. In terms of sales mix, the global power battery sales were 684.2GWH, up 84.4% year on year; energy storage battery sales were 159.3GWH, up 140.3% year on year; small battery sales were 114.2GWH, down 8.8% year on year. In the Chinese market, China's lithium-ion battery sales reached 660.8GWh in 2022, up 97.7% year on year, accounting for 69% of the overall lithium-ion battery sales worldwide. The cyclicity of the lithium battery materials industry is not significant as the downstream NEVs, energy storage and consumer electronics industries are not cyclical significantly, but the upstream raw material price fluctuations, changes in supply and demand of part of the production process capacity and other factors will lead to an increased phasic volatility in lithium battery material prices.

With the practice of carbon neutrality goals, the market demand for NEVs and energy storage will keep growing at a faster pace. EVTank forecasts that global lithium-ion battery sales will reach 2,211.8GWh and 6,080.4GWh by 2025 and 2030, respectively, at a CAGR of 22.8%. Therefore, in mid and long term, the size of the lithium battery materials industry in which the Company is located will keep increasing.

Table: Major influences on the industry after publication of laws, administrative regulations, regulations of ministries and industry policies

Publication time	Published by	Policy	Content
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January 2022	National Energy Administration, National Development and Reform Commission	The 14th Five-year Plan for New Energy Storage Development	By 2025, the new energy storage will step into the scale development stage from the initial stage of commercialization, and meet the requirements of large-scale commercialization. The innovation capability of new energy storage technology and self-control of core technology and equipment will be improved significantly, and the standard system will be optimized substantially.
February 2022	National Development and Reform Commission, National Energy Administration	Opinions on the Improvement in the Mechanism, System, Policies and Measures Concerning the Green and Low-carbon Transformation of Energy	Contents involving NEVs and energy storage industries: Promote the green and low-carbon transformation of transportation by optimizing the transportation structure and implement the green and low-carbon transportation facilities and equipment; push ahead the energy interconnection pilots of NEVs and power grids and the collaboration between vehicles and charging piles and ships and shores; step up efforts to promote the development of intelligent power distribution network of high-proportion distributed new energy generation, encourage to construct multi-energy complementary intelligent energy systems and micro grid integrated generation, grid, load and storage.
March 2022	National Energy Administration	Guidelines on 2022 Energy Work	Enhance the response capability for energy demand and improve the time-of-use electricity price and peak-valley electric charges systems, to support the diversified development of energy storage in terms of users. Optimize the main network frame of power grid and deploy the energy storage of power grid in key points, to enhance the power complementation between provinces and encourage users to establish the intelligent micro grid for new energy supply. Combine the adjustments of generation, grid, load and storage to achieve a comprehensive use and plan the construction of a series of multi-energy complementary projects integrated generation, grid, load and storage.
April 2022	Ministry of Industry and Information Technology and other four departments	Guidelines on Further Development of Safety System for NEVs Companies	Plan the development and safety through directing NEVs companies to accelerate the construction of systematic, scientific and standardized safety system and heightening the safety guarantee capabilities in safety management mechanism, product quality, operation monitoring, after-sales service, accident response and disposal, and network security, to enhance the NEVs' safety and promote the high-quality development of this industry.
September 2022	Ministry of Finance, State Taxation Administration and Ministry of Industry and Information Technology	Announcement on the continuation of Exemption Policy of the NEVs Purchase Tax	To support the development of the NEV industry, the NEVs purchased from 1 January 2023 to 31 December 2023 will be exempt from vehicle purchase tax.

The development of NEV and energy storage industries complies with Chinese strategic goals of “carbon peak and carbon neutrality”, and policies, such as the *Action Plan for Carbon Peak by 2030* and the *Outline of the 14th Five-Year Plan and Vision 2035*, support the development of China's NEV and energy storage industries from the top-level design.

(II) Polarizer Industry

Polarizer, the main raw material of display panels, is mainly used in the end-market, that is, consumer electronics, such as TV, monitor, laptop, tablet and mobile phone, and new application market such as vehicle display, medical display, wearable product and smart home. With the display applications becoming richer and application scenarios becoming more diversified, the market size of upstream polarizer industry has exceeded USD10 billion.

Hindered by geopolitical conflicts, global inflation, etc., the global economy in 2022 stays in the weak growth cycle, coupled with the weak demand for consumer electronics and the downward pressure on display panel industry, disturbing the upstream polarizer industry to a certain extent.

Despite the phasic decline in demand for downstream display panels, the large-size TV becomes a clear trend. Meanwhile new display application scenarios such as the vehicle display, wearable display and Internet of everything keep developing. In the medium and long term, affected by the large-size, high-end and new application trends, the global polarizer demand will keep increasing steadily. Particularly, demand for large-size polarizers increases significantly. The Omdia's data estimates that the global demand for 65-inch and above polarizers rises at a CAGR of 15% in 2022-2026.

Moreover, the panel capacity in China is rising year by year amid the concentration of global display panel business in Chinese mainland, and accordingly the demand for substitution of raw materials including upstream polarizers by Chinese companies is on the rise. Data from CINNO Research shows that at present 47 LCD production lines have been put into production and planned to construct in Chinese mainland, in which the 8.5 and above production lines account for over 50% and the new lines mainly include high-generatrix production lines such as 8.5/8.6/10.5/11 generation, and the 8.5 generation and above in production or under planning of construction in Chinese mainland account for over 50%. The CINNO Research's data on LCD panel capacity estimates that the demand for polarizers in Chinese mainland will be over 600 million square meters and the investment in construction of high-generatrix panel production lines will further drive up the large-size polarizer demand.

III. Business Status during the Reporting Period

The Company is a world-leading high-tech company committing to the development of anode materials for lithium batteries and polarizer business. It is the first devoting to the R&D and production of artificial graphite anode materials for lithium-ion batteries in China. With more than 20 years of related practice in the field of lithium battery materials, the Company blossoms into a leader in the anode material industry worldwide. In 2021, the Company became a polarizer leader worldwide after

acquisition of the LCD polarizer business of LG Chem. In the future, it will make efforts to become a global leader in the two segments of anode materials, namely lithium batteries and polarizers.

For the purpose of focusing on the core business, the Company was promoting the divestment of non-core business, including the completion of sales of energy storage, charging pile business and lithium salt business during the Reporting Period, the 51% equity interest transfer of Quzhou Shanshan, a subsidiary devoting to the electrolyte business, in February 2023, and the conclusion of sales agreement concerning PV station assets in April 2023.

(I) Lithium Battery Materials Business

1. Business profile

The Company's lithium battery materials business covers the R&D, production and sales of anode materials and electrolyte for lithium-ion batteries. Its main products of anode material business cover artificial graphite, natural graphite, silicon-based anode materials and the like. The main products of electrolyte business are electrolyte and lithium hexafluorophosphate. All the above products can be primarily applied in NEVs, consumer electronics and energy storage industries, etc.

The following is the main products of lithium battery materials business of the Company and application:

Classification	Product	Application
Anode material	Artificial graphite	Mainly used in the 3C digitals with high-energy density and high-power density, power batteries for EVs and energy storage
	Natural graphite	Mainly used in the 3C digitals with high-energy density and high-power density and power batteries for EVs, including cylinder battery and blending
	Silicon-based anode materials	Mainly used in the 3C digitals with high-energy density, electric tools and power batteries for EVs
Electrolyte	Electrolyte	Mainly used in the 3C digital batteries, power batteries for EVs, lithium batteries for energy storage, and other fields
	Lithium hexafluorophosphate	Used for production of electrolyte

2. Operating model

(1) Procurement

The Company adopts a management model combining centralized and decentralized procurement.

For raw and auxiliary materials, production equipment, testing equipment, logistics and transportation, general consumables and others required for production, the supply chain center of each business segment integrates the demand of each factory, collaborates with R&D, technology, quality and others to select superior suppliers, and the headquarters of each business centralizes pricing through bidding, competitive negotiation, price comparison and cost analysis, and signs framework agreements.

The factory places purchase orders or purchase and sales contracts as required and follows up delivery, acceptance, account checking, payment and other affairs.

For local demands such as preparation for parts and small works, the procurement department of each factory, following the commercial management requirements of multiple inquiries and cost analysis, develops suppliers nearby, organizes commercial negotiations, initiates inquiries and pricing applications, places purchase orders based on pricing results, and follows up the deliveries to efficiently respond to factory needs.

For key materials or equipment, the supply chain center of each business, based on the supply structure and market research, makes the best choice, to promote the construction of strategic partnership with suppliers and achieve guaranteed supply, win-win cooperation and long-term development.

(2) Production

The Company, according to the principle of production based on sales, plans monthly according to the sales plan, arranges the production plan according to the production lines and submits the demand for raw and auxiliary materials to the procurement department, the workshop management department completes the designed output in light of the production plan, and all departments coordinate closely to meet the market demand with a more flexible production model.

The Company's products are mainly supplied for itself after independent development and tests; products cover the conventional and the customized for clients' needs. The Company can provide clients with dedicated production lines to meet their one-stop procurement needs.

(3) Sales

The Company, under the mechanism coordinated with the department of sales, R&D, quality, technical support and others, establishes the task groups in light of clients' demand for products, and forms a sales model dominated by sales, guaranteed by R&D and quality and propped up by technical supports, to provide clients with cost-effective products and services. Based on the centrality or importance of clients, the Company understands their needs and keeps abreast of their feedback on product quality, changes in demand for product types and other issues through setting up sales offices in various places, so as to respond quickly, provide better sales and technical services to them, and establish close and efficient cooperation.

3. Market status of products

Data in 2022 from ICC showed that the Company's sales of artificial graphite, an anode material, ranked first worldwide for two consecutive years.

4. Competitive edge and weakness

(1) Competitive edge

The Company is the first enterprise devoting to the R&D and production of artificial graphite anode materials for lithium-ion batteries in China. After years of development, it becomes a leader in technology, clients, capacity and industrial chain. The Company owns independent core intellectual property rights including material granulation, surface modification, nodulizing and heat treatment, and

leads the industry in R&D of sophisticated products, graphitization technology, raw material development and evaluation technology, and development of process equipment.

During the Reporting Period, the Company further expanded its edge. The fast-charging products with excellent performance grew rapidly in sales, with the proportion increasing to more than 60%; the Company achieved the industrialization applications of silicon-based anode materials; it sent samples of hard carbon products for sodium-ion batteries to Chinese and overseas clients for verification, and reached sales over one ton for clients in China. Meanwhile, the Company was deepening the partnership with global mainstream lithium battery companies, making the proportion of sales of top ten clients further increasing. To meet the growth of clients' demand and further cut cost and increase efficiency, the Company striven to deploy the integrated production lines during the Reporting Period. As of the end of 2022, the Company has completed the presence of anode material capacity of about 700,000 tons, including 200,000 tons for finished products in production, with the planning of 200,000 tons in Meishan Integration Base of Sichuan and 300,000 tons in Anning Integration Base of Yunnan. Its capacity stayed leading.

For details, please refer to the Section IV "Analysis on Core Competitiveness During the Reporting Period" in this Chapter.

(2) Competitive weakness

During the Reporting Period, the Company had great room for improvement in self-sufficiency ratio of graphitization of anode materials. It had accelerated the construction of integrated production bases in Meishan of Sichuan and Anning of Yunnan and gave priority to the capacity of graphitization. After construction and putting into production, these bases may enhance the Company's self-sufficiency ratio of graphitization, decline the proportion of outsourcing for each production step of anode materials, and achieve cost reduction and efficiency increase.

5. Key performance drivers

(1) Rapid-growing NEV and energy storage industries worldwide in 2022

Data from EVTank shows that global NEVs sales reached 10.824 million in 2022, an increase of 61.6% year on year. According to CAAM, China's annual NEVs sales stood at 6.887 million in 2022, up 93.4% year on year.

Amid the development of global new energy, the demand for energy storage industry worldwide is growing rapidly. Data from ICC shows that the global energy storage battery production in 2022 hit 139.86Gwh, up 112.17% year on year, including 102.49Gwh for electric power storage, up 151% year on year, 9.82Gwh for base station storage, down 16.24% year on year, 25.44Gwh for household storage, up 112.98% year on year, and 2.01Gwh for UPS and other energy storage, up 40.56% year on year.






Triggered by the downstream demand for NEVs and energy storage, the demand for lithium battery materials rockets. Data from ICC showed that the production of anode materials worldwide hit 1.468 million tons in 2022, up 67.3% year on year; the production of electrolyte worldwide stood at 1.02 million tons in 2022, up nearly 80.7% year on year.

(2) Strengthening core competitiveness of the Company's anode material business

The Company focuses on the clients' needs to provide first-rate cost-effective anode products for global clients. Backed up by the core edge established in raw material development, product technologies, process control and client cooperation, the Company is strengthening competitiveness. During the Reporting Period, the Company's fast-charging anode products with leading shares in downstream applications by virtue of the excellent performance kept enhancing. With the deepening of cooperation between the Company and leading battery enterprises worldwide, its sales for major clients surged and the proportion of sales to top ten clients further increased. The silicon-based anode materials helped the Company in achieving breakthroughs in overseas high-end clients with the enhancement of recognition.

(II) Polarizer Business**1. Business profile**

The Company's polarizer business covers the R&D, production and sales of polarizers. A polarizer, a composite film consisting of multi-layer films, allows the passage of specifically polarized light waves while blocking other polarized light waves. As the core element of display technology, polarizers enable images to be displayed and seen on the screen. They are widely used in the consumer electronics such as TVs, monitors, laptops, tablets, and mobile phones. The purposes of products are as follows:

Product	Purpose	End product	Image
Polarizer	Polarizer is the core optical film material for display panels, which controls the polarization direction of a specific light beam and is used to transform natural light into linearly polarized light or circularly polarized light, so that the screen can display images and the picture clarity can be improved.	TV	
		Monitor	
		Laptop	
		Tablet	
		Mobile phone	

2. Operating model

(1) Procurement

The Company adopts the production-based procurement model, that is, arranging the procurement of raw materials according to the production plan formulated by the production department and the inventory status and making timely stocking according to the supply and demand of raw materials and price fluctuations. The products purchased mainly include PVA film, TAC film, protective film, release film, PSA, PET and other raw materials.

The Company selects suppliers independently according to market principles. It first signs framework agreements with suppliers, and purchases specific raw materials by placing purchase orders to suppliers.

(2) Production

The Company mainly adopts the sales-based production to produce products according to the demand of clients. The Company will form a sales forecast analysis after receiving the demand and decide the production plan based on the capacity and the consideration of long-term cooperation with clients, material supply, production cycle, etc. In addition, the Company will prepare some stocks based on the past product sales and specific needs of clients.

The Company's production process includes two parts: front-end work and back-end work. The Company mainly produces by itself with some outsourcing works. The Company adopts the independent production for the front-end work as it is the core part in polarizer production, and outsources some non-core processes of back-end work for external specialized companies, thus improving production efficiency. In this process, the Company will propose processing plans to the assigned processors according to the orders from clients, and provide polarizer coils to them based on the forecast of the outsourcing quantity. The assigned processors will work according to the processing plans and deliver directly to clients according to the Company's instructions.

(3) Sales

The Company mainly adopts the direct sales model. Its clients include BOE, China Star Optoelectronics Technology Co., Ltd (CSOT), LG Display, Sharp, Xianyang CaiHong Optoelectronics, HKC, TIANMA, Qunchuang and other mainstream panel manufacturers. Downstream major panel manufacturers have rigorous requirements for their suppliers, and will strictly review the suppliers' strength and qualifications (such as quality, R&D, production, management, etc.) before cooperation. The companies that obtain their supplier certifications must first undergo repeated inspections, improvements and acceptances. The cooperative relationships established through such restrict process will not change easily. Therefore the Company stably cooperates with clients.

The Company's back-end production lines include industry-leading RTS (coil-to-sheet) and RTP (coil-to-panel) production lines, and most of its factories are located near clients' factories, so that it can timely respond to clients and meet their needs such as quick pattern changes.

3. Market status of products

Data from Yano Research Institute Ltd. shows that the Company's polarizer business in market shares increased significantly from 25% in 2021 to 29% in 2022, ranking first worldwide.

4. Competitive edge and weakness

(1) Core competitive edge

The Company, a global leader in the polarizer sector with more than 20 years of technology development, has the great capacity to meet downstream applications and owns more than 1,000 technology patent applications. It leads the market with differentiated technologies concerning ultra large size, ultra thin, high contrast and wide viewing angle and keeps the global core competitiveness in R&D, capacity size, ultra-wide production line and client mix. The Company has advanced technologies concerning the use of low-permeability materials, film lamination technology and UV curing technology, ensuring its excellent product performance and efficient production level.

During the Reporting Period, the Company's product competitiveness was further strengthened. It consolidated the leading edge of large-size products in high-end and super-size fields, and strengthened the development of small and medium-sized high-end products. It was promoting the application of new technologies in the display field and expanding the demand-side application scenarios. For instance, its OLED polarizers for mobile phones had been verified by clients, achieving the breakthrough from LCD polarizers to LCD+OLED polarizers. The Company has the world-leading ultra-wide capacity. It is one of the few companies in the industry that can run several ultra-wide production lines, and has 2,600mm production lines, the widest worldwide, maintaining a significant leading market share in the super-size market. With its leading technologies and excellent product quality, the Company further deepened the cooperation with the world-leading panel manufacturers, namely BOE, China Star Optoelectronics Technology Co., Ltd (CSOT), LG Display, Sharp, Xianyang CaiHong Optoelectronics, HKC, TIANMA, Qunchuang, etc.

For details, please refer to the Section IV "Analysis on Core Competitiveness During the Reporting Period" in this Chapter.

(2) Competitive weakness

At present, the products supplied by the Company are mainly medium and large LCD polarizers, while small and medium-sized polarizers for high-end IT, mobile phones and other products and OLED polarizer products account for a relatively low sales proportion. After acquisition of the polarizer business, the Company has been strengthening its edge in large-size products while accelerating the development of high-end small and medium-sized products as well as new technologies and products for OLED, VR/AR, vehicles and the like. Some of the products have achieved mass production. In the future, the Company will continue to increase R&D investment and strengthen product development to achieve comprehensive coverage from super-large-sized products to small and medium-sized products and build comprehensive product competitiveness.

5. Key performance drivers

(1) Panel capacity transfer drives up the supporting demand in Chinese mainland

The global display panel capacity is shifting to Chinese mainland, according to Omdia data. The capacity in Chinese mainland by 2022 accounted for 68% of the global capacity, and is expected to reach about 78% by 2026. Due to such transfer, the demand for raw materials such as upstream polarizers is increasing. Polarizer manufacturers in Chinese mainland benefit from the transfer due to low logistics costs and their timely response to panel makers in Chinese mainland, which can better match panel makers' R&D and production.

(2) Strong support from industrial policies of China

Notice on the Measures for the Administration of Import Tax Policies for Supporting the Development of the New-Type Display Industry in 2021-2030 (CGS [2021] No.19) issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on 31 March 2021, stipulates that from 1 January 2021 to 31 December 2030, the producers of key raw materials and spare parts (polarizer inclusive) in the new-type display industry will be exempt from import tariffs when importing productive raw materials and consumables for their own use that cannot be produced in China or whose performance fails to meet requirements, indicating the importance China attaches to the key raw materials and spare parts producers of the new-type display industry. The Company's imports of main raw material of polarizers enjoy the preferential policy of tariff exemption, which has effectively reduced the Company's operating costs.

(3) The Company takes measures to cope with the decline in demand and further improve its market competitiveness

In spite of the weakness of global consumer electronics industry demand coupled with the downturn in display panel industry chain in 2022, the Company achieved steady business growth by continuously enhancing its independent innovation capabilities, strengthening the development of high value-added products, consolidating its edge in the large-size while exploring the small and medium-size markets and further improving operational efficiency. Data from Yano Research Institute Ltd. shows that the Company's polarizer business in market shares increased significantly from 25% in 2021 to 29% in 2022, further enhancing its market competitiveness.

IV. Analysis on Core Competitiveness During the Reporting Period

Applicable Not applicable

(I) Analysis of Core Competitiveness of Anode Materials

The Company has been industrializing anode materials since 1999, and has been a pioneer and technology leader in the lithium battery anode materials industry with more than 20 years of practice in R&D and industrialized production in this field. Ningbo Shanshan New Material Technology Co., Ltd., the Company's anode material subsidiary, was picked to the lists of the "National Enterprise Technology

Center” and “National Manufacturing Single Champion”. Shanghai Shanshan Technology Co., Ltd. was listed in the third batch of state-level specialized and innovative “small giant” enterprises.

The Company takes clients’ demand as the core, leads the industry development through technological innovation, and has built long-term core competitiveness in product technology, capacity size, clients and presence of industrial chain.

1. Deep technology accumulation and cutting-edge R&D and innovation advantages

The Company is the first devoting to the R&D and production of artificial graphite anode materials for lithium-ion batteries in China and owns independent core intellectual property rights including material granulation, surface modification, nodulizing and heat treatment. Years of high-quality R&D investment and independent R&D capability cultivation make the Company form complete R&D and innovation systems. The Company’s anode material business leads the industry in R&D of sophisticated products, graphitization technology and raw material development and evaluation technology.

In terms of sophisticated products, the Company’s multiple technologies, including self-developed high-energy density and low expansion technology, liquid-phase fast-charging coating technology and silicon anode precursor synthesis technology, are at the forefront of the industry.

- High-capacity fast-charging anode materials

With the breakthrough of bottleneck of high-energy density fast-charging technology and upgrades to liquid phase coating technologies, the Company’s products with the new generation of technologies have been exclusively supplied to power battery leaders, further expanding the technology edge in fast-charging products.

- Silicon-based anode materials

The Company’s silicon-based anode has made significant breakthroughs in applications in China and overseas, and silicon-oxygen products have achieved large-scale applications in consumer electronics and power markets. The Company was upgrading and improving its silicon-based products. In terms of basic model of new generation of silicon-carbon products with high capacity and efficiency, the development was almost finished, the core patents had been authorized in China and the Company was applying for international patents.

- Hard carbon anode products

The Company’s hard carbon anode products for sodium-ion batteries are leading in capacity, high-temperature performance and processing performance, and had completed sample verification from overseas clients and reached sales over one ton for clients in China.

In terms of graphitization technology, the Company commits to the improvement and innovation of graphitization process. Its furnace technology leads the industry in quality and cost control and maintains the improvement in process. The new integration bases will adopt the new low-cost process, which will further reduce the production cost of graphitization. In addition, the Company is promoting

the innovative R&D of new graphitization process which is now in the stage of technical cooperation, development and verification.

In terms of raw material development, the Company's basic research team for anode raw materials is led by senior experts in the coal chemical industry, and a special raw material development team is jointly established with upstream suppliers to work together to develop functional raw materials, functional granulating agents and coating agents required for the performance of anode materials, and tailor-made raw materials for anode products with different characteristics.

As of 31 December 2022, the Company has been granted 211 patents concerning anode materials, including 2 international patents, 170 domestic invention patents and 39 utility model patents.

2. Superior client mix and continuous improvement in clients' recognition

With its long-term accumulation in the field of lithium battery materials, the Company, by virtue of superior products and technical services, has established long-term and stable cooperation with global mainstream lithium battery manufacturers, including CATL, LGES, ATL, BYD, Farasis Energy, Sunwoda, COSMX, Ultiumcells LLC., EVE, Lishen, SDI and other Chinese and international mainstream battery enterprises. Driven by the market demand, the Company keeps frequent business transactions and smooth communication with clients, and closely contacts with end clients to promote cooperation between them. During the Reporting Period, the Company's major clients, power battery leaders, added their orders, showing further concentration of the premium clients. Coupled with sales of new generation of silicon-based anode materials for overseas clients reaching over one ton, the Company's client mix will be further optimized.

3. Integrated capacity construction to strengthen the cost edge

With the commitment to the lithium battery material industry for more than twenty years, the Company becomes an industry leader. As of the end of 2022, the Company has completed the presence of anode material capacity of about 700,000 tons, including 200,000 tons for finished products in production, with the planning of 200,000 tons in Meishan Integration Base of Sichuan and 300,000 tons in Anning Integration Base of Yunnan. As of the disclosure date of this Report, the graphitization production lines in Phase I of Meishan Base in Sichuan have put into production in the third quarter of 2022, and the Phase I of Anning Base in Yunnan has planned to put into trial production in the third quarter of 2023. The integration bases can effectively reduce the outsourcing ratio of each production process of anode materials, production costs, material turnover and logistics costs.

In addition, the Company has planned a project of 40,000-ton silicon-based anode integration base in Ningbo of Zhejiang covering the complete processes including raw material processing, reaction synthesis, intermediate product processing, surface modification and finished product processing, which will help the Company form the scale advantage of silicon-based anode material integration capacity.

4. Deepen the cooperation between upstream and downstream to build a resilient supply chain

As for the upstream industry chain, the Company established a special raw material development team with upstream suppliers to work together to develop functional raw materials, functional granulating agents and coating agents required for the performance of anode materials, and tailor-made raw materials for anode products with different characteristics. In order to further ensure quality and supply, the Company implemented comprehensive cooperation with Chinese major suppliers in the fields of needle coke, petroleum coke and post-calcined coke, ensuring the stable supply and safety of raw materials.

As for the downstream industry chain, the Company established a good cooperation system involving joint development and mutual promotion amid further cooperation with clients, and kept the long-term technical communication and mutual development with Huawei, Apple, BMW and other end clients, ensuring the sustainable competitiveness in the development of anode material business.

During the Reporting Period, the supply relationships between upstream and downstream were cemented further as the downstream clients, CATL, BYD and ATL, and the upstream raw material supplier, CNPC Kunlun Capital Co., Ltd., strategically invested in the Company's anode business platform.

(II) Analysis of Core Competitiveness of Polarizer

1. Deep technology accumulation and leading R&D innovation advantage

As a leading enterprise in the polarizer field, the Company has leading technology advantages. Relying on its over 20 years of technological R&D in the polarizer field, the Company leads the market through differentiated technologies of polarizers such as super size, ultra-thin, high contrast and wide viewing angle. The Company has mastered a number of key polarizer process technologies and is continuously expanding its innovative polarizer technologies for high-end display applications.

We are the first in the industry to introduce low moisture permeability materials such as PET, Acryl and COP for polarizer manufacturing. By optimizing the structure of such materials, the replacement of TAC material is realized, and the performance and user experience of display products are improved. The Company's polarizer products show strong performance in several key performance indicators such as polarization, contrast, transmittance, water resistance and resistance to high temperature and humidity.

The Company has industry-leading manufacturing processes and continues to break through manufacturing capabilities in terms of product quality, safety and security, and production efficiency in order to improve production efficiency and product quality. The Company has customized polarizer production equipment that enables precise control of parameters in production through carefully modulated parameters to achieve higher first pass yield of product, as well as comprehensive defect detection methods and automatic inspection technologies to ensure high product yield. The Company continues to improve key processes such as film lamination and film stretching to guarantee and improve

product quality, while it has successfully applied UV curing technology to polarizer manufacturing, thus optimizing the production process.

The three group standards for polarizer, namely, "Polarizer with Low Moisture Permeability for Thin Film Transistor Liquid Crystal Display (TFT-LCD)", "Polarizer for Small and Medium Organic Light Emitting Diode (OLED) Displays" and "Polarizer for Organic Light Emitting Diode (OLED) for TVs" formulated by the Company have been officially released and implemented, which will help the planning and quality development of the polarizer industry.

In terms of new display technologies, the Company has passed customer certification for polarizers for OLED cell phones, and will gradually release the products according to customer demand in the next step; polarizers for OLED TVs and polarizers for VR display terminals have completed independent development and are at the customer certification stage; technology and patent reserves have been completed for vehicle polarizer, and product development is being accelerated.

As of 31 December 2022, the Company has applied for more than 1,000 LCD polarizer-related patents in many countries around the world, including Korea, China, Japan and the United States, of which 992 patents (793 international patents included) have been granted, including 939 invention patents, 45 utility model patents and 8 appearance patents.

2. Advantages of ultra-width production lines and RTP production lines

In recent years, the screen of terminal consumer electronic products shows the trend of large-screen development, which has put forward higher requirements on the size of upstream polarizers. The width of the polarizer production line has a great impact on the production capacity, and the ultra-wide (2 meters or wider in width) production line is a key factor for competitiveness. The Company is the first in the industry to use ultra-wide production lines and one of the few companies in the industry capable of running several ultra-wide production lines, and now has five ultra-wide front-end production lines, among which the 2,600mm ultra-wide production line is the world's largest wide production line, which can achieve mass production of polarizers up to 115 inches or more, making it the global market leader in the ultra-wide field.

In addition, the Company has industry-leading RTP production lines in many cities across China. The RTP production lines are generally located in customers' facilities and can realize integrated laser cutting from polarizer to coil, automatic inspection and polarizer-glass substrate adhesion, with the advantages of being close to customers and convenient supply; while meeting the characteristics of the customers' production line, the Company can reasonably control the transportation and packaging costs, enhance production efficiency and improve product yield. By the end of 2022, the Company has installed over 20 RTP production lines, leading the world in operation scale and technical strength.

3. Long-term and stable customer relationship

The Company's downstream customers generally have a more stringent supplier certification system, and will generally maintain a more long-term and stable relationship with companies that pass their supplier certification. The Company has established long-term good cooperative relationships and smooth communication with the world's leading panel manufacturers, namely, BOE, China Star Optoelectronics Technology Co.,Ltd (CSOT), LG Display, Sharp, Xianyang CaiHong Optoelectronics, HKC, Tianma and Qunchuang, etc., which allows us respond to customer needs quickly and efficiently and cooperate with the development of new products. By virtue of leading technology and excellent product quality, the Company's products and services have been highly evaluated and recognized by customers, and the supply relationship between both Parties is very stable.

V. Operation Situation of the Principal Business during the Reporting Period

For details, please refer to the “I. Operation Discussion and Analysis” in this section.

(I) Analysis of Principal Businesses

1. Analysis on changes in income statement and cash flow statement

Unit: Yuan Currency: RMB

Subject	Amount for the current period	Amount for the same period last year	Change ratio (%)
Operating revenue	21,701,617,268.32	20,699,382,624.28	4.84
Operating costs	16,487,393,265.82	15,519,028,815.38	6.24
Selling expenses	281,388,497.37	204,621,622.61	37.52
Administrative expenses	712,963,820.79	654,122,587.74	9.00
Research and development expenses	952,572,270.06	715,632,069.94	33.11
Financial expenses	696,006,674.19	654,130,893.87	6.40
Net cash flow from operating activities	506,497,694.79	-364,495,067.15	N/A
Net cash flows from investment activities	-4,949,147,970.42	-3,540,263,960.91	N/A
Net cash flow from financing activities	-328,949,318.47	10,047,371,157.26	-103.27
Effect of foreign exchange rate changes on cash and cash equivalents	3,995,462.67	-27,033,677.69	N/A
Credit impairment loss	-10,047,282.00	-266,511,923.72	N/A
Asset impairment loss	-137,740,024.08	-388,065,933.59	N/A
Income from changes in fair value	-1,950,000.00	3,639,477.23	-153.58
Investment income	888,331,445.00	2,389,333,684.47	-62.82
Income on dispose of assets	-6,132,804.13	-24,391,064.01	N/A
Other incomes	173,791,345.88	104,532,863.12	66.26
Non-operating incomes	15,111,498.35	7,959,128.96	89.86
Non-operating expenses	17,397,835.72	32,390,877.41	-46.29
Income tax expenses	569,677,258.05	1,103,886,889.33	-48.39
Profits and losses attributable to minority interests	134,138,300.39	230,629,925.52	-41.84
Other comprehensive income – after tax attributable to owners of the parent company	-118,833,540.22	-702,999,618.30	N/A

Reasons for over-30% changes yoy:

Reasons for the change in sales expenses: mainly due to the increase in sales volume of anode material business during the Reporting Period, as well as the year-on-year growth of sales packaging.

Reasons for the change in R&D expenses: mainly due to the increase of investment in polarizer business to improve the research and development of thin PVA optics during the Reporting Period.

Reasons for the change in net cash flows generated by operating activities are as follows: In February 2021, the Company completed the equity acquisition of polarizer. Due to the low level of raw material inventory before delivery, the Company properly supplemented the raw material inventory after completion of delivery, which increased the demand for operating cash in the polarizer business in 2021. Meanwhile, during the Reporting Period, the polarizer business developed steadily, the customer mix was good, the cash collection was stable, the inventory was maintained at the reasonable level of the Company's operation, and the operating cash inflow was good.

Reasons for the change in net cash flows from investment activities: the main reason is more expenditure in capacity construction for anode material over the same period last year during the Reporting Period, aimed at further catering to client needs..

Reasons for the change in net cash flow generated by financing activities are as follows: the main reason is the reduction in bank loan of RMB1.447 billion by the Company during the Reporting Period; the Company received a bank loan of RMB5.335 billion in the same period last year.

The reason for the effect of foreign exchange rate changes on cash and cash equivalents: it was mainly impacted by the change in foreign exchange rates.

Reasons for the change in credit impairment loss: the main reason is the Company completed the acquisition of LCD polarizer business in February 2021 and made additional provisions for credit impairment loss of RMB110 million in the same period last year. Accounting policies and estimates this year are in full accord with those last year and there was no impact from special incidents, hence the provision amount for the polarizer business was well below the amount last year; the amount of last year included provisions for credit impairment of BASF Shanshan, so BASF Shanshan was excluded in the scope of consolidation in this Reporting Period.

Reasons for the change in Asset impairment loss: the main reason is the Company completed the acquisition of LCD polarizer business in February 2021 and made additional provisions for impairment loss of RMB230 million in fixed assets of polarizer business in the same period last year. Accounting policies and estimates this year are in full accord with those last year and there was no impact from special incidents, hence the provision amount for the polarizer business was well below the amount last year; during the Reporting Period, the Company completed the sales of its charging pile business and stored energy assets, thereby reducing the corresponding impairment loss year-on-year.

Reasons for the change in gains from changes in fair value: the main reason is the change in fair value of the Company's other non-current financial assets during the Reporting Period..

Reasons for the change in investment income: the main reason is the Company completed the transfer of 19.6438% equity interest of Shanshan Energy and acquired investment income; the Company

remeasured the remaining equity interest at the fair value on the date of loss of control of Shanshan Energy in accordance with the ASBE and counted as the investment income in the period of loss of period.

Reasons for the change in income on disposal of assets: it is mainly due to the decrease in asset disposal loss of the subsidiary year-on-year during the Reporting Period.

Reasons for the change in other incomes: it is mainly due to the tax return of RMB57.8767 million received by the subsidiary during the Reporting Period.

Reasons for the change in non-operating incomes: it is mainly due to the insurance claim of RMB6.7972 million received by the subsidiary during the Reporting Period.

Reasons for the change in non-operating expenses: it is mainly due to the decrease in asset scrapping and damage of the Company year-on-year during the Reporting Period.

Reasons for the change in income tax expenses: it is mainly due to the accrual of income tax payable of RMB676 million from transfer of BASF Shanshan by the Company in the same period last year.

Reasons for the change in profit and loss of minority shareholders: it was mainly because that during the Reporting Period, the Company conducted equity accounting for BASF Shanshan. In the same period of last year, as a subsidiary, there was profit and loss of minority shareholders.

Reasons for the change in other comprehensive income – after tax

attributable to owners of the parent company: it is mainly due to the change in share price of financial assets held by the Company and the change in other comprehensive income of the Company counted by the equity method.

Detailed description of the significant change in the business type, profit composition or profit source of the Company

√Applicable Not applicable

In 2022, the Company achieved an operating revenue of RMB21,701.6173 million, representing a year-on-year increase of 4.84%. The operating revenue increase was relatively small, mainly due to the fact that the Company's former cathode material business was no longer included in the consolidated statements of the Company from 1 September 2021. The net profit attributable to the shareholders of listed companies amounted to RMB2,691.2626 million, representing a year-on-year decrease of 19.42%, mainly due to the Company's transfer of partial shares of cathode material business in 2021 to confirm related investment income; Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses amounted to RMB2,328.8948 million, representing an increase of 23.53% over the same period last year. The increase in performance was mainly attributable to:

(1) The downstream new energy vehicle and energy storage markets of the Company's anode material business continued to show a booming trend and the market demand continued to expand, coupled with the smooth release of the new production capacity of the Company's Baotou Phase II project and the continued deepening of customer cooperation, resulting in a significant year-on-year increase in shipments; positive measures such as the gradual increase in the proportion of graphitization self-supply, and the optimization of upstream material supply management have further ensured cost control and product quality.

(2) The Company's polarizer business actively responded to the decline in industry demand by strengthening new product development, optimizing product structure and deepening customer cooperation, and the sales volume of polarizer business increased year on year. At the same time, the Company has effectively improved the operation efficiency through refined management and manufacturing process upgrading. Combined with the preferential policy of tariff-free import of main raw materials and the fluctuation in exchange rate, the cost has decreased, and the Company's polarizer business has maintained a steady development.

2. Income and cost analysis

Applicable Not applicable

(1). Profile of principal businesses by industry, product, region and sales model

Unit: Yuan Currency: RMB

Principal business by industry						
Industry	Operating revenue	Operating cost	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross profit margin as compared with last year (%)
Lithium battery materials	9,163,311,027.38	7,092,170,927.96	22.60	0.42	6.77	Decreased by 4.60 percentage points
Polarizer	10,330,340,279.31	7,571,229,439.66	26.71	3.89	0.97	Increased by 2.12 percentage points
Other business	1,854,814,496.09	1,659,169,554.13	N/A	43.28	40.97	N/A
Principal business by product						
Product	Operating revenue	Operating cost	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross profit margin as compared with last year (%)
Anode material	8,057,892,447.87	6,274,778,301.67	22.13	94.63	112.33	Decreased by 6.49 percentage points
Polarizer	10,330,340,279.31	7,571,229,439.66	26.71	3.89	0.97	Increased by 2.12 percentage points
Electrolyte	1,105,418,579.51	817,392,626.29	26.06	-19.31	13.75	Decreased by 21.49 percentage points
Other	1,854,814,496.09	1,659,169,554.13	N/A	43.28	40.97	N/A
Principal business by region						
Region	Operating revenue	Operating cost	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross profit margin as compared with last year (%)
Mainland China	18,283,845,703.23	13,911,805,007.51	23.91	-0.99	0.93	Decreased by 1.44 percentage points
Taiwan, China	193,063,468.65	178,224,225.30	7.69	-2.91	-2.17	Decreased by 0.70 percentage points

Overseas	2,871,556,630.90	2,232,540,688.94	22.25	69.10	65.10	Increased by 1.89 percentage points
Profile of principal businesses by sales model						
Sales model	Operating revenue	Operating cost	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross profit margin as compared with last year (%)
Direct sales	21,348,465,802.78	16,322,569,921.75	23.54	4.84	6.56	Decreased by 1.23 percentage points

(2). Analysis of production and sales volume

√Applicable "□Not applicable"

Major products	Unit	Output	Sales	Inventories	Increase/decrease in production over the previous year (%)	Increase/decrease in sales volume over the previous year (%)	Increase/decrease in inventory over the previous year (%)
Anode material	Tonnes	194,818.77	182,882.30	20,314.42	91.44	81.06	142.47
Polarizer	0,000 square meters	12,726.50	12,685.51	944.99	4.08	11.94	4.53
Electrolyte	Tonnes	18,402.95	18,282.16	565.18	7.62	4.61	27.18

Description of production and sales volume

1. The production and sales volume of anode materials increased by 91.44% and 81.06% year-on-year, respectively, mainly because the production and sales of the Company's anode materials increased significantly year-on-year, benefiting from the rapid growth of the NEV and energy storage markets. The inventory of anode materials increased by 142.47% year-on-year, mainly because the production and sales volume of anode materials increased significantly and the stocking volume increased.

2. The production and sales volume of polarizer in 2021 are the data from February to December 2021.

(3). Performance of major purchase contracts and major sales contracts

"□ Applicable" "√ Not applicable"

(4). Cost analysis

Unit: RMB10 thousand

By industry							
Industry	Cost item	Amount incurred in the current period	Percentage of total cost for the current period (%)	Amount in the same period last year	Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Profile Description
Lithium	Raw material	348,411.66	49.13	449,505.23	67.67	-22.49	

battery materials	cost						
	Wage	35,919.25	5.06	25,247.96	3.8	42.27	The scale of production and marketing is expanding
	Manufacturing costs	324,886.18	45.81	189,517.91	28.53	71.43	The scale of production and marketing is expanding, and graphitization outsourcing processing fees rise
Polarizer	Raw material cost	548,717.43	72.47	575,762.69	76.78	-4.70	
	Wage	26,908.33	3.55	27,677.31	3.69	-2.78	
	Manufacturing costs	181,497.17	23.97	146,437.18	19.53	23.94	
By product							
Product	Cost item	Amount incurred in the current period	Percentage of total cost for the current period (%)	Amount in the same period last year	Percentage of total cost for the same period last year (%)	Percentage change in the amount for the current period as compared to the same period last year (%)	Profile Description
Anode material	Raw material cost	274,669	43.77	121,835.36	41.23	125.44	The scale of production and marketing is expanding, and the prices of raw materials are rising
	Wage	34,415	5.48	18,535.69	6.27	85.67	The scale of production and marketing is expanding
	Manufacturing costs	318,393	50.74	155,152.10	52.50	105.21	The scale of production and marketing is expanding, and graphitization outsourcing processing

							fees rise
Polarizer	Raw material cost	548,717.43	72.47	575,762.69	76.78	-4.70	
	Wage	26,908.33	3.55	27,677.31	3.69	-2.78	
	Manufacturing costs	181,497.17	23.97	146,437.18	19.53	23.94	
Electrolyte	Raw material cost	73,742.28	90.22	60,940.17	84.81	21.01	
	Wage	1,504.25	1.84	1,627.12	2.26	-7.55	
	Manufacturing costs	6,492.73	7.94	9,289.20	12.93	-30.10	Maintenance of lithium salt production line

(5). Equity change of major subsidiaries during the Reporting Period caused the change of the consolidation scope.

Applicable Not applicable

(6). Significant change or adjustment of the business, product or service of the Company during the Reporting Period

Applicable Not applicable

(7). Major customers and major suppliers

A. Major customers

Applicable Not applicable

The sales to the top five customers reached RMB11,739.4533 million, accounting for 54.09% of the total annual sales, among which, the sales to the related parties was RMB0, accounting for 0% of the total sales for the year.

Any single customer the sales to which accounted for more than 50% of the total sales, any new customer in the top 5 customers, and any heavy reliance on a few customers

Applicable Not applicable

B. Major suppliers

Applicable Not applicable

Procurement from the top five suppliers amounted to RMB3,187.5312 million, accounting for 16.20% of the total procurement for the year; among which, procurement from related parties was RMB243.4001 million, accounting for 1.24% of the total procurement for the year.

Any single supplier the procurement from which accounted for more than 50% of the total procurement, any new supplier in the top 5 suppliers, and any heavy reliance on a few suppliers

Applicable Not applicable

3. Expenses

Applicable Not applicable

Unit: RMB

Expense items	2022	2021	Change (%)	Major drivers of significant year-on-year changes
Selling expenses	281,388,497.37	204,621,622.61	37.52	Mainly due to the increase in sales

				volume of anode business during the Reporting Period, and the year-on-year growth of sales packaging.
Administrative expenses	712,963,820.79	654,122,587.74	9.00	
Financial expenses	696,006,674.19	654,130,893.87	6.40	
Research and development expenses	952,572,270.06	715,632,069.94	33.11	Mainly due to the increase of investment in polarizer business to improve the research and development of thin PVA optics during the Reporting Period.
Income tax expense	569,677,258.05	1,103,886,889.33	-48.39	Mainly due to transfer of BASF Shanshan in the same period last year, for which the Company accrued income tax payable of RMB676 million.

4. Research and development investment

(1). Research and development investment statement

√Applicable Not applicable"

Unit: RMB

Expensed research and development investment for the current period	952,572,270.06
Capitalized research and development investment for the current period	
Total research and development investment	952,572,270.06
Percentage of total research and development investment over operating revenue (%)	4.39
Ratio of capitalized research and development investment (%)	0

(2). R&D team member profile

√Applicable Not applicable"

Number of R&D team members in the Company	300
Percentage of the number of R&D team members over the total number of employees of the Company (%)	3.98
Educational background structure of R&D team members	
Type of educational level	Number of members in each educational level
Doctor	4
Master	63
Bachelor	162
College	55

High school and below, 3%	16
Age structure of R&D team members	
Type of age group	Number of members in each age group
Below 30 (excluding 30)	127
30-40 (including 30, excluding 40)	132
40-50 (including 40, excluding 50)	38
50-60 (including 50, excluding 60)	3
Aged 60 and older	0

(3). Explanation

√Applicable "□Not applicable"

Anode material

No.	Name of item	R&D purpose and progress
1	High energy density with 4C quick charge	To apply in the power field, and is proposed to be applied in the next generation products of the leading power battery enterprise; in the pilot stage.
2	Anode material with a long cycle life	The project with a long cycle of 15,000 times has entered the supply chain of leading lithium battery companies; in the pilot stage.
3	Anode material for fast charge	The next generation fast charge performance improvement project developed by overseas leading power battery enterprises; in the pilot stage.
4	High energy density with low expansion graphite	To realize the application of graphite in high energy density, low expansion and high voltage scenarios, and mainly used in the digital field; tonnage shipments have been completed.
5	3C fast charge with low expansion graphite	To cover a number of requirements of 3C direct charge projects in high-end digital market; tonnage shipments have been completed.
6	10C fast charge anode material	To realize the application of graphite in higher fast charge consumer electronics scenarios; tonnage shipments have been completed.
7	Silicon-based anode material with a long cycle life	Improved the energy density of batteries, and achieved long endurance performance of electric vehicles; bulk sales have been achieved.
8	Silicon-based anode material with high first-cycle efficiency and high capacity	To realize the application of silicon-based anode material in high-end new energy vehicle end and high-end consumer electronics scenarios; currently in the pilot stage.
9	Hard carbon for sodium electricity with high power	Mainly used in power and energy storage projects; currently in ton-level sales.
10	Hard carbon for sodium electricity with low cost, high energy and density	Mainly used in small power projects; currently in ton-level sales.
11	Full battery line establishment	To provide technical support for product promotion and R&D; have completed customer testing and obtained internal testing approval.

LCD Polariser business

No.	Name of item	R&D purpose and progress
1	Development of POLED polarizer	For technical reserves and enriching product application; in the product certification stage

2	Development of polarizers for OLED TVs	To achieve ultra-high transmittance and ultra-low reflection property; in the customer certification stage
3	Development of polarizer for VR glasses	To improve the definition of VR picture; in the product certification stage
4	Development of high-transmittance polarizer for LCDs	To further improve the transmittance of polarizer material, improve the picture contrast, and reduce the power consumption of the display screen; has realized mass production
5	Development of high performance polarizer for LCD TVs	To improve the visual angle and picture quality of display products; has realized mass production
6	Development of ultra-thin polarizer for mobile phones	To improve the transmittance of thin polarizer, so as to improve the picture contrast and reduce the power consumption of backlight; in the product testing stage
7	Development of polarizer with Mini LED light compensation for laptops	To improve the side view picture of the laptop and improve the definition; under research and development
8	Development of PSA with high performance for polarizers	UV hardened PSA with high elastic modulus for LCD TVs and displays; has realized mass production

Electrolyte business

No.	Name of item	R&D purpose and progress
1	Study on the influence of crystallization equipment and drying process on the quality of dynamic crystallization lithium hexafluorophosphate products and its industrialization improvement	To improve the quality of hexafluorophosphoric acid, optimize the drying process and crystallization process, and reduce the production cost of hexafluorophosphoric acid, so as to improve the competitiveness of hexafluorine and electrolyte products; in the trial production stage.
2	Research on the influence of new equipment and new process on the quality and production efficiency of electrolyte products and its industrialization improvement	To develop new type of hexafluorophosphoric acid production equipment, increase single discharge quantity, and reduce the production cost of hexafluorophosphoric acid, so as to improve the competitiveness of hexafluorine and electrolyte products; in the trial production stage.
3	Development and application of 4.35V+ high voltage ternary fast charge multiplier type electrolyte and additives	Strengthen the application of new products, increase the market share of 4.35V and 4.4V products, and reserve 4.45V ternary high voltage technology; in mass production
4	Alternative development and application of lithium-ion electrolyte additive 1,3-propane sulfonolactone (PS)	Strengthen the application of new products, strengthen product substitution of PS, and break through the problem of Reach's restriction on the use of PS; in the pilot stage

(4). Reason for the significant change in the composition of R&D team and its impact on the future development of the Company

"□ Applicable" "√ Not applicable"

5. Cash flow

√Applicable "□Not applicable"

Unit: Yuan Currency: RMB

Item	2022	2021	Change (%)	Reasons for significant year-on-year changes
Net cash flow from operating activities	506,497,694.79	-364,495,067.15	N/A	The main reason is that in February 2021, the Company completed the equity acquisition of polarizer, and due to the low level of raw material inventory before delivery, the Company properly

				supplemented the raw material inventory after completion of delivery, which increased the demand for operating cash in the polarizer business in 2021. Meanwhile, during the Reporting Period, the polarizer business developed steadily, the customer mix was good, the payment collection was stable, the inventory was maintained at a reasonable level to meet the Company operations, and the operating cash inflow was good.
Net cash flows from investing activities	-4,949,147,970.42	-3,540,263,960.91	N/A	The main reason is that the cash paid for the expansion of anode material business capacity during the Reporting Period and the purchase and construction of fixed assets and projects under construction increased compared with the same period last year.
Net cash flow from financing activities	-328,949,318.47	10,047,371,157.26	-103.27	The main reason is the reduction in bank loan of RMB1.447 billion by the Company during the Reporting Period; and the Company's bank loan increased by RMB5.335 billion in the same period last year.

(II) Description of significant change in profit caused by non-principal business

√Applicable Not applicable"

During the period, the investment income of the Company decreased by about RMB1.5 billion compared with the same period last year, mainly due to the completion of the transfer of 19.6438% equity of Shanshan Energy in the same period last year, and the investment income was obtained. And the Company remeasured the fair value of the date when the remaining equity is held and the control right of Shanshan Energy is lost according to the accounting standards for enterprises, and recorded the investment income of the period when the control right is lost.

(III) Analysis of assets and liabilities

√Applicable Not applicable"

1. Assets and liabilities

Unit: RMB

Item	Amount at the end of the Period	Proportion of the amount at the end of the Period in total assets (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period in the total assets (%)	Change ratio of amount at the end of the current period VS amount at the end of the previous period (%)	Explanation

Monetary funds	4,742,265,435.59	10.56	9,294,961,367.71	23.07	-48.98	The main reason is the expanded production capacity of anode material and polarizer business during the Reporting Period, and the increased expenditure on the purchase and construction of houses and machinery equipment; and at the same time, the Company repaid part of the loan and paid for the second phase of the LG Chem's polarizer business.
Notes receivable	227,833,088.02	0.51	34,666,107.26	0.09	557.22	The main reason is the surge in sales of anode business, increasing the usage of notes during the Reporting Period
Prepayments	1,391,716,499.58	3.10	837,233,585.18	2.08	66.23	The main reason is the advance payment made by the anode material business to lock the graphitization supplier's capacity and raw material supply during the Reporting Period.
Other receivables	497,273,632.21	1.11	346,958,862.10	0.86	43.32	It was mainly because that during the Reporting Period, the Company had a receivable of RMB 130 million from the transfer of its wholly-owned subsidiary Hunan Yongshan.
Assets held for sales	1,316,864,410.82	2.93			N/A	The main reason is that the Equity Transfer Agreement of Quzhou Shanshan has been signed during the Reporting Period, and its assets have been transferred to the assets held for sale account.
Inventories	5,029,844,227.43	11.20	3,043,029,566.06	7.55	65.29	The main reason is the fast-growing downstream demand for anode business, and the increase in production and sales and inventories
Other current assets	483,327,024.12	1.08	758,646,380.73	1.88	-36.29	It was mainly because that during the Reporting Period, the polariser business VAT credit rebate and export tax rebate reduced the retained

						input tax reduction at the end of the Reporting Period.
Long-term receivables			33,196,905.37	0.08	-100.00	The main reason is that the subsidiary's long-term receivables were transferred to the long-term receivables due within one year during the Reporting Period, and the Yunshan business segment quit the merger.
Other non-current financial assets	198,154,599.78	0.44	102,604,599.78	0.25	93.12	The main reason is that the subsidiary Ningbo Shanshan Venture Capital completed the contribution to the investment fund partnership during the Reporting Period.
Construction in progress	4,947,187,407.85	11.01	2,022,341,380.07	5.02	144.63	The main reason is the new investment in the expansion projects under construction of anode material and polarizer business during the Reporting Period.
Deferred income tax assets	134,942,699.34	0.30	240,325,267.25	0.60	-43.85	The main reason is the subsidiary deducted the full amount of newly acquired research and development equipment, etc. for the polarizer and anode business at one time when calculating taxable incomes in the Reporting Period in accordance with the taxation document (No. 28 in 2022), and included the newly acquired equipment and apparatus under RMB5 million in costs and expenses at one time in accordance with the taxation document ([2018] No. 54), which increased the deferred income tax liabilities; The deduction for the deferred income tax assets under the circumstance that the income tax was levied by the same taxation authority on the same taxable entity decreased the deferred income tax assets.

Notes payable	2,039,758,654.61	4.54	1,250,062,984.06	3.10	63.17	The main reason is a hike in anode material sales, and an increase of settlement amount in the form of notes during the Reporting Period.
Contract liabilities	60,815,111.78	0.14	112,277,738.49	0.28	-45.84	The main reason is the subsidiary, Hunan Yongshan, is not included in the scope of consolidation during the Reporting Period.
Accounts payable	3,149,272,023.43	7.01	2,321,337,124.98	5.76	35.67	The main reason is that the foreign supplier of raw materials for polarizer business began to provide the account term during the Reporting Period, resulting in the increase of payables.
Advances from customers	100,196,289.48	0.22	1,092,883.71	0.00	9,068.07	The main reason is that the Company received advance proceeds from equity transfer of RMB100 million from Quzhou Shanshan during the Reporting Period.
Tax payable	296,418,740.29	0.66	722,837,474.19	1.79	-58.99	The main reason is that the income tax of the equity transfer of Shanshan Energy in 2021 was paid within the Reporting Period.
Held-for-sales liabilities	400,317,405.67	0.89			N/A	The main reason is that the Equity Transfer Agreement of Quzhou Shanshan has been signed during the Reporting Period, and its liabilities have been transferred to the liabilities held for sale account.
Non-current liabilities due within one year	1,904,053,155.76	4.24	3,623,549,740.51	8.99	-47.45	The main reason is that the Company repaid long-term loans due within one year of RMB2.046 billion during the Reporting Period.
Estimated liabilities	62,706,582.21	0.14	31,315,748.16	0.08	100.24	The main reason is that polarizer business withheld the quality guarantee deposit of polarizer product during the Reporting Period.
Capital reserves	9,131,320,581.39	20.33	6,477,790,953.97	16.08	40.96	The main reason is that the Company's capital increase and equity

						incentive during the Reporting Period resulted in a equity premium of RMB2.669 billion.
Other comprehensive income	-150,819,889.21	-0.34	-31,679,676.99	-0.08	376.08	The main reason is the change in fair value of the Luoyang Molybdenum stock of the Company during the Reporting Period.
Minority interests	1,076,772,643.10	2.40	421,993,070.96	1.05	155.16	It was mainly because of the increase in minority interests due to the introduction of strategic cooperation of equity interest for anode materials business during the Reporting Period.

2. Overseas assets

Applicable Not applicable"

(1) Asset size

Among which, overseas assets were 307,131,758.39 (Unit: Yuan Currency: RMB), accounting for 0.68% of the total assets.

(2) Description of the relatively high proportion of overseas assets

Applicable" Not applicable"

3. Restrictions on assets as of the end of the Reporting Period

Applicable Not applicable"

As of the end of the Reporting Period, the assets whose ownership or use is restricted are referred to Note "V. (64) Assets with restricted ownership or right of use".

(IV) INDUSTRY ANALYSIS

Applicable Not applicable"

1. Analysis of operational information of lithium battery material industry

According to the data of iccsino.com, the global production of anode materials in 2022 was 1.468 million tons, an increase of 67.3% year-on-year, and the production of anode materials in China was 1.415 million tons, an increase of 74.5% year-on-year, of which the proportion of artificial graphite increased to 80%. In the first half of 2022, the price for upstream graphitization processing of anode materials rose significantly in China due to the mismatch between supply and demand of capacity; and prices began to fall in the second half of 2022 as capacity supply eased.

According to the data of iccsino.com, the global electrolyte production reached 1,017,800 tons in 2022, up 80.7% year-on-year; and the domestic electrolyte production reached 867,500 tons, up 78.4% year-on-year. Affected by the significant increase of capacity supply, the price of electrolyte and its core raw material, lithium hexafluorophosphate, both showed a significant decline.

2. Analysis of operational information of polarizer industry

Under the influence of external environment such as changing international political situation and global inflation, the global economy is in a weak growth cycle in 2022, the overall demand in the consumer electronics industry is weak, and the polarizer industry is also affected to some extent. According to Omdia's data, the global polarizer market demand in 2022 is about 552 million square meters, down 8.1% year-on-year, of which the LCD polarizer market demand is about 534 million square meters, accounting for 97%, still being the mainstream of display technology.

With the continuous transfer of display panel capacity to mainland China and the expansion of domestic replacement demand, the polarizer market demand in mainland China is growing. According to Omdia data, the polarizer market demand in mainland China was about 372 million square meters in 2022, accounting for 67% of the global polarizer market demand, showing a further improvement of the localization rate of polarizer.

(V) Analysis of investment

Overall analysis of external equity investments

√Applicable "□Not applicable"

During the Reporting Period, the Company's foreign investment was RMB5,934.2257 million, a decrease of RMB6,541.7083 million or 52.43% compared to the same period last year. Important investment projects are as follows:

Invested company name	Invested amount during the Reporting Period (RMB'000)	Main business	Equity ratio (%)	Note
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.	240,000.00	Anode	87.0770	Capital increase
Chenzhou Shanshan New Material Co., Ltd.	10,000.00	Anode	87.0770	Capital increase
Inner Mongolia Shanshan Technology Co., Ltd.	30,000.00	Anode	87.0770	Capital increase
Yunnan Shanshan New Material Co., Ltd.	31,000.00	Anode	87.0770	Investment in New subsidiaries
Sichuan Shanshan New Material Co., Ltd.	125,000.00	Anode	87.0770	Capital increase
Shanghai Shanshan New Material Co., Ltd.	46,000.00	Anode	87.0770	Capital increase
Ningbo Shanshan Silica-based Material Co., Ltd.	1,100.00	Anode	87.0770	Investment in New subsidiaries
Baotou Graphene Material Research Institute Co., Ltd.	500.00	Anode	43.5385	Capital in place
ShanJin Optoelectronics (Suzhou) Co., Ltd.	65,186.54	Polarizer	100.00	Capital in place
Taiwan Shanjin Optoelectronics Co., Ltd.	25,580.21	Polarizer	100.00	Investment in New subsidiaries
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	1,760.00	Equity investment	26.8300	Investment

1. Significant equity investments

"□ Applicable" "√ Not applicable"

2. Major Non-equity Investment

√ Applicable "□ Not applicable"

Item	Item Amount (RMB0'000)	Investment in the year (RMB0'000)	Total investments (RMB0'000)	Source of funds	Progress of project	Projected income
Integration project (phase II) of lithium-ion material anode materials in Baotou, Inner Mongolia	153,468.00	46,274.41	119,092.2	Registered capital + Self-raising	The project has been put into production	The IRR of the project is estimated to 34.9% (after tax).
The annual 200,000-ton integration project for lithium-ion material anode materials in Meishan, Sichuan	800,000.00	292,928.21	312,535.29	Self-raising + financing	The capacity of phase I project is climbing	The IRR of the project is estimated to 20.6% (after tax).
The annual 300,000-ton integration project for lithium-ion material anode materials in An'ning, Yunan	970,000.00	31,030	31,030	Self-raised funds	Civil construction in progress	The IRR of the project is estimated to 23.6% (after tax).
The annual 40,000-ton integration project for lithium-ion battery anode material of Shanshan	375,000.00	11,054.21	11,054.21	Self-raising + financing	Pile foundation construction is currently underway	The IRR of the project is estimated to 39.8% (after tax).
Annual 4,000-square-meter LCD polariser production line project in Zhangjiagang	218,700.00	86,948.47	97,380.69	Self-raising + registered capital	The equipment for Line 1 is being installed	The IRR of the project is estimated to 13.98% (after tax).
Annual 5,000-square-meter LCD polariser production line project in Mianyang	350,000.00	7,251.11	12,841.68	Self-raising + registered capital	Most of the ground leveling has been completed and preparations for the main building of the workshop are underway.	The IRR of the project is estimated to 14.06% (after tax).

3. Financial assets measured by fair value

√Applicable "□Not applicable"

Unit: Yuan Currency: RMB

Type of assets	Amount as at the beginning of the period	Changes in fair value during the current period	Cumulative fair value changes included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount in the current period	Other changes	Closing amount
Investment in other equity instruments	918,659,446.44	-169,244,856.43	-115,522,439.58					749,414,590.01
Other non-current financial assets	102,604,599.78	-1,950,000.00	1,840,000.00		97,500,000.00			198,154,599.78
Receivables financing	644,551,987.38						- 132,302,144.42	512,249,842.96
Total	1,665,816,033.60	-171,194,856.43	-113,682,439.58		97,500,000.00		- 132,302,144.42	1,459,819,032.75

Securities investment

√Applicable "□Not applicable"

Unit: Yuan Currency: RMB

Varieties of securities	Stock code	Securities Abbreviation	Initial investment costs	Source of funds	Opening carrying amount	Changes in fair value during the current period	Cumulative fair value changes included in equity	Purchase amount in the current period	Sale amount in the current period	Profit/loss on investments in the current period	Carrying value at the end of the period	Accounting item
Share certificate	ASX:HRR	Heron Resources Limited	16,473,554.10		251,006.72	-251,006.72	-16,473,554.10					Investment in other equity instruments
Share certificate	TSX: RM	DEFI TECHNOLOGIES INC	9,155,041.01		3,955,604.63	-3,772,805.93	-8,972,242.31				182,798.70	Investment in other equity instruments

Share certificate	ASX:ARL	ARDEA RESOURCES LTD			2,565,846.42	1,477,233.51	738,692.14				4,043,079.93	Investment in other equity instruments
Share certificate	ASX:GRL	GODOLPHIN RESOURCES LTD(GRL AT)			213,986.33	-93,106.44	120,879.89				120,879.89	Investment in other equity instruments
Share certificate	ASX:KAL	KALGOORLIE GOLD MINING LTD ORDINARY SHARES(KAL AU)			205,089.12	-85,240.26	119,848.86				119,848.86	Investment in other equity instruments
Share certificate	ASX:IMC	Morella Corporation Limited	225,883,583.93		37,551,450.46	-12,019,930.59	-200,352,064.06				25,531,519.87	Investment in other equity instruments
Share certificate	SH: 603993	Luoyang Molybdenum	573,000,000.00		837,000,000.00	-154,500,000.00	109,500,000.00				682,500,000.00	Investment in other equity instruments
Total	/	/	824,512,179.04	/	881,742,983.68	-169,244,856.43	-115,318,439.58				712,498,127.25	/

Private fund investment

Applicable" Not applicable"

Investment in derivatives

Applicable" Not applicable"

4. Specific progress of material assets reorganization and integration during the Reporting Period√Applicable Not applicable"

On 1 February 2021, the Company successfully completed the acquisition of LG Chem's LCD polarizer business and related assets (hereinafter referred to as the "Major Asset Purchase") in mainland China. After the completion of delivery of the Major Asset Purchase in Mainland China, the Company incorporated the LCD polarizer business into its main business scope and brought the polarizer business-related shareholding companies and their subsidiaries under full management in accordance with the management requirements of the subsidiaries, and at the same time, promoted the integration of its business, assets, finance, personnel and organization in an orderly manner on the basis of ensuring its normal operation and management. For details, please refer to the 2021 Annual Report of the Company's 2021 Annual Report.

The Company and LG Chem signed a letter of confirmation regarding the termination of the Taiwan delivery on 1 February 2022, which terminates the equity transfer of the new Taiwan subsidiary based on the current status of Taiwan delivery and negotiations between the parties to the transaction. That is, the Major Asset Purchase will only implement the delivery in mainland China and terminate the implementation of the delivery in Taiwan, China. For details, please refer to the "Report on the Implementation of the Major Asset Purchase by Ningbo Shanshan Co., Ltd." and other relevant announcements published on the website of the Shanghai Stock Exchange on 9 February 2022.

During the period, the polarizer business of the Company realized the main business revenue of RMB10,330,340,300, and realized the net profit attributable to the shareholders of the listed company of RMB1,394,142,200, maintaining a steady development.

Opinions of the independent directors

Since the Company completed the delivery of the Major Asset Purchase in mainland China, it has integrated the underlying assets in terms of business, assets, finance, personnel and institutions, and achieved effective control over the underlying assets.

During the period, the underlying assets as a whole achieved sound development. We believe that the Company's integration measures for the underlying assets have played their due role and the integration work has progressed with good results, which is in the interest of the Company and all its shareholders.

(VI) DISPOSAL OF MAJOR ASSETS AND EQUITY INTEREST√Applicable Not applicable"**Sale of 100% equity interest in Hunan Yongshan**

On 6 January 2022, the 24th Meeting of the tenth Session of the Board of Directors and the 15th Meeting of the tenth Session of the Supervisory Committee of the Company deliberated and approved to transfer 100% equity of Hunan Yongshan held by Ningbo Yongshan, a wholly-owned subsidiary, to Jinzhou Jixiang Molybdenum Co., Ltd., a related party of the Company, to focus on the development of the Company's core business, optimize the allocation of resources and enhance the core competitiveness of the Company.

On 25 January 2022, this equity transfer completed the industrial and commercial change registration. As of 17 January 2023, the Company has received the full amount of the equity transfer as agreed.

Sale of part of the equity interests of Quzhou Shanshan

On 8 December 2022, in order to further focus on the development of the core business of the Company, optimize the allocation of resources and continuously enhance the core competitiveness of the Company, the general manager's office meeting of the Company considered and agreed that Yongquan Investment, a wholly-owned subsidiary of the Company, would transfer 51% of its equity interest in Quzhou Shanshan to Sunyes Electronic Manufacturing (Guangdong) Holding Co., Ltd.. Upon completion of the transfer of shares, the Company's shareholding in Quzhou Shanshan will be reduced from 82.25% to 31.25%, and the Company will no longer control over Quzhou Shanshan.

On 17 February 2022, this equity transfer has been completed. As of the delivery date, the Company has received 51% of the equity transfer payment as agreed, and the Company will actively follow up the recovery of the remaining equity transfer payment in accordance with the agreement.

Sale of part of the equity of Shanshan brand

In 2020, the Company sold part of its equity interest in Shanshan brand company, a subsidiary engaged in the clothing business, which would be no longer included in the Company's consolidated statements as of July 2020. As of the date of issuance of this report, the Company has received a total of RMB118.2019 million of equity transfer, and will continue to follow up and urge the counterpart to pay the balance.

(VII) ANALYSIS OF MAJOR COMPANIES IN WHICH THE COMPANY HAS INVESTED

√Applicable "□Not applicable"

Unit: 10,000 Currency: RMB

Holding subsidiary	Main operations	Registered capital	Equity ratio	Total ending assets	Ending net assets	Operating revenue during the Reporting Period	Profit during the Reporting Period
Shanjin Optoelectronics (Suzhou) Co., Ltd.	Production, processing and R&D of LCD polarisers	USD 1.1 billion	100.00	888,256.29	713,452.41	10,993.90	2,371.37
Shanjin Optoelectronics (Guangzhou) Co., Ltd.		170,000.00	100.00	591,240.92	263,728.36	457,981.32	45,140.54
Shanjin Optoelectronics (Nanjing) Co., Ltd.		380,000.00	100.00	723,978.31	572,603.41	747,625.60	100,698.93
Shanjin Optoelectronics (Beijing) Co., Ltd.		9,072.61	100.00	30,929.75	26,524.23	57,854.78	2,922.07

Shanjin Optoelectronics Technology (Zhangjiagang) Co., Ltd.		90,000.00	100.00	114,183.90	59,056.48		-636.26
Shanjin Optoelectronics (Mianyang) Co., Ltd.		100,000.00	100.00	28,258.96	25,439.93		-384.22
Taiwan Shanjin Optoelectronics Corporation Limited		NTD1.5 billion	100.00	22,163.77	14,637.00	9,728.44	-1,644.37
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.	R&D, production and sale of lithium-ion battery anode materials and carbon materials	118,200.00	87.0770	686,489.85	583,071.85		-1.39
Ningbo Shanshan New Material Technology Co., Ltd.		230,000.00	87.0770	477,670.92	252,583.56	354,699.91	8,878.88
Shanghai Shanshan Technology Co., Ltd.		30,000.00	87.0770	135,048.04	60,623.09	127,285.73	9,716.17
Chenzhou Shanshan New Material Co., Ltd.		20,000.00	87.0770	62,775.44	34,101.00	77,861.24	5,575.24
Fujian Shanshan Technology Co., Ltd.		20,000.00	87.0770	85,217.80	34,978.23	133,209.32	8,085.20
Huzhou Shanshan New Energy Technology Co., Ltd.		6,000.00	87.0770	44,274.27	16,914.52	99,435.68	3,998.24
Shanghai Shanshan New Material Co., Ltd.		100,000.00	87.0770	350,611.92	145,058.30	834,341.62	22,044.05
Inner Mongolia Shanshan Technology Co., Ltd.		130,000.00	87.0770	373,658.64	152,833.46	423,765.09	12,352.48
Inner Mongolia Shanshan Material Technology Co., Ltd.		5,000.00	87.0770	9,455.91	9,066.99		2,977.44

Inner Mongolia Shanshan New Material Co., Ltd.		40,000.00	87.0770	173,349.19	70,340.55	77,484.56	24,216.84
Sichuan Shanshan New Material Co., Ltd.		200,000.00	87.0770	425,047.47	173,237.18	103,864.97	-184.52
Yunnan Shanshan New Material Co., Ltd.		50,000.00	87.0770	35,319.32	30,825.95		-174.05
Ningbo Shanshan Silica-based Material Co., Ltd.		50,000.00	87.0770	11,353.35	10,844.88		-155.12
Dongguan Shanshan Battery Material Co., Ltd.	R&D, production and sale of lithium-ion battery electrolyte	10,000.00	100.00	33,799.40	22,321.38	29,469.42	2,121.22
Xinya Shanshan New Material Technology (Quzhou) Co., Ltd.		26,405.00	82.25	104,565.94	67,366.55	98,403.37	14,256.40
Ningbo Shanshan Venture Capital Co., Ltd.	Venture capital and industrial investment	100,000.00	100.00	112,103.36	109,238.86		6,566.17
Ningbo Ulica SOLAR Co., Ltd.	Manufacturing, processing and sales of solar and wind power generation equipment and accessories, semiconductor materials	15,000.00	90.035	99,680.34	20,522.44	165,043.56	-498.23
Shareholding subsidiary	Main operations	Registered capital	Equity ratio	Total assets	Assets (net)	Operating revenue	Net profits
BASF Shanshan Battery Materials Co., Ltd.	R&D, production and sale of lithium-ion battery cathode materials	57,884.55	49.00	914,580.60	560,891.47	828,501.40	105,627.77

Zhejiang Chouzhou Commercial Bank Co., Ltd.	Raise public deposits, issue loans and handle domestic settlement, etc	420,000.00	7.06	32,702,136.40	2,488,477.46	843,594.58	191,921.68
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(VIII) Structured entities under the control of the Company

" Applicable" " Not applicable"

VI. THE COMPANY'S DISCUSSION AND ANALYSIS REGARDING THE COMPANY'S FUTURE DEVELOPMENT

(I) STATUS AND TRENDS OF THE INDUSTRY

√Applicable Not applicable

1. Lithium battery materials business

According to Clean Technica, under the global practice of "carbon neutrality" initiative, global sales of new energy vehicles reached RMB10.09 million units in 2022, up 56.4% year-on-year, and the penetration rate rose from 9% in 2021 to 14%, and the penetration rate is expected to continue to rise in the future. According to Gaogong Lithium Battery's estimation, by 2025, the global penetration rate of new energy vehicles will reach more than 25%, driving global power battery shipments to reach 1.55TWh, officially entering the era of TWh; and in addition to energy storage battery market shipments, it is expected to reach 1.85TWh by 2025, an increase of more than 4.5 times over the shipment in 2021. The booming development of downstream new energy vehicles and energy storage industry will drive the lithium-ion battery anode material industry to continue to grow rapidly. Based on the differentiated demand in the downstream end-user market, such new anode products as silicon-based anode material and hard carbon material will also accelerate the industrialization process in addition to the continuous iterative upgrading of existing artificial graphite.

With the gradual release of new production capacity in the industry and the change of supply-demand relationship in the anode materials industry, coupled with the downstream appeal for cost reduction being transmitted upstream, the market is expected to become competitive, especially in the field of mid- and low-end products with high homogeneity, which will present low-price competition. The intensification of market competition will accelerate the industry reshuffle and clearance of low-end inefficient capacity, and is expected to further increase the market concentration. The leading enterprises in the anode industry with advantages in R&D innovation, differentiated products and cost are expected to gain higher market share in the changing industry consolidation. As a leader in anode material, the Company always adheres to taking technological innovation as the engine, continuously improves manufacturing operation capability, deepens the cost reduction and efficiency increase, provides first-class products and services to customers, and achieves steady increase in global market share.

2. Polariser business

As polarizer business has high technical, capital, certification and other industry barriers, as well as high market concentration, the global polarizer capacity is mainly concentrated in the main polarizer manufacturers, such as Shanjin Optoelectronics, Sumitomo Chemical, Nitto Denko, etc. According to CINNO Research data, in 2022, the capacity of the world's top ten manufacturers accounted for 97%, among which the capacity of the top five manufacturers accounted for 78%, showing a fairly stable industry pattern.

With the gradual recovery of consumer electronics demand and driving force of the new demand of "digitalization" and "new cycle of replacement", the consumer electronics industry will resume growth, coupled with the development trend of large-size display products, the market demand area of polarizer will show a steady growth. According to Omdia's forecast, from 2022 to 2026, the global polarizer market

demand area will maintain a CAGR of more than 5%, in particular, the large-size polarizer market demand growth is significant, among which the CAGR of 65 inches and above polarizer demand area is as high as 15%.

In addition, as the continuous transfer of display panel production capacity to mainland China and the expansion of domestic replacement demand, the polarizer market demand in mainland China is growing. Omdia predicts that in the next five years from 2022 to 2026, the CAGR of the market area of polarizer in mainland China will hover around 9%; and it is expected that the market area of polarizer in mainland China will account for nearly 80% of the global market area by 2026, and the localization rate of polarizer will be further enhanced.

The Company will continue to expand its leadership in the large size segment, and accelerate the research and development of new technologies and products in high-end small- and medium-sized products, OLED, VR/AR and in-vehicle module, etc. to fully grasp the historical opportunity brought by the local substitution in display panel industry, continuously improve its global market share and consolidate its global leading position.

(II) Our Development Strategies

Applicable Not applicable

With the vision of "building a respected global high-tech enterprise and achieving sustainable and quality development", the Company focuses on the development of its two core businesses of lithium-ion battery anode material and polarizers, and takes technological innovation as the engine, continuously improves manufacturing operation capability, deepens cost reduction and efficiency increase, and steadily increases global market share, so as to strengthen its leading position in the industry.

1. Anode material business

In terms of its anode material business, the Company insists on the value orientation of "deeply empowering customers' needs" and commits to providing customers with world-class products and services:

——With innovation and R&D as the core, based on the vertical product layout of "one generation of development, application and reserve", we always maintain the leading position in product technology and lead the development of the industry;

——We created a differentiated strategy based on market segments, and provide customers with the most cost-effective products through raw material customization, process innovation, and large production line operations to increase global market share;

——We continued to promote cost reduction, and expand the space for cost reduction through raw material innovation, iterative upgrading of manufacturing technique, and optimization of production bases and production line operations to improve profitability; and

——We accelerated the expansion of overseas markets, and actively cooperated with the needs of downstream customers to start the construction of overseas production capacity base in time, in order to continue to expand overseas market share.

2. LCD Polariser business

In terms of its polarizer business, the Company always upholds the core value of "quality and innovation" and commits to becoming a global leader in polarizer business:

——By increasing the investment in innovation and R&D and actively promoting the construction of global polarizer R&D center, we strengthened the research and development strength, and ensured the sustainable competitiveness of products;

——We intensified the development of new products based on the market differentiation demand, continuously enriched the product matrix, and expanded downstream applications, so as to further improve the global market share;

——We continued to promote manufacturing process innovation and strove to create the ultimate manufacturing to provide customers with better quality products and improve operational efficiency to reduce costs; and

——We accelerated the localization of raw materials and the development and application of new materials to ensure stable and safe supply of raw materials and enhance product competitiveness.

In the future, the Company will comprehensively accelerate the development of the above core business strategy, constantly strengthen the Company's leading position in the anode material and polarizer industry, realize the steady increase of the Company's global market share and the steady growth of long-term profitability, and become a world-class high-tech enterprise.

(III) Business plan

√Applicable "□Not applicable"

1、Anode material business

(1) Creating a diversified and differentiated product matrix, and continuously promoting product iteration and upgrade

In terms of product layout, we have built a diversified and differentiated product matrix according to the differentiated needs of the downstream market; in the field of consumption, we constantly promoted the iteration and upgrade of product energy density and fast charge performance, and expand the technological lead; in the power field, we have achieved full coverage of 2-10C for fast charge products, which will accelerate the increase of its market share; in the energy storage field, we have developed low-cost, long-cycle products, and achieved 340/350 long-cycle product development and mass production; and in terms of silicon-based anode material, we will accelerate the R&D and mass production application of the third/fourth generation of silicon oxygen products, as well as the testing and industrial application of the new generation of silicon-carbon with high capacity and high first-cycle efficiency.

(2) Continuously promoting the customized control of raw materials and improving product competitiveness

Anode raw materials have become a key factor affecting product performance, quality and cost. The controllability of raw materials plays a core role in the production and manufacturing of anode material enterprises. Relying on years of technical strength, the Company has realized the customized control of raw materials according to product performance and characteristics, and has taken the lead in the industry.

(3) Continuously promoting the iterative upgrade and innovation of manufacturing process

In terms of product process route, we have created the latest graphite modification technology to address the bottleneck of artificial graphite performance, and customized the development of the limit graphite process for mass production, achieving a leap forward in energy density and fast charge performance.

Equipment innovation of new plant: we have achieved all-round innovation in terms of new plant equipment to form the first large-scale factory for continuous graphite production in the industry, improve equipment utilization and automation, and effectively reduce the cost of investment per ton.

Graphitization process improvement and innovation: we continuously promoted the improvement of the existing graphitization process, and accelerated the development and application of continuous graphitization technology, to achieve graphitization process innovation, so as to significantly reduce the energy consumption and cost per ton of graphitization.

(4) Comprehensively optimizing production and operation to expand the space for cost reduction

Product fixed-line production: we centralized production of products and established “large production lines for large products”, which significantly improved the product yield rates and stability, reduced the cost loss caused by frequent changing of lines as well as loss in logistics.

Nearby upstream and downstream layout: relying on the integrated factory, we developed upstream raw materials nearby and covered the needs of surrounding downstream customers to create the optimal supply chain featuring lower costs and faster response.

(5) Accelerating the expansion of overseas markets and actively promoting plans for the construction of overseas production capacity

2、 With the promotion of the global carbon neutrality strategy, there is a strong demand for supporting the overseas lithium battery industry chain. The Company will actively increase its efforts in overseas market expansion, and will timely start overseas capacity construction according to the supporting needs of downstream customers, so as to respond to customer demand faster and expand overseas market share.**LCD Polariser business**

(1) Continuously promoting the iteration and innovation of LCD polarizers

The Company will continue to promote the iterative upgrade and innovation of LCD polarizer products. In the large-size field, the Company will focus on improving the optical performance of large-size polarizers and strengthening its competitiveness in high-end applications and super-size applications. In the small- and medium-sized area, the Company will focus on promoting the development and application of small- and medium-sized polarizers in terms of differentiated needs in order to accelerate its share in the high-end small- and medium-sized market.

(2) Accelerating the R&D and application of new technologies and new materials

The Company will accelerate the application of new technologies in the display field and continuously expand the demand-side application scenarios. Since 2021, the company has set up a special OLED R&D department to focus on the research and development of OLED polarizers for TVs and small- and medium-sized products, and at present, the polarizers for OLED cell phones have passed customer certification, and the polarizers for OLED TVs have completed independent development and are at the customer certification stage. In 2023, the Company will accelerate product certification and mass production supply. In terms of virtual display technology, the Company will promote the certification and mass production of polarizer for VR displays, and the R&D and application of module-end products. In terms of in-vehicle display technology, the Company has completed the relevant technology and patent reserves and is accelerating product development.

In terms of material development, the Company will continue to strengthen its capability in new material R&D to meet diversified customer needs and enhance product competitiveness. The Company will continue to introduce new green and environment-friendly adhesives to effectively reduce VOCs emissions. At the same time, the Company will continue to promote the application and research of UV hardening technology, continue to promote energy saving and emission reduction, and help the development of green low-carbon economy.

(3) Accelerating the construction of global R&D centers to fully expand the leading edge of technology

In 2023, the Company will accelerate the investment and construction of the global polarizer R&D center, strengthen industry-university-institution cooperation, actively introduce innovative talents, increase investment in research and development, and promote the development of new technologies, products and applications. As of the disclosure date of this report, we have signed the investment agreement for the R&D center project, and will focus on promoting project construction in 2023.

(4) Focusing on fine innovation and continuous improvement of overall operational efficiency

In 2023, the Company will continue to promote fine innovation and improve its operational efficiency, and will take multi-dimensional measures: to further improve the speed of production line operation through fine productions; to reduce material loss rate while ensuring product quality through material

innovation and development; and to improve first pass yield and yield of product through manufacturing process improvement and upgrade, so as to further improve overall operational efficiency and reduce costs.

(5) Continuously strengthening the partnership with upstream and downstream

The Company will continue to strengthen the cooperative relationship with downstream mainstream panel manufacturers, namely, BOE, HChina Star Optoelectronics Technology Co., Ltd (CSOT), LG Display, Sharp, Xianyang CaiHong Optoelectronics, HKC, Tianma and Qunchuang. With the advantages of front-end capacity and back-end RTP/RTS supply, the Company will achieve stable product supply, and achieve win-win cooperation and development with customers with excellent product quality and service. At the same time, the Company will continue to deepen the cooperative relationship with upstream suppliers, promote the localization of upstream raw materials, and ensure the supply stability and security of upstream materials.

The above business plan does not constitute a performance commitment by the Company to investors. Investors are advised to maintain sufficient risk awareness and shall understand the difference between business plans and performance commitment.

(VI) Risk exposures

√Applicable "□Not applicable"

1. Policy Risks

The core business of the Company are all the key industries supported by the State, and the relevant policies of the State on lithium-ion batteries and the LCD polariser industry will somewhat affect the Company's operation.

Countermeasures: to improve profitability through continuous technological innovation to address the impact of the adjustment in State's support policies; Continue to pay attention to the relevant policies of the national and local governments, conduct sufficient research and demonstration in the industrial input, and timely adjust the business input to reduce the impact of uncertainty caused by policy fluctuations.

2. Market competition risks

With the support of the State for the new energy industry, new players are attracted to enter and compete in the lithium battery material industry through direct investment, industrial transformation or merger and acquisition. At the same time, the existing lithium battery material enterprises have expanded their capacity, causing the tendency of fiercer market competition. In case of future weaker-than-expected market demand, the market may suffer from structural and staged overcapacity, alongside the increasingly fierce market competition.

The display panel industry will briefly see a downtrend and the demand for LCD polarizers may weaken because of the mass production of domestic high-generatrix LCD panels and changes in downstream demand. As a result, competition among polariser manufacturers will intensify.

Countermeasures: to address the risk of increasing market competition, the Company will continue to enhance its competitiveness by persisting with technological innovation, product upgrading and fine management.

3. Risks of fluctuations in raw material prices

The main raw materials for the lithium-ion battery anode material business of the Company include petroleum coke and needle coke, and the cost of raw materials comprises a large proportion of its cost of anode products. The supply price of raw materials will fluctuate to different degrees under the influence of market supply and demand relations. In case the pressure of rising raw material price cannot be transferred to the downstream or the pressure of rising cost cannot be offset by technological innovation, the production and operation of the Company will be partly affected.

LCD polariser raw materials are mainly concentrated in relevant enterprises in Japan and South Korea, especially PVA films and TAC films. The possible great change to the operation of upstream raw material or the foreign trade environment will add to the uncertainty for the Company's production and operation in the LCD polariser business.

Countermeasures: to track the price fluctuation of upstream raw materials in real time, deepen the cooperation with upstream raw material suppliers, and optimise the supply chain system, so as to secure the Company's raw materials supply chain and reduce the risk of cost fluctuations.

4. Risks of development of new products and technologies

Lithium-ion batteries, the secondary battery most widely used and with maturing technology and industry chain support after many years of development, are therefore expected to prevail in the market for a long foreseeable period. But with changes in end-user demand and technological advances, other types of batteries, such as fuel batteries, lithium-sulfur batteries, and solid-state batteries, are likely to see accelerating industrialization. If the Company failed to upgrade its products or pursue innovations according to the latest technological trends its market position and profitability may suffer.

LCD trends in the display panel industry at present, but the advancing new display technologies such as OLED and Micro LED may pose a challenge to the LCD market position, thus contracting the demand and profit space of the Company's LCD polariser business.

Countermeasures: The Company will continue to bolster R&D innovation on the back of its solid technological accumulation and outstanding R&D capacity to maintain its leading-edge technology.

5. Risk of changes in the international trade environment

The current international environment is becoming increasingly complex, with geopolitical conflicts, trade protectionism and other factors exacerbating the instability of the international trade environment and significantly increasing the instability and uncertainty of the global supply chain. Based on the protection and localization requirements of the local industrial chain in Europe and the United States and other major countries and regions, relevant industrial policies may not be conducive to the development of domestic lithium battery overseas market, and may also affect the procurement demand of the Company's overseas customers.

Countermeasures: to actively pay attention to changes in the international trade environment, strengthen communication with overseas customers, plan overseas factories according to customer needs, and localize the supply chain in overseas markets.

6. Exchange rate risk

As part of the Company's procurement and sales come from overseas, the settlement with overseas payment channels involves USD, Euro and other currencies. This may come with some exchange rate fluctuation risk.

Countermeasures: to keep an eye on the exchange rate dynamics, take into account the corresponding exchange rate fluctuation risks in signing contracts, and use relevant financial instruments reasonably and prudently to avoid exchange rate risks.

VII. Failure to Disclose as Per Rules Due to Inapplicability or Special Reasons, Such as State Secrets and Business Secrets

Applicable" Not applicable"

Section IV Corporate Governance

I. Description of Corporate Governance

√Applicable □Not applicable

During the Reporting Period, the Company continuously improved its corporate governance structure and internal management systems in accordance with the requirements of laws and regulations such as the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies* and *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* while taking into account the Company's actual situation. As of the end of the annual report period, the Company was in compliance with corporate governance requirements applicable to Chinese companies publicly listed on the Shanghai Stock Exchange with respect to all significant matters.

1. Shareholders and General Meeting

The Company strictly complied with the requirements of the *Rules for General Meetings of Listed Companies* issued by the CSRC to regulate the procedures of calling and holding of and voting at general meetings and ensure that all shareholders, especially minority shareholders, enjoy equal right to be informed and the rights to be exercised. For decision-making on major matters, the Company strictly fulfilled the procedures of approval at general meetings and engaged intermediaries qualified in securities practice and lawyers to issue opinions to ensure scientific, fair and lawful decision-making. Six general meetings were held during the year. The holding thereof, the number of shareholders present thereat and representative shares were in compliance with the relevant provisions of the *Company Law* and the *Articles of Association*, and the shareholders present thereat were able to fully exercise their voting rights independently.

2. Controlling Shareholder and Listed Company

The Company's controlling shareholder conducted itself in a standardized manner, exercised its rights as a contributor through the general meeting and did not bypass the general meeting to interfere directly or indirectly with the Company's decision-making and operations. The Company was separated from its controlling shareholder in terms of personnel, assets and financial affairs, and independent in institution and business. The Company's Board of Directors, Supervisory Committee and management are able to operate independently, and the Company has independent and complete business and independent operation capability.

3. Directors and Board of Directors

During the Reporting Period, the Board of Directors of the Company operated in strict compliance with the relevant requirements of the *Company Law*, the *Articles of Association* and the *Rules of Procedure of the Board of Directors*, and all directors performed their duties carefully, actively participated in relevant business training and studied the spirit of relevant laws and regulations. The rights, obligations and responsibilities of the directors are clear, and the composition of the Board of Directors is in compliance with the laws and regulations. The Company has well-established independent director system.

4. Supervisors and Supervisory Committee

The Company selected and appointed supervisors in strict accordance with the procedures for the selection and appointment of supervisors stipulated in the Articles of Association. The number of supervisors and the composition of the Supervisory Committee were in compliance with the requirements of laws and regulations and the Articles of Association. During the Reporting Period, the supervisors of the Company carefully performed their duties and effectively supervised the production and operation, financial status of the Company as well as the compliance of the directors and senior management with laws and regulations in performing their duties, ensuring the normative operation and management and safeguarding the legitimate rights and interests of the Company and its shareholders.

5. Performance Evaluation and Incentive and Restraint Mechanism

The Company establishes and gradually improves a fair and transparent performance evaluation and assessment system and incentive and restraint mechanism for directors and managers, linking the remuneration of senior executives with benefits. Allowances for directors, supervisors and independent directors are determined by the general meeting. The appointment of senior executives was open, transparent and in compliance with the relevant laws and regulations.

6. Stakeholders

The Company fully respected and safeguarded the legitimate rights and interests of stakeholders and balanced the interests of shareholders, creditors, employees and society. All stakeholders jointly promoted the sustainable and healthy development of the Company.

7. Establishment and Implementation of the Registration and Management System for Insiders

The Company has established the *Registration and Management System for Insiders* in accordance with the relevant provisions of the CSRC's *Regulations on the Establishment of Registration and Management System for Insiders of Insider Trading by Listed Companies*. During the Reporting Period, the Company strictly implemented the *Registration and Management System for Insiders* in accordance with the above-mentioned regulations and properly registered the insiders of relevant insider information to prevent leakage of insider information and ensure fair and equitable disclosure of information.

Reasons should be provided for any discrepancies between the corporate governance of the Company and the laws, administrative regulations, and the relevant requirements of the CSRC on the governance of listed companies.

Applicable Not applicable

II. The Specific Measures Taken by the Controlling Shareholders or De Facto Controllers of the Company to Ensure the Independence of the Company's Assets, Personnel, Finance, Institutions and Business, as well as the Solutions, Work Progress and Follow-Up Work Plans Taken to Affect the Independence of the Company

Applicable Not applicable

The controlling shareholders, de facto controllers and other units under their control are engaged in the same or similar business as the Company, and the impact of competition or significant changes in competition on the Company, the measures taken to solve the problem, the progress of the solution and the follow-up solution plans

Applicable Not applicable

III. General Meetings

Meeting	Convening date	Designated website for publication of the poll results	Date of publication of the poll results	Meeting resolution
The First Extraordinary General Meeting for 2022	14/3/2022	Website of the SSE at www.sse.com.cn	15/3/2022	For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE.
2021 Annual General Meeting	10/5/2022	Website of the SSE at www.sse.com.cn	11/5/2022	
The second special shareholders' meeting for 2022	8/7/2022	Website of the SSE at www.sse.com.cn	9/7/2022	
The Third Extraordinary General Meeting for 2022	29/8/2022	Website of the SSE at www.sse.com.cn	30/8/2022	
The Fourth Extraordinary General Meeting for 2022	7/11/2022	Website of the SSE at www.sse.com.cn	8/11/2022	
The Fifth Extraordinary General Meeting for 2022	30/12/2022	Website of the SSE at www.sse.com.cn	31/12/2022	

Preferred shareholders whose voting rights have been restored requested an Extraordinary General Meeting

Applicable Not applicable

Particulars of general meetings

Applicable Not applicable

About the additional interim proposal in the 2021 Annual General Meeting

On 20 April 2022, the Company announced the convening of the 2021 Annual General Meeting. On 26 April 2022, Shanshan Group, the controlling shareholder of the Company, proposed in writing to the Board of Directors to submit the *Proposal on the Project of Ningbo Shanshan's Subsidiary to Invest in the Construction of lithium-ion Battery Anode Material Integration Base* as a provisional proposal to the 2021 Annual General Meeting of the Company for deliberation. The Board of Directors of the Company has made an announcement in accordance with the relevant provisions of the *SSE Guidelines No.1 on the Application of Self-Regulation Rules for Listed Companies -Regulated Operations*. For details, please refer to the Company's announcement on the website of the Shanghai Stock Exchange on 27 April 2022.

About the postponement of and additional interim proposal in the second Extraordinary General Meeting of 2022

On 21 June 2022, the Company announced the notice of the second Extraordinary General Meeting of 2022. On 27 June 2022, Shanshan Group, the controlling shareholder of the Company, proposed in writing to the Board of Directors to submit the *Proposal on the Project of Ningbo Shanshan's Subsidiary to Invest in the Construction of lithium-ion Battery Silicon-based Anode Material Integration Base* as a provisional proposal to the second Extraordinary General Meeting of 2022 of the Company for deliberation. Due to coordinated arrangement of meetings, the Board of Directors deliberated and agreed upon the postponement of the second Extraordinary General Meeting in 2022 from 6 July 2022 to 8 July 2022. The Board of Directors of the Company has made an announcement in accordance with the relevant provisions of the *SSE Guidelines No.1 on the Application of Self-Regulation Rules for Listed Companies*

- *Regulated Operations*. For details, please refer to the Company's announcement on the website of the Shanghai Stock Exchange on 28 June 2022.

IV. Directors, Supervisors and Senior Management

(I) Particulars of Changes in the Shareholding and Remuneration of Existing and Resigned Directors, Supervisors and Senior Management during the Reporting Period

√Applicable □Not applicable

Unit: share

Name	Position held (note)	Gender	Age	Date of commencement of service term	Date of end of service term	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shares during the year	Reasons of change	Total Remuneration received from the Company during the Reporting Period (before tax) (RMB ten thousand)	Whether received remuneration from connected person(s) of the Company
Zheng Yonggang	Former chairman	Male	65	28/12/2020	10/2/2023	655,267	655,267	0	/	441.19	Yes
	Former director			30/9/2020	10/2/2023						
Zheng Ju	Chairman	Male	32	23/3/2023	17/5/2023	0	0	0	/	0.00	Yes
	Director			23/3/2023	17/5/2023						
Zhuang Wei	Vice chairman	Male	57	28/12/2020	17/5/2023	2,392,500	4,857,500	2,465,000	Exercise of stock options	301.19	No
	Director			18/5/2020	17/5/2023						
Li Zhihua	General Manager	Male	55	18/5/2020	17/5/2023	2,392,500	4,857,500	2,465,000	Exercise of stock options	281.19	No
	Director			18/5/2020	17/5/2023						
Yang Feng	Director	Male	40	18/5/2020	17/5/2023	1,435,500	2,914,500	1,479,000	Exercise of stock options	11.09	Yes
	Former Deputy General Manager			18/5/2020	9/2/2022						
Li Fengfeng	Director	Female	43	18/5/2020	17/5/2023	1,435,500	3,364,500	1,929,000	Exercising share	111.19	No

									options and granting restricted shares		
Peng Wenjie	Director	Male	48	18/5/2020	17/5/2023	1,531,200	3,108,800	1,577,600	Exercising share options	1.19	Yes
Shen Yunkang	Director	Male	60	18/5/2020	17/5/2023	0	0	0	/	1.19	Yes
Zhang Chunyi	Independent director	Male	60	18/5/2020	17/5/2023	0	0	0	/	10.74	No
Xu Yanxiu	Independent director	Male	57	18/5/2020	17/5/2023	0	0	0	/	10.74	No
Qiu Bin	Independent director	Male	53	18/5/2020	17/5/2023	0	0	0	/	10.74	No
Zhu Jingtao	Independent director	Male	45	30/9/2020	17/5/2023	0	0	0	/	10.74	No
Zhao Zhigang	Deputy general manager	Male	50	14/11/2022	17/5/2023	0	0	0	/	37.12	No
Gao Ming	Deputy general manager	Male	52	14/11/2022	17/5/2023	0	0	0	/	37.12	Yes
You Hai	Deputy general manager	Male	44	14/11/2022	17/5/2023	0	0	0	/	16.44	No
Xu Zhiliang	Deputy general manager	Male	57	28/4/2021	17/5/2023	0	0	0	/	100.00	No
Li Keqin	Chief Financial Officer	Male	48	11/1/2021	17/5/2023	0	0	0	/	70.00	No
Chen Ying	Board secretary	Female	41	28/12/2020	17/5/2023	1,100,550	2,234,450	1,133,900	Exercising incentive	60.00	No

									share options		
Lin Feibo	Convenor of the Supervisory Committee	Female	35	18/5/2020	17/5/2023	0	0	0	/	20.60	No
Hong Zhibo	Supervisor	Female	42	18/5/2020	17/5/2023	0	0	0	/	25.60	No
Xu Chao	Supervisor	Female	33	18/5/2020	17/5/2023	0	0	0	/	1.89	Yes
Total	/	/	/	/	/	10,943,017	21,992,517	11,049,500	/	1,559.96	/

Name	Primary working experience
Zheng Yonggang	Former chairman of the Company. He had served as the chairman of Ningbo Shanshan Co., Ltd., Shanshan Group Co., Ltd., and Shanshan Holdings Co., Ltd., chairman of the board of directors of Shanshan Holdings Co., Ltd., and actual controller of the Company.
Zheng Ju	Chairman of the Company. Incumbent chairman and president of Shanshan Holdings Co., Ltd. and director of Shanshan Group Co., Ltd.
Zhuang Wei	Vice chairman of the Company. He had served as the general manager of Ningbo Shanshan Venture Capital Co., Ltd., general manager of Ningbo Shanshan Co., Ltd., and chairman and general manager of Ningbo Shanshan Co., Ltd.
Li Zhihua	Director and general manager of the Company. He had served as the chairman of Dongguan Shanshan Battery Materials Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd. and Hunan Shanshan Energy Technology Co., Ltd., and the deputy general manager, chairman and general manager of Ningbo Shanshan Co., Ltd.
Yang Feng	Director of the Company. He had served as the deputy chief member of the finance and accounting department of the Ningbo branch of China Development Bank, chief member of the sales department and deputy director of the first office of corporate business department of the Ningbo branch of Export-Import Bank of China, and the director, CFO and deputy general manager of Ningbo Shanshan Co., Ltd. He is the incumbent chairman and general manager of Jinzhou Jixiang Molybdenum Co., Ltd.
Li Fengfeng	Director of the Company. She had served as the deputy director of the planning department, head of the president's office, the assistant to the president and the vice president of Shanshan Holdings Co., Ltd. She is the incumbent chairman of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. and its subsidiaries.
Peng Wenjie	Director of the Company. He had served as the deputy general manager and general manager of Hunan Shanshan Energy Technology Co., Ltd. He is the incumbent executive vice president, chief technical officer and chief operating officer of BASF Shanshan Battery Materials Co., Ltd.
Shen Yunkang	Director of the Company. He had served as the head of the human resources department, head of the president's office and the assistant to the president of Shanshan Group Co., Ltd. He is the incumbent director and vice president of Shanshan Group Co., Ltd.
Zhang Chunyi	Independent director of the Company. He has been working at the Shanghai Open University (formerly Shanghai TV University) since 1984 and is currently the dean and associate professor of the accounting and finance department of the faculty of economics and management of the Shanghai Open University.
Xu	Independent director of the Company. He serves as a legislative consulting expert of the Standing Committee of Ningbo Municipal People's Congress,

Yanxiu	a member of the Supervision and Judicial Work Committee of the 15th Standing Committee of Ningbo Municipal People's Congress, the deputy supervisor of the Ningbo Lawyers Association and an arbitrator of Ningbo Arbitration Commission. He is the head and managing partner and the first-class lawyer of Grandall (Ningbo) Law Firm.
Qiu Bin	Independent director of the Company. He has been working at Tsinghua University since August 1998 and is engaged in the design and development of electric vehicles. He is currently an associate researcher of the faculty of vehicles and transportation of Tsinghua University.
Zhu Jingtiao	Independent director of the Company. He has been working at Tongji University since 2005 and has been committed to research in fields relating to optical thin films and relevant technology. He is currently a professor at the faculty of physics and engineering of Tongji University.
Zhao Zhigang	Deputy general manager of the Company. He had served as the deputy general manager of the general office, deputy general manager of Strategic Development Department, Secretary of Party Committee and President of Ningxia Hui Autonomous Region Branch of the Postal Savings Bank of China, and the Secretary of Party Committee and general manager, and the general manager of Finance Market Department of Shanghai Free Trade Zone Branch of China Huarong Asset Management Co., Ltd.
Gao Ming	Deputy general manager of the Company. He had served as the general manager of Shenzhen Office of Sino-Australian International Trust Co., Ltd., the general manager of South China Office of China Minsheng Trust Co., Ltd., the president of Ningbo Yilai Investment Holdings Co., Ltd., and vice president of Shanshan Holdings Co., Ltd. He is currently a director of Jinzhou Jixiang Molybdenum Co., Ltd.
You Hai	Deputy general manager of the Company. He had served as the deputy general manager and general manager of the Key Account Department and the Financial Interbank Department of China Construction Bank Shanghai Branch, assistant general manager of the Finance Market Department and Secretary of the Party Branch, chief financial officer and risk director of the Shanghai subsidiary of China Huarong International Holdings Limited.
Xu Zhiliang	Deputy general manager of the Company. He had served as the branch factory manager and deputy general manager of Jiangsu Linggu Chemical Co., Ltd, general manager of Jiangsu Jiangyan Fertilizer Co., Ltd., the deputy mayor of Jiangsu Jiangyan Municipal People's Government, and the chairman of Zhongke Wuhu Technology Park Co., Ltd.
Li Keqin	CFO of the Company. He had served as the vice president and chief financial officer of Ningbo Shanshan Fashion Clothing Branch Management Co., Ltd., the deputy CFO and head of finance division of Report of Ningbo Shanshan Co., Ltd., and vice president and CFO of Jinzhou Jixiang Molybdenum Co., Ltd.
Chen Ying	Secretary to the board of directors of the Company. She had served as the head of the securities affairs division, deputy director of the securities affairs and a representative of securities affairs of Ningbo Shanshan Co., Ltd.
Lin Feibo	Convenor of the Supervisory Committee of the Company. She had served as the securities affairs specialist and assistant to the head of the securities affairs division of Ningbo Shanshan Co., Ltd. She is currently the securities affairs representative of Ningbo Shanshan Co., Ltd.
Hong Zhibo	Supervisor of the Company. She had served as the assistant to the head, deputy head and head of the finance department of Ningbo Shanshan Co., Ltd., and as the head of the capital management department of Ningbo Shanshan Co., Ltd. She is currently the capital manager of the financial capital department of Ningbo Shanshan Co., Ltd.
Xu Chao	Supervisor of the Company. She had served as an administrative affairs specialist and assistant to the head of the administrative human resources department of Ningbo Shanshan Co., Ltd., and as the secretary to the chairman of Shanshan Group Co., Ltd. She is currently the secretary to the deputy chairman and assistant to the office director of Shanshan Group Co., Ltd.

Explanation on other information

√Applicable Not applicable

On 9 February 2022, the Board of Directors of the Company received the Resignation Report from Mr. Yang Feng, a director and deputy general manager of the Company. For work reasons, Mr. Yang Feng applied for resignation from the position of deputy general manager of the Company

On 14 November 2022, the Company held the Thirty-sixth Meeting of the Tenth Session of the Board of Directors and appointed Mr. Zhao Zhigang, Mr. Gao Ming and Mr. You Hai as vice president of the Company.

On 10 February 2023, Mr. Zheng Yonggang, the former Chairman of the Company, passed away due to illness.

On 23 March 2023, the Company held its first extraordinary general meeting of 2023 and elected Mr. Zheng Ju as a director of the tenth session of the Board of Directors of the Company.

On 23 March 2023, the Company held the 40th meeting of the 10th session of the Board of Directors and elected Mr. Zheng Ju as the chairman of the 10th session of the Board of Directors of the Company.

(II) Particulars of Engagement of Existing and Resigned Directors, Supervisors and Senior Management during the Reporting Period

1. Engagement in shareholding companies

√Applicable □Not applicable

Name	Name of shareholding company	Position held in shareholding company	Date of commencement of service term	Date of end of service term
Zheng Yonggang	Ningbo Qinggang Investment Co., Ltd.	Executive director, general manager	1/9/2014	10/2/2023
	Shanshan Holdings Co., Ltd.	Chairman of the Board of Directors	30/8/2004	10/2/2023
Zheng Ju	Shanshan Holdings Co., Ltd.	Chairman	12/2/2018	to date
	Shanshan Holdings Co., Ltd.	President	20/7/2015	to date
	Shanshan Holdings Co., Ltd.	Director	2/9/2019	to date
	Ningbo Yinzhou Jielun Investment Co., Ltd.	Executive director, general manager	19/5/2016	to date
Zhuang Wei	Shanshan Holdings Co., Ltd.	Director	12/2/2018	to date
Li Zihua	Shanshan Holdings Co., Ltd.	Director	8/4/2020	to date
Yang Feng	Shanshan Holdings Co., Ltd.	Director	9/2/2021	to date
Shen Yunkang	Shanshan Group Co., Ltd.	Director	27/8/2013	to date
	Shanshan Group Co., Ltd.	Vice president	01/2017	to date
	Ningbo Pengze Trade Co., Ltd.	Executive director	11/3/2016	to date
Gao Ming	Shanshan Holdings Co., Ltd.	Vice president	08/2018	10/2022
Xu Chao	Shanshan Group Co., Ltd.	Secretary to the chairman	1/7/2021	30/11/2022
Explanation on the engagement in shareholding companies	Nil			

2. Position at other entities

√Applicable □Not applicable

Name	Name of other company	Position held in other company	Date of commencement of service term	Date of end of service term
Zheng Yonggang	Shanghai Huixin Private Equity Fund Management Co., Ltd.	Director	13/9/2016	10/2/2023
	Shanghai Shanghaitong Network Technology Co., Ltd.	Director	27/5/2014	10/2/2023
Zheng Ju	Shanghai Xuxi Real Estate Co., Ltd.	Director	15/10/2021	to date
	Nantong Jianyu Technology Industry Co., Ltd.	Executive director	22/6/2021	to date
	Shanghai Xianyi Investment Co., Ltd.	Executive director, general manager	9/11/2016	to date
	Shanghai A Magic Core Network Technology Co., Ltd.	Director	1/12/2020	to date
Zhuang	Zhejiang Chouzhou Commercial Bank Co.,	Director	06/2011	to date

Wei	Ltd.			
	Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	Director	11/9/2017	16/8/2022
	Huixin Private Equity Fund Management Co., Ltd.	Director	10/12/2020	to date
Li Zhihua	Changsha Huashan Investment Management Co., Ltd.	Chairman	8/11/2013	to date
Yang Feng	Jinzhou Jixiang Molybdenum Co., Ltd.	Chairman and general manager	10/2/2022	10/2/2025
	Hunan Yongshan Lithium Industry Co., Ltd.	Chairman	29/8/2019	to date
	Shanghai Yongshanchuang Lithium Technology Co., Ltd.	Executive director	25/3/2022	to date
	Ningbo Shanli No. 1 New Energy Partnership Enterprise (Limited Partnership)	Executive partner	7/7/2021	to date
Li Fengfeng	Shanghai Shanchong Business Consulting Partnership Enterprise (Limited Partnership)	Executive partner	23/9/2019	to date
	Shanghai Shanhe Business Consulting Partnership Enterprise (Limited Partnership)	Executive partner	16/10/2019	to date
	Shanghai Shanhao Business Consulting Partnership Enterprise (Limited Partnership)	Executive partner	30/3/2021	to date
Peng Wenjie	Changsha Huashan Investment Management Co., Ltd.	Director and general manager	8/11/2013	to date
Zhang Chunyi	Shanghai Open University	Dean, associate professor	1984	to date
Xu Yanxiu	Grandall (Ningbo) Law Firm	Head, managing partner and the first-class lawyer	03/2019	to date
	Guangbo Group Co., Ltd.	Independent director	27/2/2017	5/3/2023
	Ningbo Marine Transport Co., Ltd.	Independent director	26/4/2018	26/4/2024
	Ningbo Baosi Energy Equipment Co., Ltd.	Independent director	22/12/2016	19/12/2022
	Ningbo Fuda Co., Ltd.	Independent director	23/4/2020	22/4/2023
Qiu Bin	Tsinghua University	Associate researcher	08/1998	to date
Zhu Jingtao	Tongji University	Professor	06/2007	to date
Gao Ming	Jinzhou Jixiang Molybdenum Co., Ltd.	Director	25/1/2019	9/2/2025
	Shanghai Shihong Technology Co., Ltd.	Director	28/9/2021	to date
	Ningbo Orient Jingxing Private Equity Fund Management Co., Ltd.	Director	13/1/2022	to date
	Shanghai Jinyuda Management Consulting Co., Ltd.	Executive director	13/9/2021	to date
Xu Zhiliang	Guilin Yaoshan Ropeway Amusement Co., Ltd.	Director	26/6/2019	to date
	Yixing Runyue Enterprise Management Co., Ltd.	Director	11/6/2019	to date
Explanation on the engagement in other companies	Nil			

(III) Particulars of Remuneration of the Directors, Supervisors and Senior Management

√Applicable □Not applicable

Decision-making procedures for the remuneration of the directors, supervisors and senior management	Directors and supervisors receive allowances in accordance with the resolutions of the general meeting; senior executives receive remuneration in accordance with the salary system and assessment measures.
Basis for determining the remuneration of the directors, supervisors and senior management	Senior management receives compensation for their work based on their position, and in consideration of the Company's actual situation according to the salary system, and assessment measures.
Particulars of actual remuneration paid to the directors, supervisors and senior management	For details, please refer to the particulars of changes in the shareholding and remuneration of directors, supervisors and senior management
Total actual remuneration received by all directors, supervisors and senior management at the end of the Reporting Period	For details, please refer to the particulars of changes in the shareholding and remuneration of directors, supervisors and senior management

(IV) Change of the Directors, Supervisors and Senior Management of the Company

√Applicable □Not applicable

Name	Position	Change	Reason for change
Zheng Yonggang	Chairman	Resigned	Passed away due to illness
Zheng Ju	Chairman	Elected	Elected by the Board of Directors
	Directors	Elected	Elected by the general meeting
Yang Feng	Deputy general manager	Resigned	For work reasons, Mr. Yang Feng applied for resignation from the position of deputy general manager of the Company and remained as a director of the Company.
Zhao Zhigang	Deputy general manager	Appointed	Appointed on board meeting
Gao Ming	Deputy general manager	Appointed	Appointed on board meeting
You Hai	Deputy general manager	Appointed	Appointed on board meeting

(V) Explanation on Punishments by Ecurities Regulatory Authorities in the Past Three Years

□ Applicable √ Not applicable

(VI) Other

□ Applicable √ Not applicable

V. Particulars of the Board Meetings Convened During the Reporting Period

Meeting	Convening date	Meeting resolution
The 23rd meeting of the 10th board of directors	4/1/2022	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE.
The 24th meeting of the 10th board of directors	6/1/2022	
The 25th meeting of the 10th board of directors	23/2/2022	
The 26th meeting of the 10th board of directors	18/3/2022	
The 27th meeting of the 10th board of directors	18/4/2022	
The 28th meeting of the 10th board of directors	26/4/2022	
The 29th meeting of the 10th board of directors	27/4/2022	

The 30th meeting of the 10th board of directors	26/5/2022	
The 31st meeting of the 10th board of directors	20/6/2022	
The 32nd meeting of the 10th board of directors	27/6/2022	
The 33rd meeting of the 10th board of directors	11/8/2022	
The 34th meeting of the 10th board of directors	17/10/2022	
The 35th meeting of the 10th board of directors	27/10/2022	
The 36th meeting of the 10th board of directors	14/11/2022	
The 37th meeting of the 10th board of directors	9/12/2022	
The 38th meeting of the 10th board of directors	26/12/2022	

VI. Performance of Duties by Directors

(I) Attendance of Directors at the Board Meetings and General Meetings

Director Name	Independent director or not	Attendance at Board meetings						Attendance at general meetings
		Attendance required for the year	Personal presence	Remote presence	Proxy presence	Absence absences	Two consecutive absences from meetings	Number of attendances at general meetings
Zheng Yonggang	No	16	16	16	0	0	No	0
Zhuang Wei	No	16	16	16	0	0	No	1
Li Zhihua	No	16	16	16	0	0	No	1
Yang Feng	No	16	16	16	0	0	No	1
Li Fengfeng	No	16	16	16	0	0	No	1
Peng Wenjie	No	16	16	16	0	0	No	0
Shen Yunkang	No	16	16	16	0	0	No	6
Zhang Chunyi	Yes	16	16	16	0	0	No	3
Xu Yanxiu	Yes	16	16	16	0	0	No	3
Qiu Bin	Yes	16	16	16	0	0	No	3
Zhu Jingtao	Yes	16	16	16	0	0	No	0

Explanation on two consecutive absences from Board meetings

Applicable Not applicable

Board meetings held during the year	16
Of which: on-site meetings	0
Meetings via communication	16
On-site meetings plus communication	0

(II) Objections Raised by Directors in Respect of Matters Related to the Company

Applicable Not applicable

VII. Specialized Committees under the Board Of Directors

Applicable Not applicable

(1) Members of specialized committees under the Board of Directors

Category of specialized committees	Name of member
Audit Committee	Zhang Chunyi (Chairman), Yang Feng, Xu Yanxiu
Nomination Committee	Qiu Bin (Chairman), Li Zhihua, Zhu Jingtao
Remuneration and Evaluation Committee	Xu Yanxiu (Chairman), Zhuang Wei, Zhang Chunyi
Strategy Committee	Zheng Yonggang (Chairman), Li Zhihua, Yang Feng, Li Fengfeng, Zhu Jingtao

Note: On 23 March 2023, the Company held the 40th meeting of the 10th session of the Board of Directors and adopted the *Proposal on Electing Mr. Zheng Ju as the Chairman of the 10th Session of the Board of Directors of the Company*. According to the relevant provisions of the *Implementation Rules of the Strategy Committee of the Board of Directors of Ningbo Shanshan Co., Ltd.*, the chairman of the Strategy Committee shall be the chairman of the Company. Accordingly, the chairman of the Strategy Committee of the 10th session of the Board of Directors of the Company was changed to Mr. Zheng Ju.

(2) During the Reporting Period, the Audit Committee held 9 meetings

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
6/1/2022	Proposal on Selling 100% Equity Interest in Hunan Yongshan Lithium Industry Co., Ltd. and Related Transaction	Adopted	Nil
7/4/2022	Review of key audit matters in the 2021 annual report, preliminary audit opinion and related financial and accounting statements, and full communication with certified public accountant for the annual audit on key audit matters and preliminary audit opinion.	Adopted	Nil
18/4/2022	I. Proposal on the Financial and Accounting Reports of the Company for 2021 Audited by the Accounting Firm; II. Proposal on the Re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Auditor of the Company for 2022; III. 2021 Annual Report of Audit Committee of the Board of Directors of Ningbo Shanshan Co., Ltd. on Duty Performance; IV. Summary Report of Audit Committee of the Board of Directors of Ningbo Shanshan Co., Ltd. on the Auditor's Audit Work in 2021; V. <i>2021 Annual Internal Control Evaluation Report of Ningbo Shanshan Co., Ltd.</i> ; VI. <i>2021 Annual Internal Control Audit Report of Ningbo Shanshan Co., Ltd.</i> ; VII. Proposal on the Provision of Guarantees for Non-controlled Company and Related Transactions; VIII. Proposal on the Estimated Amount of Related Transactions Contemplated in the Ordinary Course of Business in 2022; IX. Proposal on Capital Increase for the Company's Holding Subsidiary and Related Transactions	Adopted	Nil
27/4/2022	Proposal on the First Quarterly Report for 2022 (unaudited) of Ningbo Shanshan Co., Ltd.	Adopted	Nil

10/8/2022	Proposal on the Full Text and Summary of the Interim Report of Ningbo Shanshan Co., Ltd. for 2022	Adopted	Nil
27/10/2022	Proposal on the Third Quarterly Report for 2022 (unaudited) of Ningbo Shanshan Co., Ltd.	Adopted	Nil
1/12/2022	<i>Review of the Letter of Communication and Report on the Preliminary Audit of the Audit Committee and Independent Directors of Ningbo Shanshan Co., Ltd. for 2022</i> issued by BDO China Shu Lun Pan Certified Public Accountants LLP, and preliminary communication on matters related to the Company's financial audit work for 2022.	Adopted	Nil
6/12/2022	Determining the audit work plan and schedule for financial reporting for 2022, and clarifying the nature and scope of the audit and the proposed focus of the audit.	Adopted	Nil
8/12/2022	Proposal on the Provision of Connected Guarantee for Shanshan New Material (Quzhou) Co., Ltd.	Adopted	Nil

(3) During the Reporting Period, the Strategy Committee held 3 meetings

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
22/4/2022	Proposal on the Project of Ningbo Shanshan's Subsidiary to Invest in the Construction of Lithium Ion Battery Anode Material Integration Base	Adopted	Nil
27/6/2022	Proposal on the Project of Ningbo Shanshan's Subsidiary to Invest in the Construction of Lithium Ion Battery Silicon-based Anode Material Integration Base	Adopted	Nil
14/10/2022	Proposal on Matters Related to the Plan for the Non-public Issuance of Shares by the Company	Adopted	Nil

(4) During the Reporting Period, the Remuneration and Evaluation Committee held 5 meetings

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
16/2/2022	(I) Proposal on <i>2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co. Ltd. (Draft)</i> and its abstract; (II) Proposal on <i>Measures on Management of Implementation and Assessment of 2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co. Ltd.</i> ; (III) Proposal on Verifying the List of Incentive Recipients of the Company's 2022 Stock Option and Restricted Share Incentive Plan.	Adopted	Nil
14/3/2022	(I) Proposal on Adjusting the List of Incentive Recipients of the Company's 2022 Stock Option and Restricted Share Incentive Plan; (II) Proposal on the First Grant of Stock Options to Incentive Recipients under the Company's 2022 Stock Option and Restricted Share Incentive Plan.	Adopted	Nil
25/5/2022	(I) Proposal on Adjusting the Exercise Price of Stock Options and Canceling Some Stock Options under	Adopted	Nil

	the Company's 2022 Stock Option and Restricted Share Incentive Plan; (II) Proposal on Adjusting the Exercise Price of Stock Options under the Company's 2019 Stock Option Plan. (III) Proposal on the Adjustment of the List of Restricted Share Incentive Participants, Grant Price and Grant Quantity of the Company's 2022 Stock Option and Restricted Share Incentive Plan; (IV) Proposal on the First Grant of Restricted Share to Incentive Recipients under the Company's 2022 Stock Option and Restricted Share Incentive Plan.		
10/8/2022	Proposal on Adjusting Selected Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents	Adopted	Nil
14/10/2022	(I) Proposal on Canceling Some Stock Options under the Company's 2019 Stock Option Plan; (II) Proposal on Satisfaction of Exercise Conditions in the Third Exercise Period of Stock Options First Granted under the Company's 2019 Stock Option Plan.	Adopted	Nil

(5) During the Reporting Period, the Nomination Committee held 1 meeting

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
11/11/2022	Matters related to appointment of Mr. Zhao Zhigang, Mr. Gao Ming and Mr. You Hai as vice president of the Company.	Adopted	Nil

(6) Particulars of the existence of any disagreement

Applicable Not applicable

VIII. Statement about the Company's Exposure to Risks by the Board of Supervisors

Applicable Not applicable

The Board of Supervisors had no objection to matters subject to its supervision during the Reporting Period.

IX. Particulars of Employees of the Parent Company and Its Major Subsidiaries at the End of the Reporting Period**(I) Employees**

Number of the existing employees of the Parent Company	117
Number of the existing employees of major subsidiaries	7,426
Total number of the existing employees	7,543
Number of the retired employees for whom the Parent Company and its major subsidiaries are required to bear the expenses	42
Professional composition	
Professional category	Number of professional employees
Production Staff	5,105
Sales personnel	59
Technical personnel	750

Management	298
R&D team members	300
Functional personnel	1,031
Total	7,543
Education level	
Education level category	Number (person)
Doctor	7
Master's Degree	204
Bachelor	1,279
College and below	6,053
Total	7,543

(II) Remuneration Policy

Applicable Not applicable

The Company's remuneration follows the principles of fairness, equity, cost control and budgeting, and implements a remuneration system based on job evaluation, performance evaluation, and market-oriented salaries to provide employees with competitive remuneration and benefits.

In response to the business development of Shanshan Holdings, the performance evaluation of the industrial companies takes the net return on assets as the core indicator, and growth and risk control auxiliary indicators, to evaluate the performance of the industrial company's management team. We fully inspire employees' creativity, initiative and enthusiasm to keep up with the organization's business strategy and achieve the organization's business goals.

(III) Training Programs

Applicable Not applicable

The Company focuses on creating a three-dimensional and diverse talent development system. We attach great importance to and enhance the cultivation of management cadres. Within this year, we launched several special projects to improve the management capabilities of cadres, such as the Cadre Lecture Hall and the enhancement of financial/human resources administrative line cadre abilities. The company and its subsidiary industrial companies extensively carried out professional skills training and practice in various categories such as R&D, production, and marketing. We value the cultivation of our internal trainer team and have newly trained a large number of outstanding professional or management trainers who are willing to share. We have also developed practical training courses that are directly pertinent to the actual needs, promoting the implementation of the Company's talent development strategy and enhancing the professional skills and quality of key personnel management within the Company as a platform.

(IV) Labor Outsourcing

Applicable Not applicable

Total man-hours of outsourced labor	1, 671, 973. 5
Total remuneration paid for outsourced labor (RMB)	55, 460, 311. 87

X. Plan of Profit Distribution or Capitalization of Surplus Reserve**(I) The Formulation, Implementation or Adjustment of the Company'S Cash Dividend Policy**√Applicable Not applicable**Profit distribution policy of the Company:**

1. Basic principles for profit distribution of the Company:

(1) The Company's profit distribution policy shall maintain continuity and stability, attach importance to reasonable return on investment for investors, and shall be for the long term interest of the Company, in the interest of all shareholders as a whole, and for the sustainable development of the Company;

(2) Where cash dividend is feasible, the Company shall give priority to adopt dividend distribution in cash.

2. Specific policies of the Company for profit distribution are:

(1) Form of profit distribution:

The Company distributes dividends in the form of cash, stock or a combination of cash and stock.

(2) Conditions for cash dividends:

① The distributable profit of the Company (i.e. any remaining profits after tax after making up for the losses and making contributions to the reserve) is positive in the current year and the cash flow is sufficient, and the implementation of cash dividends will not affect the Company's subsequent sustainable operation;

② The Company's accumulated profits available for distribution are positive;

③ The Company has no events such as material investment plan or significant cash expenditure, excluding projects using proceeds raised in the coming twelve months. Material investment plans or significant cash expenditures refer to the proposed external investment, acquisition of assets, or purchase of equipment by the Company in the coming twelve months with an accumulated expenditures amounting to or exceeding 10% of the latest audited net assets of the Company.

(3) Proportion of cash dividends:

When the conditions for cash dividends are met, in principle, the annual profit distribution shall be made once a year and the Company shall adopt a fixed proportion policy for cash dividends, i.e. the profit distributed in cash each year shall not be less than 10% of the distributable profit realized by the Company in the year, and the accumulated profit distributed in cash in the last three years shall not be less than 30% of the average annual distributable profit realized by the Company in the last three years.

(4) The Board shall propose a differentiated cash dividend policy in accordance with the procedures as required by this Articles of Association, taking into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, and based on the following situations:

① If the Company is at the mature stage of development and has no significant capital expenditure arrangement, when profit distribution is made, the cash dividends shall at least account for 80% of the profit distribution;

② If the Company is at the mature stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 40% of the profit distribution;

③ If the Company is at the growth stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 20% of the profit distribution;

The specific stage of the Company during the actual dividend distribution shall be determined by the Board of Directors of the Company in accordance with the specific circumstances.

(4) Conditions for issuing stock dividends:

The Company may adopt stock dividends for profit distribution under the premise of ensuring the minimum cash dividend proportion and the reasonable size of the Company's share capital and shareholding structure, after meeting the above-mentioned conditions for cash dividends and taking into account factors such as the Company's growth and dilution of net assets per share, and considering that the issuance of stock dividends is beneficial to the overall interests of all shareholders of the Company, the specific dividend proportion shall be considered and approved by the Board of Directors of the Company and submitted to the general meeting for deliberation and decision.

3. Procedures for considering the Company's profit distribution plan:

A profit distribution plan shall be formulated by the Board of Directors of the Company in accordance with the established profit distribution policy, and the profit distribution plan shall be submitted to the general meeting for consideration after the independent directors have expressed their independent opinions, and shall be considered and approved by the general meeting of the Company by at least two-thirds of the voting rights held by the shareholders present at the general meeting.

Independent Directors can collect views from minority shareholders to put forward the profit distribution proposal and directly propose to the Board for consideration.

Before the general meeting considers the profit distribution plan, the Company shall take various ways to fully discuss and communicate with the shareholders, especially the minority shareholders holding shares of the Company, regarding the cash dividend plan, listen to the opinions and demands of the minority shareholders, and promptly respond to the concerns of the minority shareholders.

When a resolution is made by the general meeting on the profit distribution plan, the Board shall complete the dividend (or share) distribution in two months after the general meeting.

The Company shall disclose in detail the formulation and implementation of the cash dividend policy during the reporting period in its periodic reports.

4. Change in the Company's profit distribution policy:

The dividend policy shall not be adjusted at will to lower the level of return to shareholders after it is determined. The Company may adjust or change the cash dividend policy if the Company needs to adjust

the dividend policy in the event of force majeure such as war, natural disasters, or changes in the Company's external business environment that have a significant impact on the Company's production and operation, or when the Company's operating conditions change significantly, or for the needs of production and operation, investment planning and long-term development, or when the relevant provisions of the dividend policy are modified by regulatory authorities.

If it is necessary to adjust or change the profit distribution policy, the conditions stipulated in the Articles of Association shall be satisfied and the relevant proposals shall be subject to detailed demonstration. The Supervisory Committee of the Company shall consider the profit distribution policy formulated and modified by the Board of Directors and approve them by voting of more than half of the supervisors.

The profit distribution policy proposed by the Board of Directors needs to be approved by a majority of the votes of the Board of Directors and approved by a vote of at least two-thirds of the independent directors before it is submitted to the general meeting for consideration and approved by at least two-thirds of the votes held by the shareholders present at the general meeting, and the relevant proposal submitted to the general meeting shall include a detailed explanation of the reasons for changing the profit distribution policy. When the general meeting considers matters related to the adjustment to the profit distribution policy, the Company shall provide methods such as an online voting to facilitate shareholders' participation in the general meeting.

5. Plan for the use of undistributed profits for the current year

The Company's undistributed profits for the year will be retained by the Company for production and operation and carried forward for distribution in future years.

Formulation and implementation of profit distribution plan during the reporting period

The 2021 profit distribution proposal of the Company: Based on the total share capital available on the date of stock registration when the Company implements the 2021 profit distribution plan, the Company distributes a cash dividend of RMB3.3 (tax inclusive) for every 10 shares held by each shareholder. There will be no plan for conversion of capital reserve into share capital.

The independent directors of the Company agreed upon the above profit distribution proposal and expressed their independent opinion that it is in line with the actual operation situation of the Company.

The above proposal was considered and approved by the Twenty-seventh Meeting of the Tenth Session of the Board of Directors of the Company and then submitted to the 2021 Annual General Meeting of the Company for consideration and approval. Before the 2021 Annual General Meeting, the Company held a briefing on 2021 annual results and cash dividends online at the SSE Roadshow Center. The chairman, vice chairman, independent directors, CFO and secretary of the Board of Directors attended the briefing and communicated with investors on annual results of operations, financial position and cash dividends for 2021.

The above profit distribution plan was implemented on 25 May 2022.

(For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE)

The Company's cash dividend for 2021 was RMB707,163,579.54, higher than 10% of the distributable profit achieved by the Company in 2021; the Company has paid cash dividends for three consecutive years with an accumulated amount of RMB988,416,208.47, which is higher than 30% of the average distributable profit achieved by the Company in the last three years (2019-2021). This is in line with the provisions on the cash dividend policy in the Company's Articles of Association.

(II) Special Description of the Cash Dividend Policy

Applicable Not applicable

Whether in compliance with the requirements of the Articles of Association and resolutions of the general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and payout ratio for dividend distribution are clear and definite	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedure and mechanism are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and responsibilities and played their proper roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders are given opportunities to express their opinions and demands freely, and whether their legitimate rights and interests are adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) Reasons in detail for not proposing cash dividend on ordinary shares in case of positive profit and distributable profit of the parent company to holders of ordinary shares during the Reporting Period and the use of and plan for such undistributed profit

Applicable Not applicable

(IV) Profit Distribution and Capitalization of Surplus Reserve during the Reporting Period

Applicable Not applicable

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares (shares)	/
Amount of dividends distributed per 10 shares (RMB (inclusive of tax))	3.00
Number of shares transferred per 10 shares (shares)	/
Cash dividend amount (tax included)	671,354,367.30
Net profit attributable to the listed company's ordinary shareholders during the year of dividend distribution under the consolidated financial statements	2,691,262,599.60
Percentage in net profit attributable to the listed company's ordinary shareholders under the consolidated financial statements (%)	24.95
Amount of shares repurchased through cash and included in cash dividend	247,010,180.25
Total dividend amount (tax included)	918,364,547.55
Percentage of the total dividend amount in net profit attributable to the listed company's ordinary shareholders under the consolidated financial statements (%)	34.12

XI. Share Option Incentive Scheme, Employee Share Scheme or Other Employee Incentives and Their Impact

(I) Related Matters under the Incentive Schemes Which Were Disclosed in the Extraordinary Announcements and Had No Further Progress or Change in Implementation

Applicable Not applicable

Item Overview	Resolutions are publicized
<p>On 23 February 2022, the Twenty-fifth Meeting of the Tenth Session of the Board of Directors and the Sixteenth Meeting of the Tenth Session of the Supervisory Committee of Ningbo Shanshan Co., Ltd. Were held to consider and approve the <i>2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co. Ltd. (Draft) and Its Abstract</i> and other related proposals</p> <p>On 14 March 2022, the Company held the First Extraordinary General Meeting of 2022 and considered and approved the above proposal.</p> <p>On 18 March 2022, the Company held the Twenty-sixth Meeting of the Tenth Board of Directors and the Seventeenth Meeting of the Tenth Supervisory Committee, and considered and passed the <i>Proposal on Adjusting the List of Incentive Recipients of the Company's 2022 Stock Option and Restricted Share Incentive Plan</i>, and the <i>Proposal on the First Grant of Stock Options to Incentive Recipients under the Company's 2022 Stock Option and Restricted Share Incentive Plan</i>. On 5 May 2022, the Company completed the registration of the aforesaid first grant of stock options in the CSDC Shanghai Branch.</p> <p>On 26 May 2022, the Company held the Thirtieth Meeting of the Tenth Board of Directors and the Twentieth Meeting of the Tenth Supervisory Committee, and considered and passed the <i>Proposal on Adjusting the Exercise Price of Stock Options and Canceling Some Stock Options under the Company's 2022 Stock Option and Restricted Share Incentive Plan</i>, the <i>Proposal on Adjusting the Exercise Price of Stock Options and Canceling Some Stock Options under the Company's 2022 Stock Option and Restricted Share Incentive Plan</i>, and the <i>Proposal on the First Grant of Restricted Share to Incentive Recipients under the Company's 2022 Stock Option and Restricted Share Incentive Plan</i>. On 6 June and 21 June 2022, the Company completed the above-mentioned registration matters concerning the first grant of restricted share, the change in the exercise price of stock options and the cancellation of some stock options at the CSDC Shanghai Branch respectively</p> <p>On 11 August 2022, the Company held the Thirty-third Meeting of the Tenth Session of the Board of Directors and the Twenty-first Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the <i>Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents</i>, agreeing that the Company adjusts part of the performance appraisal targets under the 2022 Stock Option and Restricted Share Incentive Plan in conjunction with the actual situation.</p> <p>On 29 August 2022, the Company held the third Extraordinary General Meeting of 2022 and considered and approved the above proposal.</p>	<p>For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE on 24 February 2022, 15 March 2022, 22 March 2022, 7 May 2022, 27 May 2022, 8 June 2022, 12 August 2022 and 30 August 2022.</p>
<p>On 26 May 2022, the Company held the Thirtieth Meeting of the Tenth Board of Directors and the Twentieth Meeting of the Tenth Supervisory Committee, and considered and passed the <i>Proposal on Adjusting the Exercise Price of Stock Options under the Company's 2019 Stock Option Plan</i>. On 21 June 2022, the Company completed the registration of the change in the exercise price of the above stock options in the CSDC Shanghai Branch.</p> <p>On 17 October 2022, the Company held the Thirty-fourth Meeting of the Tenth Session of the Board of Directors and the Twenty-second Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the <i>Proposal on Canceling Some Stock Options under the Company's 2019 Stock Option Plan</i> and the <i>Proposal on Satisfaction of Exercise Conditions in the Third Exercise Period of Stock Options First Granted under the Company's 2019 Stock Option Plan</i>. On 20 October 2022, the Company completed the registration of the cancellation of some stock options that currently fail to meet the exercise conditions in the CSDC Shanghai Branch.</p> <p>On 9 November 2022 and 20 December 2022, the Company completed the registration of the additional shares deriving from the first and second exercise of the stock options in the third exercise period in the CSDC Shanghai Branch.</p>	<p>For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE on 27 May 2022, 18 October 2022, 11 November 2022 and 22</p>

December
2022.**(II) Incentives Undisclosed in or Subsequent To the Extraordinary Announcements**

Share option incentive scheme

 Applicable Not applicable

Employee share scheme

 Applicable Not applicable

Other incentives

 Applicable Not applicable**(III) Share Incentives Granted to Directors and Senior Management during the Reporting Period** Applicable Not applicable

Unit: 10,000 shares

Name	Positions	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Exercisable shares in the reporting period	Shares subject to exercise of stock options during the reporting period	Exercise price of stock options (RMB)	Number of stock options held at the end of the period	Market price at the end of the reporting period
Zhuang Wei	Vice chairman	246.50		246.50	246.50	7.28		18.20
Li Zhihua	Director and general manager	246.50		246.50	246.50	7.28		18.20
Yang Feng	Director	147.90		147.90	147.90	7.28		18.20
Li Fengfeng	Director	147.90	105.00	147.90	147.90	7.28	105.00	18.20
Peng Wenjie	Director	157.76		157.76	157.76	7.28		18.20
Chen Ying	Board secretary	113.39		113.39	113.39	7.28		18.20
Total	/	1,059.95	105.00	1,059.95	1,059.95	/	105.00	/

 Applicable Not applicable

Unit: 10,000 shares

Name	Positions	Number of restricted shares held at the beginning of the year	Number of restricted shares newly granted during the reporting period	Grant price of restricted shares (RMB)	Unlocked shares	Locked shares	Number of restricted shares held at the end of the period	Market price at the end of the reporting period
Li Fengfeng	Director	0	45	13.76	0	45	45	18.20
Total	/	0	45	/	0	45	45	/

(IV) Description of the Establishment and Implementation of the Appraisal and Incentive Mechanism for Senior Management during the Reporting Period

Applicable Not applicable

The Company establishes and gradually improves a fair and transparent performance evaluation and assessment system and incentive and restraint mechanism for managers, linking the remuneration of senior executives with benefits. The appointment of senior executives was open, transparent and in compliance with the relevant laws and regulations.

The Company's remuneration follows the principles of fairness, equity, cost control and budgeting, and implements a remuneration system based on job evaluation, performance evaluation, and market-oriented salaries to provide employees with competitive remuneration and benefits.

In response to the business development of Shanshan Holdings, the performance evaluation of the industrial companies takes the net return on assets as the core indicator, and growth and risk control auxiliary indicators, to evaluate the performance of the industrial company's management team. We fully inspire employees' creativity, initiative and enthusiasm to keep up with the organization's business strategy and achieve the organization's business goals.

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

Applicable Not applicable

So far, the Company has built an internal control system construction system based on the internal control framework system of Ningbo Shanshan, and each subsidiary has formulated their own internal control system and strictly implemented them, covering 16 management business cycles and 101 internal control management sub-systems, including comprehensive management, internal control management, personnel management, information management, public affairs, security management, financial management, procurement management, sales management, credit management, investment management, engineering project management, R&D management, securities management, brand management and risk asset management. In the first half of 2022, each subsidiary completed the revision of the internal control system according to the internal control framework system of Ningbo Shanshan, further optimizing the provisions on the systems related to risk assessment, hazardous waste management and environmental pollutant monitoring, procurement conditions of the competitive negotiation method, procurement scope and requirements of the single-source method, and adding significant risk monitoring and reporting work mechanism.

The Company's internal control system can cover the main aspects of the Company's operation and management, and the system design is sound and reasonable, and there are no significant omissions. The headquarters of the Company has Audit Department and Internal Control Department, which are responsible for the establishment, improvement and effective implementation of the internal control system of the Company and its subsidiaries, inspection and supervision of the establishment and implementation of the Company's systems, and follow-up and rectification of the problems found in the inspection.

The Company's existing internal control management regimes cover the Company's operations at all levels and in all respects and constitute a standardized management system, which is capable of preventing and timely detecting and correcting important errors and frauds that may occur in the course of the Company's operations, protecting the safety and integrity of the Company's assets, ensuring the truthfulness, accuracy and timeliness of accounting records and accounting information, and not having material defects in completeness, reasonableness and effectiveness.

Explanation on material defects regarding internal control during the Reporting Period

Applicable Not applicable

XIII. Management and Control over Subsidiaries during the Reporting Period

Applicable Not applicable

In accordance with the *Company Law*, the *Securities Law* and other laws and regulations and the relevant provisions of *Articles of Association*, the Company has formulated the *Internal Control Framework System of Ningbo Shanshan* and the *Management of the Board of Directors of Subsidiaries* and other systems. Under the framework of the Company's overall policy and objectives, the subsidiaries manage themselves and operate their corporate assets legally and effectively, while implementing the Company's rules and regulations for subsidiaries without affecting their independent business management.

The Company manages or supervises the regulated operation, investment, information disclosure, financial and personnel matters of its subsidiaries in accordance with the relevant internal control systems. In order to improve the standardized operation of subsidiaries, the Company's Audit Department and Internal Control Department regularly conduct on-site inspections on subsidiaries' administration, personnel, finance, production, sales, procurement, project management, institutional establishment and implementation, etc., and urge subsidiaries to rectify the internal control deficiencies found in the inspection and follow up such rectification. The Company manages subsidiaries by appointing their directors, supervisors and important senior management, and clearly stipulates the reporting system and consideration procedures for material matters, timely tracking of material matters such as financial status, production and operation, project construction, safety and environmental protection, and asset management of subsidiaries, and timely fulfillment of information disclosure obligations, which improves the overall operation efficiency and risk resistance of the Company.

During the Reporting Period, the Company did not lose the control over its subsidiaries.

XIV. Relevant Statement Regarding the Internal Control Audit Report

Applicable Not applicable

For details, please refer to the *Internal Control Audit Report of Ningbo Shanshan Co., Ltd. for 2022* disclosed on the website of the SSE.

Whether to disclose the internal control audit report: Yes

Type of opinion on the audit report of internal control: Standard unqualified opinion

XV. Rectification of Problems Identified By Self-Examination during the Special Action on Governance of Listed Companies

Not applicable

Section V Environmental and Social Responsibility

I. Environmental Protection Information

Is there a mechanism related to environmental protection?	Yes
Environmental protection funds invested during the Reporting Period (Unit: RMB0'000)	34,216.41

(I) Explanation on Environmental Protection Efforts of the Highly Polluting Companies and Their Major Subsidiaries as Announced by the Environmental Protection Authorities

√Applicable "□Not applicable"

1. Pollutant discharge

√Applicable "□Not applicable"

During the reporting period, there were eight key pollutant-discharging companies within the scope of the Company's consolidated statements as announced by the Ministry of Environmental Protection, and the relevant emission information is as follows:

Company name	Pollutant type	Name of the major pollutants and specific pollutants	Concentration of the discharge	Total discharge (t/a)	Total discharge approved (t/a)	Excess discharge	Discharge method	Number and of discharge outlets	Pollutant discharge standards implemented
Shanjin Optoelectronics (Nanjing) Co., Ltd.	Wastewater	Chemical oxygen demand (COD)	130.7mg/L	131.64	705.674	Nil	After being pretreated at the wastewater station to meet the standard, it is sent to the municipal pipe network and discharged indirectly.	1 discharge outlet	Discharge Standard of Water Pollutants for Electronic Industry (GB39731-2020) and takeover standards of sewage treatment plants in Nanjing Economic and Technological Development Zone
		Ammonia nitrogen	2.4mg/L	2.349	3.347				
	Waste gas	Sulfur dioxide	4.4mg/m ³	0.39	0.49	Nil	It is discharged after meeting the standard through pollution treatment facilities	24 discharge outlets	Integrated Emission Standard of Air Pollutants (DB32/4041-2021)
		NOx	6.3mg/m ³	1.79	8.095				
Shanjin Optoelectronics	Waste gas	VOCs	Concentration ≤30mg/m ³	13	Total amount ≤121.6	Nil	Organized emission	13 discharge outlets: around the plants and	Emission standard of volatile organic

(Guangzhou) Co., Ltd.							on the roofs of the buildings	compounds—Part 6: Furniture Manufacturing Industry (DB44/814-2010)	
	Particulate matter	Concentration ≤120mg/m ³	0.08	Total amount≤1.175			1 discharge outlet	Level 2 standard of Guangdong Emission Limits of Air Pollutants (DB44/27-2001) in the second time period	
	SO ₂	Concentration ≤50mg/m ³	2.39	Total amount≤2.688			8 discharge outlets	Guangdong Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boilers (DB44/765-2019) Table 2 Concentration Limits for Air Pollutant Emission of Gas-fired Boilers	
	NO _x	Concentration ≤150mg/m ³	0.78	Total amount≤12.574			8 discharge outlets	Guangdong Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boilers (DB44/765-2019) Table 3 Concentration Limits for Air Pollutant Emission of Gas-fired Boilers	
	Wastewater	BOD ₅	300mg/L	101.065	/	Nil	/	1 discharge outlets	1. Domestic sewage: level 3 standard of Guangdong Emission Limits for Water Pollutants (《水污染物排放限值》) (DB44/26-2001)in the second time period 2. Production wastewater: indirect emission limits in Table 1 in Discharge Standard of Water
		Suspended solid	400mg/L	26.54	/				
		Total phosphorus	/	7.23	/				
		LAS	20mg/L	7.57	/				
		Total salt content	/	529	/				
		Total nitrogen	/	7.88	/				
COD		500mg/L	222.2	/					

		Ammonia nitrogen	20mg/L	0.19	/				Pollutants for Electronic Industry (GB39731-2020). Distinction: 1. ammonia nitrogen 20mg/L, 2. ammonia nitrogen 45mg/L
Shanghai Shanshan Technology Co., Ltd.	Waste gas	Particulate matter	2.2 mg/m3	0.347418	0.36362	Nil	Organised emission + fugitive emission	Five discharge outlets: workshop 2 (1), workshop 3 (2), workshop 4 (2)	Integrated Emission Standard of Air Pollutants DB 31/933-2015
Ningbo Shanshan New Material Technology Co., Ltd.	Waste gas	VOCS	4.32mg/m3	1.15	1.153	Nil	Discharge at 15m altitude after meeting the standard	12 discharge outlets: 9 dust discharge outlets, 2 tailpipe discharge outlets, 1 oil fume discharge outlet	Integrated Emission Standard of Air Pollutants (GB 16297-1996) Emission Standard of Cooking Fumes in the Catering Industry (Trial) (GB 18483-2001)
		SO2	8 mg/m3	0.56	0.566				
		NOX	7 mg/m3	0.15	0.1588				
		Particulate matter	20 mg/m3	7	7.058				
Fujian Shanshan Technology Co., Ltd.	Waste gas	Sulfur dioxide	13.95 mg\Nm ³	0.436	0.876	Nil	Organised emission	5 discharge outlets: discharge outlet 1# for semi-finished processing workshop, discharge outlet 2# for semi-finished processing workshop, discharge outlet 3# for semi-finished processing workshop, discharge outlet for finished processing workshop 1, exhaust funnel 1# for organic waste gas.	Integrated Emission Standard of Air Pollutants GB16297-1996 Emission Standard of Air Pollutants for Industrial Kiln and Furnace GB9078-1996 Emission Standard of Volatile Organic Compounds for Industrial Enterprises DB35/1782-2018 Comprehensive Management Program for Air Pollution of Industrial Furnace in Fujian Province (《福建省工业炉窑大气污染综合治理方案》) Min Huan Bao Da Qi (2019) No. 10
		NOx	25.22 mg\Nm ³	0.908	1.032				
		Particulate matter	2.46 mg\Nm ³	0.07	0.45				
		Asphalt fume	17.6 mg\Nm ³	0.451					
		NMHC	76.1 mg\Nm ³	1.95					
		Benzopyrene	0.000016 mg\Nm ³	4.1*10-7	VOCs:10.1				

Inner Mongolia Shanshan New Material Co., Ltd.	Waste gas	Particulate matter	120 mg\Nm ³	1.8762	/	Nil	Organized emission + fugitive emission	2 discharge outlets: exhaust funnel of 1# graphitization workshop, exhaust funnel of 2# graphitization workshop	Integrated Emission Standard of Air Pollutants GB16297-1996
		Sulfur dioxide	550 mg\Nm ³	6.984	29.18				
		Nitrogen oxides	240 mg\Nm ³	10.614	55.86				
		NMHC	120 mg\Nm ³	3.38892	/				
		Asphalt fume	40 mg\Nm ³	5.055	/				
		Benzopyrene	0.0003 mg\Nm ³	0.000558	/				
Inner Mongolia Shanshan Technology Co., Ltd.	Waste gas	Particulate matter	2.2mg/m ³	2.7	/	Nil	Fugitive emission after treatment with the exhaust gas treatment facilities and meeting the standard; organised emission	9 discharge outlets: 5 drying, 1 modification, 1 pilot, 1 carbonization, 1 boiler	Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boilers GB13271-2014 Emission Standard of Pollutants for Battery Industry GB30484-2013 Integrated Emission Standard of Air Pollutants GB16297-1996 Emission Standard of Air Pollutants for Industrial Kiln and Furnace GB9078-1996
		NOx	15mg/m ³	23.644	35.394				
		Sulfur dioxide	3mg/m ³	0.56448	0.72				
		NMHC	7.1mg/m ³	0.586	/				
		Asphalt fume	9.2mg/m ³	1.4	/				
	Benzopyrene	Not detected	8.5*10 ⁻⁶	/					
Wastewater	BOD5	25.8mg/L	/	/	Nil	Connected to the sewage network	3 discharge outlets: The outlets are located at the east gate, west gate and south gate	Integrated Wastewater Discharge Standard (《污水综合排放标准》) GB8978-1996	
	Total salt content	849mg/L	/	/					
	Animal and vegetable oil	0.32mg/L	/	/					

		COD	88mg/L	4.0345	42.56				
		Total phosphorus	2.56mg/L	/	/				
		Suspended solid	24mg/L	/	/				
		Ammonia nitrogen	69mg/L	1.52532	1.76				
		Petroleum	0.18mg/L	/	/				
Shanshan New Material (Quzhou) Co., Ltd.	Waste gas	HF	0.35mg/m ³	0.48	/	Nil	Discharged after water washing, alkali washing or adsorption column activated carbon adsorption;	3 discharge outlets: workshop for organic products, workshop for lithium hexafluorophosphate, workshop for barrel washing	Integrated Emission Standard of Air Pollutants (GB16297-1996)
		HCL	3.2mg/m ³	0.96	/				
		Lipid-containing waste gas	2.5mg/m ³	0.05	/				
	Wastewater	COD	28mg/L	5	5.582		Discharged to sewage treatment plants of Zhejiang Juhua Environmental Protection Technology Co., Ltd. (浙江巨化环保科技有限公司) and Quzhou Qingyue Environmental Protection Co., Ltd. (衢州市清越环保科技有限公司)	1 discharge outlet: sewage station	
		Ammonia nitrogen	0.45mg/L	1.25	1.299				

2. Construction and operation of pollution prevention facilities√Applicable Not applicable

During the reporting period, the pollution prevention and control facilities of the above subsidiaries were constructed and operated as required: waste gas and waste water generated in the production process were discharged after treatment and meeting the standards; general waste was externally transported and disposed by the designated sanitation department, and other recyclable general solid waste was recycled and disposed by entrusted manufacturers with business licenses; hazardous waste was stored in special sites and entrusted and transferred to qualified third party for disposal.

3. Evaluation on environmental impact of construction projects and other administrative permissions for environmental protection√Applicable Not applicable

During the reporting period, the above subsidiaries have strictly implemented the national laws of evaluation on environmental impact, and carried out evaluation on environmental impact for relevant construction projects in accordance with the requirements. The construction of each project adheres to the principle of "Three Simultaneities" for environmental protection, i.e., environmental protection facilities are designed, constructed and put into use simultaneously with the main project, and the environmental protection completion inspection of the project is completed on schedule.

4. Environmental emergency preplan√Applicable Not applicable

The above companies have prepared contingency plans for environmental emergencies, taking into account the actual situation, in order to implement the "Emergency Response Law of the People's Republic of China", "Environmental Protection Law of the People's Republic of China", "Interim Measures for the Management of Environmental Emergency Response Plans" (《突发环境事件应急预案管理暂行办法》) and other relevant laws and regulations, practice emergency rescue measures and responsibilities, guarantee the personal safety of employees, and reduce property damage and environmental pollution, thus enabling the rapid, effective and orderly implementation of emergency rescue efforts after an accident.

5. Environmental self-monitoring program√Applicable Not applicable

All the above companies organise self-monitoring and information disclosure for the pollutants discharged in accordance with the relevant regulations, and formulate self-monitoring programs.

6. Administrative penalties for environmental problems during the reporting period√Applicable Not applicable

On 21 January 2022, the Ningde Bureau of Ecology and Environment imposed an administrative penalty on Fujian Shanshan Technology Co., Ltd. for waste tar leakage with a fine of RMB1,626,400. On 9 December 2022, the Nanjing Bureau of Ecology and Environment imposed an administrative penalty on Shanjin Optoelectronics (Nanjing) Co., Ltd. because the forklift tail gas exceeded the standard with a

fine of RMB25,000. As of the disclosure date of this report, all of the above subsidiaries had completed the rectification of relevant issues as required by the bureaus.

7. Other environmental information that should be disclosed

Applicable" Not Applicable"

(II) Explanation of Environmental Protection Efforts of Companies Other Than Highly Polluting Companies

Applicable Not applicable"

1. Administrative penalties for environmental problems

Applicable" Not Applicable"

2. Disclosure of other environmental information with reference to key emission units

Applicable Not applicable"

The Company and its subsidiaries other than the above-mentioned key emission units are not among the key emission units announced by the environmental protection authorities. All aspects of the R&D, production and sales of the Company's lithium battery materials business and LCD polariser business follow the relevant national environmental regulations; for the development of new energy industry and display industry, the Company actively promotes energy conservation and emission reduction and pursue green and low-carbon development by increasing its investment in environmental protection equipment and technical transformation.

3. Reasons for not disclosing other environmental information

Applicable" Not Applicable"

(III) Information That Contributes to the Protection of Ecology, Prevention of Pollution and Fulfillment of Environmental Responsibilities

Applicable Not applicable"

The Company upholds the development concept of green and environmental protection, actively fulfills its responsibility for environmental governance, regulates production and operation activities in strict accordance with various laws, policies and social criteria, and insists on the unity of economic profit, social responsibility and environmental protection. During the Period, the Company and its subsidiaries strictly complied with the management requirements of emission permits, improved internal environmental governance, took the initiative to optimise and upgrade environmental protection treatment facilities, prevented pollution at source, vigorously implemented clean production and comprehensive utilisation of waste, and consciously reduced environmental pollution and ecological damage and other behaviours. At the same time, the Company carries environmental awareness and behaviour through the actual production operation process. For example, it actively carried out environmental education and training, and organised the practice of good environmental behaviors, such as garbage sorting and tree planting, so that employees have full knowledge and understanding of environmental protection.

(IV) Measures Taken to Reduce Its Carbon Emissions During the Reporting Period and the Results

Whether to take carbon reduction measures	Yes
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Emission reduction of CO ₂ equivalent (in tons)	135,405
Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Use of clean energy for power generation, use of carbon reduction technologies in the production process, etc.

Instructions

√Applicable Not applicable"

By taking practical actions to fulfill our commitment to energy management, we are committed to easing the environmental and climate impact of greenhouse gas emissions on global warming, promoting the concept of sustainable development, and assuming environmental and social responsibility

During the period, anode materials companies obtained the ISO 14064 greenhouse gas examination/verification certification, and established a greenhouse gas (GHG) examination committee in accordance with the ISO 14064 requirements to promote the examination of greenhouse gas emissions. Based on the examination results, we work out measures to reduce greenhouse gas emissions, and adopt continuous improvement plans and activities to promote low-carbon sustainable development. Anode materials companies purchase green power for production and operation at the headquarters and industrial bases, to reduce its carbon footprint. They also sign contracts with green power companies to ensure that the actual monthly traded electricity from new energy sources such as hydropower, wind power and photoelectricity exceeds 15% of the total electricity used on average throughout the year. Meanwhile, we continue to reduce greenhouse gas emissions and product carbon footprint by improving production processes, updating production equipment, using solar streetlights, and replacing diesel forklifts with electric forklifts. During the reporting period, a total of about 135k tons of carbon dioxide equivalent emissions were reduced.

Shanjin Optoelectronics cooperate with Huaneng Nanjing Combustion Engine Power Co., Ltd. (华能南京燃机发电有限公司) in developing a distributed photovoltaic power generation project. The project intends to arrange photovoltaic modules using the plant roofs of the two companies and with the model of "Self-generation, surplus power connection". The total installed capacity will reach about 2.4MW. The project will be officially put into operation in January 2023, and is expected to reduce an average of 2,400 tons of carbon dioxide emissions and save 800 tons of standard coal per year. In addition, Shanjin Optoelectronics always boost the sustainable development of low-carbon economy by insisting on developing green polarizer products. It also participates in or leads the formulation of relevant standards on polarizer and green products to continuously drive the development of green smart manufacturing in the upstream and downstream of industry chains.

II. Social Responsibility Commitments

(I) Whether to Disclose a Separate Social Responsibility Report, Sustainability Report or ESG Report

√Applicable Not applicable"

For details, please refer to the "Environmental, Social and Governance (ESG) Report of Ningbo Shanshan Co., Ltd. for 2022" disclosed on the website of the SSE.

(II) Social Responsibility Commitments√Applicable Not applicable"

External donations and public welfare projects	Quantity/content	Explanation
Total investment (RMB 10 thousand)	126	
Including: Capital (RMB 10 thousand)	126	
Material discount (RMB 10 thousand)	/	
Number of people benefited (person)	/	

Instructions

√Applicable Not applicable"

Adhering to the concept of "repaying the society and the people", the Company pays attention to the overall interests of the society while providing products and services. The Company pays taxes in good faith according to the law, to propel the development of local economy. Being enthusiastic about public welfare, the Company gradually forms a model of giving back to the society with the characteristics of NBSS.

During the period, the Company and its subsidiaries carried out a series of social welfare activities in different forms and organized corporate volunteers to participate. These activities not only enhanced the employees' sense of social responsibility but also cultivated their habit of actively thinking for the society. The Company contributes its strength in fields and for audiences. It establishes a socially responsible corporate image by implementing public welfare projects such as setting up scholarships for colleges and universities, helping people in need, donating blood, environmental greening construction, and comforting the elderly.

III. Particulars of Consolidating and Expanding the Results of Poverty Alleviation and Rural Revitalization√Applicable Not applicable"

Poverty alleviation and rural revitalization projects	Quantity/content	Explanation
Total investment (RMB 10 thousand)	5	
Including: Capital (RMB 10 thousand)	5	Fujian Shanshan adopts rice fields to help farmers and respond to the work of rural revitalization.
Material discount (RMB 10 thousand)	0	
Number of people benefited (person)	/	
Forms of assistance (e.g. poverty alleviation by developing industries, poverty alleviation through increasing employment, poverty alleviation through education, etc.)	Poverty alleviation through industry	

Instructions

Applicable" "√ Not Applicable"

Section VI Important Matters

I. Performance of Commitments

(I) Commitments of Obligors, Including the De Facto Controller, Shareholders, Related Parties and Acquirer of the Company and the Company During or Subsisting at the Time of the Reporting Period

√Applicable "□Not applicable"

Background	Type	Party(ies)	Details	Effective time and validity period	Whether the commitments have a performance deadline	Whether the commitments have been strictly performed in a timely manner
Commitments made in the report on acquisition or the report on the change in shareholding	Other	Shanshan Group, Pengze Trading (朋泽贸易), Yinzhou Jielun (鄞州捷伦), Shanshan Holdings, and Mr. Zheng Yonggang	Commitments on the truthfulness, accuracy and completeness of the information provided, commitments on maintaining the independence of the listed company, commitments on avoiding horizontal competition, commitments on reducing and regulating related transactions, commitments on the absence of the circumstances stipulated in Article 6 of the Measures for the Administration of Acquisition of Listed Companies and compliance with Article 50 of the Measures for the Administration of Acquisition of Listed Companies	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 1 January 2022 and 23 September 2022.	No	Yes
Commitments in relation to major asset restructuring	Others	Directors, supervisors and senior management of Shanshan	Commitments on the truthfulness, accuracy and completeness of the information provided; commitments on penalties, litigation, arbitration and integrity in the last three years; commitments on the absence of insider trading and compliance with regulatory requirements; commitments on affiliation; commitments on share reduction plan.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 15 September 2020.	No	Yes
Commitments in relation to major asset restructuring	Others	Directors and senior management of Shanshan	Commitments on taking mitigation and remediation measures for the immediate return dilution resulting from this major asset restructuring.	For details, please refer to the relevant announcements of the Company released on the designated journals and media	No	Yes

				and the website of the SSE on 15 September 2020.		
Commitments in relation to major asset restructuring	Others	Shanshan Group, Shanshan Holdings, and Mr. Zheng Yonggang	Commitments on the truthfulness, accuracy and completeness of the information provided; commitments on penalties, litigation, arbitration and integrity in the last three years; commitments on the absence of insider trading and compliance with regulatory requirements; commitments on affiliation; commitments on share reduction plan; commitments on maintaining the independence of the listed company; commitments on opinions in principle on this major asset restructuring; commitments on taking mitigation and remediation measures for the immediate return dilution resulting from this major asset restructuring.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 15 September 2020.	No	Yes
Commitments in relation to major asset restructuring	Addressing horizontal competition	Shanshan Group, Shanshan Holdings, and Mr. Zheng Yonggang	Commitments on avoiding horizontal competition.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 15 September 2020.	No	Yes
Commitments in relation to major asset restructuring	Addressing related transactions	Shanshan Group, Shanshan Holdings, and Mr. Zheng Yonggang	Commitments on regulating and reducing related transactions.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 15 September 2020.	No	Yes
	Others	LG Chem and other counterparties of this restructuring	Commitments on the truthfulness, accuracy and completeness of the information provided.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 15 September 2020.	No	Yes
Commitments in relation to refinancing	Addressing horizontal competition	Shanshan Group	Shanshan Group currently has no engagement and guarantees that it will not engage in business activities that compete with the business of Shanshan directly or	The commitment was made in April 2001 and long-term effective.	No	Yes

			indirectly through any other means in future, and is willing to bear the compensation liability for the economic loss caused to Shanshan by the violation of the above commitments.			
Commitments in relation to refinancing	Addressing horizontal competition	Shanshan Holdings, Shanshan Group, and Mr. Zheng Yonggang (the Covenantors)	There is no substantial competition between the enterprises directly or indirectly controlled by the Covenantors and Shanshan and its holding companies. During the period when the Covenantors are the (indirect) controlling shareholder/de facto controller of Shanshan, the Covenantors and the enterprises controlled by the Covenantors other than Shanshan and its holding companies will avoid engaging in any business that competes with the main business of Shanshan and its holding companies, and will not engage in any activity that causes damage to the interests of Shanshan and its holding companies. If the Covenantors and the enterprises controlled by the Covenantors other than Shanshan and its holding companies encounter business opportunities within the scope of the main business of Shanshan and its holding companies, the Covenantors will facilitate the transfer of such opportunities to Shanshan and its holding companies. In case of any breach of the above commitments, the Covenantors shall bear all losses caused to Shanshan.	The commitment was made in May 2015 and became effective since its issuance, and continues to be valid and irrevocable during the period when the Covenantors are the (indirect) controlling shareholder/de facto controller of Shanshan.	No	Yes
Commitments in relation to refinancing	Others	Shanshan Group, Pengze Trading (朋泽贸易), Yinzhou Jielun (鄞州捷伦)	Commitments on the source of funds for subscribing to this non-public offering of A-shares of Shanshan.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 26 June 2021.	No	Yes
Commitments in relation to refinancing	Others	Shanshan Holdings, Shanshan Group, and Mr.	Commitments on not reducing the shareholding of Ningbo Shanshan Co., Ltd. during a specific period	For details, please refer to the relevant announcements of the Company released on the designated journals and media	Yes	Yes

		Zheng Yonggang		and the website of the SSE on 26 June 2021.		
Commitments in relation to refinancing	Others	Ningbo Shanshan Co., Ltd.	Commitments on that no new capital investment will be made in finance-like business. For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 6 August 2021.	The commitment was made on 25 June 2021, for a period from the date of making the commitments to the completion of the use of the proceeds or within 36 months since the availability of the proceeds.	Yes	Yes
Commitments in relation to refinancing	Others	Directors, senior management, controlling shareholders and de facto controllers of Ningbo Shanshan	Commitments on taking mitigation and remediation measures for the immediate return dilution resulting from this non-public offering of shares.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020, 27 April 2021 and 18 October 2022.	No	Yes
Commitments in relation to refinancing	Others	Ningbo Shanshan Co., Ltd.	The Company does not provide financial assistance or compensation to investors participating in the subscription, either directly or through interested parties.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2021.	No	Yes
	Shares subject to trading restrictions	Shanshan Group, Pengze Trading (朋泽贸易), Yinzhou Jielun (鄞州捷伦)	The shares subscribed for by the target subscribers in this non-public issue shall not be transferred within 36 months from the closing date of this issuance, and the shares of the Company increased after the closing of this issuance as a result of bonus issue and the conversion of capital reserve to share capital by the Company shall also comply with the above-mentioned arrangement of lock-up period. The reduction of the shares subscribed by the target subscribers after the expiry of the lock-up period is subject to the relevant regulations of the CSRC, the SSE and other regulatory authorities.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020, 27 April 2021 and 30 April 2021.	Yes	Yes

Commitments relation to equity incentive	Others	Ningbo Shanshan Co., Ltd.	The Company promises that none of the major shareholders or de facto controllers who hold more than 5% of shares and their spouses, parents and children participate in this incentive plan.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 13 August 2019 and 24 February 2022.	Yes	Yes
	Others	Ningbo Shanshan Co., Ltd.	The Company undertakes that it will not provide loans and financial support in any other forms, including providing guarantee for loans, to the incentive recipients with respect to the acquisition of the relevant equity under this incentive scheme.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 13 August 2019 and 24 February 2022.	Yes	Yes
Other commitments	Addressing horizontal competition	Ningbo Shanshan Co., Ltd.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 24 February 2020.	Until both of Shaanxi Maoye Industry and Trade Co., Ltd. (陕西茂叶工贸有限公司) and Ningbo Liankangcai Brand Management Co., Ltd. (宁波联康财品牌管理有限公司) cease to be shareholders of Shanshan brand companies.	No	Yes
Other commitments	Addressing horizontal competition	Shanshan Group	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 13 December 2016.	The Agreement shall remain valid and irrevocable from the date of its entry into force through the term when Shanshan Group is the controlling shareholder of the listed company.	No	Yes
	Addressing related transactions	Shanshan, Mr. Zheng Yonggang	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 9 June 2016.	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 9 June 2016.	No	Yes

(II) The Company's Explanation on Whether the Profit Forecast on Assets or Projects Was Met and Its Reasons in the Situation That Profit in the Company's Assets or Projects Is Estimated, and the Period of Which Includes the Reporting Period

Met" Not Met" Not Applicable"

(III) Fulfillment of Undertakings and Its Impact on Goodwill Impairment Test

Applicable" Not Applicable"

II. Appropriation of Funds by the Controlling Shareholders and Their Related Parties for Non-Operating Purpose During the Reporting Period

Applicable" Not Applicable"

III. Illegal Guarantee

Applicable" Not Applicable"

IV. Explanation of the Board on the "Modified Audit Report" from Auditors

Applicable" Not Applicable"

V. The Company's Analysis of and Explanation on Accounting Policies, Changes in Accounting Estimates or Reasons and Impacts of Rectification on Significant Accounting Errors

(I) The Company's Analysis of and Explanation on Accounting Policies as Well as Reasons and Impacts of Changes in Accounting Estimates

Applicable Not applicable"

For details, please refer to Note "III. Significant Accounting Policies and Accounting Estimates - (36) Changes in Significant Accounting Policies and Accounting Estimates" to the financial statements.

(II) The Company's Analysis of and Explanation on Reasons and Impacts of Rectification on Significant Accounting Errors

Applicable" Not applicable"

(III) Communication with Former Accountants

Applicable" Not applicable"

(IV) Other Explanations

Applicable" Not applicable"

VI. Appointment and Removal of Accountants

Unit: 0'000 Currency: RMB

	Current
Name of the domestic auditor	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of the domestic auditor	300
Duration of audit of the domestic auditor	21
Names of certified public accountants of the domestic auditor	Qiao Qi, Shi Danhua
Number of consecutive years of audit services of certified	Qiao Qi (1), Shi Danhua (5)

public accountants of the domestic auditor		
	Name	Remuneration
Accounting firm engaged for internal control audit	BDO China Shu Lun Pan Certified Public Accountants LLP	100
Financial advisor	Huatai Securities Co., Ltd.	40
Sponsor	LC securities	

Explanation on appointment and removal of accountants

Applicable Not applicable"

The Company's 2021 Annual General Meeting considered and approved the proposal on re-appointing BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's accounting auditor for the year 2022 and the proposal on re-appointing BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's internal control auditor for the year 2022.

During the Reporting Period, the Company did not change the appointment or dismissal of the auditor.

Note: During the reporting period, the Company initiated the 2022 Share Option and Restricted Share Incentive Plan and the 2022 non-public issuance of shares, and engaged Huatai United Securities Co., Ltd. as the financial advisor for the 2022 Share Option and Restricted Share Incentive Plan, with a financial advisory fee of RMB400,000; the Company engaged LC securities as the sponsor for the 2022 non-public issuance of shares, with sponsorship fee of RMB2 million (the project has not yet been completed, and the fee was not incurred in the current period).

Explanation on change of accountant during the audit period

Applicable" Not applicable"

VII. Exposure to Delisting Risk

(I) Reasons for Delisting Risk Warning

Applicable" Not applicable"

(II) Measures to Be Taken by the Company

Applicable" Not applicable"

(III) Termination of Listing and Reasons Thereof

Applicable" Not applicable"

VIII. Matters Relating to Bankruptcy and Restructuring

Applicable" Not applicable"

IX. Material Litigation and Arbitration

The Company was involved in any material litigation or arbitration during the year"

The Company was not involved in any material litigation or arbitration during the year"

During the reporting period, other non-material litigation matters of the Company are detailed in note "XII. Commitments and Contingencies - (II) Contingencies" to financial statements.

X. Punishment on and Rectification of the Listed Company, Its Directors, Supervisors, Senior Management, Controlling Shareholder and De Facto Controller for Suspected Breaches of Laws and Rules

Applicable Not applicable"

On 13 April 2022, for failure to disclose the matter of government subsidies of subsidiaries in a timely manner, the Ningbo Securities Regulatory Bureau issued a decision letter on administrative supervisory measures to the Company, and took administrative supervisory measures of issuing warning letters to the Company, the chief financial officer and the secretary of the Board of Directors of the Company. (For details, please refer to the relevant announcement issued by the Company on 16 April 2022)

Upon receipt of the above-mentioned decision on administrative supervision measures, the Company and the relevant personnel attached great importance to the issue, and carefully sorted out, verified and analyzed the issues shown in the decision on administrative supervision measures, and formulated practical and feasible rectification measures. During the period, the relevant rectification measures have been completed and will continue to be regulated subsequently.

XI. Explanation on the Integrity of the Company, Its Controlling Shareholders and De Facto Controllers during the Reporting Period

Applicable Not applicable"

During the reporting period, the Company and its controlling shareholders and de facto controllers were in good standing, and none of them fail to comply with court judgments in force, and there were no large debts that were not settled when due.

XII. Major Related Transactions

(一) Related Transactions Related to Daily Operations

1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes

Applicable" Not Applicable "

2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable Not applicable"

(1) Deposit in related bank

On 18 April 2022, the 27th Meeting of the tenth Session of the Board of Directors of the Company considered and approved the "Proposal on the Estimated Amount of Daily Related Transactions of the Company for 2022". (For details, please refer to the relevant announcement issued by the Company on 20 April 2022)

The Company's maximum deposit balance with Chouzhou Bank was RMB490.4949 million and interest income was RMB4.6773 million.

(2) Procurement of goods from related parties

On 11 June 2021, the 16th Meeting of the tenth Session of the Board of Directors considered and approved the "Proposal on Consent to Daily Related Transactions between Subsidiaries of the Company

and Related Parties”. (For details, please refer to the relevant announcement issued by the Company on 16 June 2021)

From May 2021 to April 2022, the amount of graphitisation processing services purchased by Ningbo Shanshan New Material Technology Co., Ltd. (a subsidiary of the Company) and its subsidiaries from Inner Mongolia Mengji New Carbon Material Co., Ltd. was RMB392.2218 million.

(3) Guarantee provided to related parties

On 10 May 2022 and 30 December 2022, the 2021 General Meeting and the Fifth Extraordinary General Meeting of Shareholders in 2022 considered and approved the Proposal on the Provision of Guarantees and Related Transactions for a Participating Company and the Proposal on the Provision of Connected Guarantee for Shanshan New Material (Quzhou) Co., Ltd. (For details, please refer to the relevant announcements issued by the Company on 11 May 2022 and 31 December 2022)

As of the end of the period, the connected guarantee amount provided by the Company for BASF Shanshan and its wholly-owned subsidiary was RMB430.0000 million, and that provided by the Company to Shanshan New Material (Quzhou) Co., Ltd. was RMB255.7199 million.

3. Matters undisclosed in extraordinary announcements

Applicable" Not Applicable"

(二) Related Party Transactions in Relation to Acquisition and Disposal of Assets or Equity Interests

1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes

Applicable" Not Applicable"

2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable" Not applicable"

In order to focus on the development of the Company's core business, optimize the allocation of resources and enhance the core competitiveness of the Company, on 6 January 2022, the 24th Meeting of the tenth Session of the Board of Director and the 15th Meeting of the tenth Session of the Supervisory Committee of the Company deliberated and approved the “Proposal on Selling 100% Equity Interest in Hunan Yongshan Lithium Industry Co., Ltd.(湖南永杉锂业有限公司) and Related Transactions”. (For details, please refer to the relevant announcement issued by the Company on 7 January 2022)

On 25 January 2022, this equity transfer has completed the industrial and commercial change registration.

3. Matters undisclosed in extraordinary announcements

Applicable" Not Applicable"

4. Discloseable performance for the reporting period of related transactions with agreed-upon performance targets

Applicable" Not Applicable"

(三) Significant Related Party Transactions in Relation to Joint External Investment**1、 Matters which were disclosed in extraordinary announcements without subsequent progress or changes**

Applicable" Not Applicable"

2、 Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable" Not Applicable"

3、 Matters undisclosed in extraordinary announcements

Applicable" Not Applicable"

(四) Amounts Due From/to Related Parties**1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes**

Applicable" Not Applicable"

2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable" Not Applicable"

3. Matters undisclosed in extraordinary announcements

Applicable" Not Applicable"

(五) Financial Business Between the Company and Its Related Financial Company, and Between the Financial Company Held by the Company and Its Related Parties

Applicable" Not Applicable"

(V) Others

Applicable Not applicable"

On 10 May 2022, the Company's 2021 Annual General Meeting considered and approved the "Proposal on Capital Increase and Related Transaction for the Company's Holding Subsidiaries", agreeing that the Company, through its wholly-owned subsidiary Ningbo Shanshan New Energy Technology Development Co., Ltd., jointly increase the capital of Shanghai Shanshan Lithium Battery with four strategic investors, Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (宁波梅山保税港区问鼎投资有限公司), BYD Company Limited, Ningde Ampere Technology Ltd. and China National Petroleum Corporation Kunlun Capital Ltd. (中国石油集团昆仑资本有限公司). The total amount of the capital increase is RMB3.05 billion, and the total amount of the new registered capital of Shanghai Shanshan Lithium Battery is RMB305 million. After the completion of the capital increase, the registered capital of Shanghai Shanshan Lithium Battery will be changed from RMB877 million to RMB1.182 billion, the shareholding ratio of the Company in Shanghai Shanshan Lithium Battery will be changed from 89.99% to 87.08%, and Shanghai Shanshan Lithium Battery will remain as a holding subsidiary of the Company.

On 1 July 2022, this capital increase has completed the industrial and commercial change registration.

For details of other non-major related transactions, please refer to Note X. Related Parties and Related Transactions.

XIII. Material Contracts and Their Implementation

(I) Custody, Contracting or Leasing Business

1. Custody

Applicable" Not Applicable"

2. Contracting

Applicable" Not Applicable"

3. Leasing

Applicable" Not Applicable"

(II) Guarantees

√Applicable "□Not applicable"

Unit: Yuan Currency: RMB

Guarantees provided by the Company (excluding the guarantees to subsidiaries)													
Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guarantee amount	Commencement date of guarantee (date of agreement)	Guarantee start date	Expiry date of guarantee	Type of guarantee	Guarantee released or not	Pass due or not	Overdue guaranteed amount	Counter guarantee	Related party guarantee	Relationship
Ningbo Shanshan Co., Ltd.	The Company	BASF Shanshan Battery Materials Co., Ltd.	210,000,000.00	8/10/2022	8/10/2022	10/10/2025	Joint and several liability guarantee	No	No	Nil	Nil	Yes	Associate
	The Company	BASF Shanshan Battery Materials Co., Ltd.	220,000,000.00	8/10/2022	8/10/2022	10/10/2025	Joint and several liability guarantee	No	No	Nil	Nil	Yes	Associate
	The Company	Shanshan Brand Management Co., Ltd.	80,000,000.00	24/3/2020	24/3/2020	7/4/2023	Joint and several liability guarantee	No	No	Nil	Yes	No	Associate
	The Company	Shanshan Brand Management Co., Ltd.	20,000,000.00	12/1/2022	12/1/2022	21/2/2023	Joint and several liability guarantee	No	No	Nil	Yes	No	Associate

Total amount of guarantees incurred during the Reporting Period (excluding the guarantees provided to subsidiaries)	530,000,000.00
Total balance of guarantee as at the end of the reporting period (A) (excluding the guarantees provided for subsidiaries)	233,025,000.00
Guarantees provided by the Company and its subsidiaries to subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	15,119,277,620.22
Total balance of guarantee provided to subsidiaries as at the end of the Reporting Period (B)	7,464,576,705.38
Total guaranteed amount of the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	7,697,601,705.38
Total guaranteed amount as a percentage of net assets of the Company (%)	33.39
Of which:	
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)	0
Amount of debt guarantees directly or indirectly provided to the parties with the gearing ratio exceeding 70% (D)	406,074,530.69
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Total amount of the above three types of guarantees (C+D+E)	406,074,530.69
Explanations on outstanding guarantee which may assume joint and several liabilities for repayment	Nil
Explanations on guarantees	The statistics on "Guarantees by the Company to subsidiaries" include mutual guarantees within the scope of consolidation. As of the disclosure date of this report, the Company's guarantee for Shanshan brand has been released.

(III) Cash Asset Management Entrusted to Others

1. Entrusted wealth management

(1) Entrusted wealth management in general

Applicable" Not Applicable"

(2) Single entrusted wealth management

Applicable" Not Applicable"

(3) Impairment provision for entrusted wealth management

Applicable" Not Applicable"

2. Entrusted loan

(1) Entrusted loan in general

Applicable" Not Applicable"

(2) Single entrusted loan

Applicable" Not Applicable"

(3) Impairment provision for entrusted loan

Applicable" Not Applicable"

3. Others

Applicable" Not Applicable"

(IV) Other Major Contracts

Applicable" Not Applicable"

XIV. Description of Other Significant Events That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors

Applicable" Not Applicable"

Section VII Changes in Shares and Particulars of Shareholders

I. Changes in Share Capital

(I) Changes in Shares

1. Changes in shares

Unit: share

	Before this change		Increase or decrease of this change (+, -)					After this change	
	Quantity	Percentage (%)	Issuance of new shares	Share dividend	Capitalization of capital reserve into share capital	Others	Subtotal	Quantity	Percentage (%)
I. Shares subject to trading restrictions	488,402,766	22.79	18,334,100				18,334,100	506,736,866	22.38
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	488,402,766	22.79	16,207,220				16,207,220	504,609,986	22.29
Including: Shares held by domestic non-state-owned legal persons	488,402,766	22.79						488,402,766	21.57
Shares held by domestic natural persons			16,207,220				16,207,220	16,207,220	0.72
4. Shares held by overseas investors			2,126,880				2,126,880	2,126,880	0.09
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons			2,126,880				2,126,880	2,126,880	0.09
II. Tradable Shares not subject to trading restrictions	1,654,517,172	77.21	102,719,320				102,719,320	1,757,236,492	77.62
1. RMB-denominated ordinary shares	1,654,517,172	77.21	102,719,320				102,719,320	1,757,236,492	77.62
2. Domestic-listed foreign shares									
3. Overseas-listed foreign shares									

4. Others									
III. Total number of shares	2,142,919,938	100.00	121,053,420				121,053,420	2,263,973,358	100.00

2. Explanations on changes in shares

√Applicable Not applicable"

On 6 June 2022, the Company completed the registration of the first grant of the restricted stock under the 2022 Equity Incentive Plan, and increased 18,334,100 shares subject to trading restrictions.

On 25 July 2022, the Company completed the registration of the additional domestic A shares specific to the issuance of GDRs, adding 77,211,500 tradable shares not subject to trading restrictions.

On 9 November 2022 and 20 December 2022, the Company completed the registration of the additional shares deriving from the first and second exercise of the 2019 Equity Incentive Plan in the third exercise period, adding a total of 25,507,820 tradable shares not subject to trading restrictions.

3. Impact of share changes on financial indicators such as earnings per share and net assets per share in the most recent year and period (if any)

√Applicable Not applicable"

During the reporting period, the Company issued a total of 121,053,420 new shares under the Equity Incentive Plan and GDR, and the total share capital of the Company changed to 2,263,973,358 shares. The above changes in share capital resulted in dilution of the basic earnings per share and net assets per share of the Company for the year 2022, the effect is set out in the table below:

Item	Based on new share capital	Based on old share capital
Basic earnings per share (RMB/share)	1.23	1.26
Diluted earnings per share (RMB/share)	1.23	1.26
Net assets per share attributable to shareholders of the Listed Company (RMB/share)	10.54	10.76

4. Other disclosures the Company deems necessary or required by securities regulators

Applicable" Not Applicable"

(II) Changes in Restricted Shares

√Applicable Not applicable"

Unit: Share

Full name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium during the year	Increase in the number of shares subject to trading moratorium during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release from trading restrictions

Shanshan Group Co., Ltd.	205,264,756	0	0	205,264,756	Restricted period for non-public issuance of shares	12/31/2024
Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)	205,264,756	0	0	205,264,756	Restricted period for non-public issuance of shares	12/31/2024
Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)	77,873,254	0	0	77,873,254	Restricted period for non-public issuance of shares	12/31/2024
Li Fengfeng	0	0	450,000	450,000	Restricted period for restricted incentive shares	The restricted shares initially granted under the Company's 2022 Share Incentive Scheme were released from restriction in four tranches, with the corresponding restriction periods being 12 months, 24 months, 36 months and 48 months from the date of completion of registration of the initial grant respectively.
Other incentive recipients (416 people)	0	0	17,884,100	17,884,100	Restricted period for restricted incentive shares	
Total	488,402,766	0	18,334,100	506,736,866	/	/

II. Issuance and Listing of Securities

(I) Particulars About Issuances of Securities During the Reporting Period

√Applicable "□Not applicable"

Unit: Share Currency: RMB

Type of securities and derivatives	Date of issuance	Issue price (or interest rate)	Issue size	Listing date	Number of shares approved for listing	Transaction termination date
Ordinary shares						
Restricted stock under the 2022 Equity Incentive Plan	6/6/2022	RMB13.76/share	18,334,100	6/6/2022	18,334,100	/
First exercise of the stock options in the third exercise period of the 2019 Equity Incentive Plan	11/9/2022	RMB7.28/share	11,950,320	11/16/2022	11,950,320	/
Second exercise	12/20/2022	RMB7.28/share	13,557,500	12/27/2022	13,557,500	/

of the stock options in the third exercise period of the 2019 Equity Incentive Plan						
Other derivative securities						
GDR	7/28/2022	USD20.64/share	15,442,300 (corresponding to 77,211,500 A Shares)	7/28/2022	15,442,300 (corresponding to 77,211,500 A Shares)	/

Particulars about issuances of securities during the Reporting Period (particulars of bonds with different interest rates during duration shall be provided separately):

Applicable Not applicable"

1. Restricted stock under the 2022 Equity Incentive Plan: On 6 June 2022, the Company completed the registration of additional shares for the first grant of restricted shares under the 2022 Equity Incentive Plan. The restricted shares granted this time were unlocked in four tranches, with the corresponding restriction periods being 12 months, 24 months, 36 months and 48 months from the completion of registration date of initial grant respectively.

2. Exercise in the third exercise period of the 2019 Equity Incentive Plan: On 17 October 2022, the Company held the Thirty-fourth Meeting of the Tenth Session of the Board of Directors and the Twenty-second Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the Proposal on Satisfaction of Exercise Conditions in the Third Exercise Period of Stock Options First Granted under the Company's 2019 Share Option Incentive Plan. On 9 November 2022 and 20 December 2022, the Company completed the registration of the additional shares deriving from the first and second exercise of the stock options in the exercise period.

3. The Company plans to issue GDRs overseas and get listed on the SIX Swiss Exchange within the Reporting Period, and to complete the GDR issuance and listing on 28 July 2022 in order to expand its international financing channels, meet the needs of its business development at home and abroad, and enhance its international brand and corporate image. The number of GDRS issued this time is 15,442,300, representing 77,211,500 A shares of the underlying security, raising some USD319 million. The proceeds will be used to further improve the R&D, production and sales system of lithium-ion battery anode materials and LCD polariser business, repay the loan, top up working capital and general corporate purposes, etc.

(II) Changes in Total Number of Shares, Structure of Shareholders, and Structure of Assets and Liabilities of the Company

Applicable Not applicable"

During the period, the total number of shares of the Company increased from 2,142,919,938 shares at the beginning of the period to 2,263,973,358 shares as a result of the implementation of the Equity Incentive Plan and the issuance of GDRs by the Company. There were corresponding changes in the accounts related to assets and owners' equity of the Company, and there was no impact on the accounts of liabilities.

(III) Existing Shares Held by Internal Employees of the Company

"□ Applicable" "√ Not Applicable"

III. Details of Shareholders and Actual Controllers**(一) Total Number of Shareholders**

Total number of ordinary shareholders as of the end of the reporting period (shareholder)	188,264
Number of shareholders of ordinary shares as at the end of the month immediately preceding the publication date of the annual report	207,564

(二) Top Ten Shareholders and Top Ten Circulating Shareholders (or Shareholders not Subject to Trading Restrictions) as of the End of the Reporting Period

Unit: share

Shareholding of the top ten shareholders							
Full name of shareholder (Full name)	Changes during the Reporting Period	Number of shares held as at the end of the Reporting Period	Proportion (%)	Number of shares held subject to trading moratorium	Pledged/Marked/Frozen		Type of shareholders
					Status of shares	Quantity	
Shanshan Group Co., Ltd.	44,700,000	782,222,036	34.55	205,264,756	Frozen	40,441,711	Domestic non state-owned legal person
					Pledged	506,163,870	
Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)	0	205,264,756	9.07	205,264,756	Pledged	78,420,000	Domestic non state-owned legal person
Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)	0	77,873,254	3.44	77,873,254	Pledged	29,580,000	Domestic non state-owned legal person
Shanshan Holdings Co., Ltd.	-44,700,000	72,212,189	3.19	0	Frozen	63,391,443	Domestic non state-owned legal person
Tianan Property Insurance Co., Ltd - Bao Ying No.1	0	54,450,098	2.41	0	Nil		Domestic non state-owned legal person
HKSCC Limited	39,768,929	45,368,006	2.00	0	Nil		Overseas legal person
Postal Savings Bank of China Co., Ltd. - Orient Fund Growing Small-Cap Hybrid Open Securities Investment Fund	-628,345	21,001,135	0.93	0	Nil		Others
Citibank, National Association	17,440,500	17,440,500	0.77	0	Nil		Overseas legal person

Huatai Securities Co., Ltd.	10,848,266	13,746,990	0.61	0	Nil		State-owned legal person
China Construction Bank Limited - TruValue Asset Management New Energy Vehicle Thematic Shares Initiated Securities Investment Fund	-5,661,926	8,534,433	0.38	0	Nil		Others
Shareholding conditions of the top ten shareholders not subject to selling restrictions							
Full name of shareholder	Number of tradable shares not subject to trading moratorium		Class and number of shares		Type	Quantity	
Shanshan Group Co., Ltd.	576,957,280		RMB-denominated ordinary shares		576,957,280		
Shanshan Holdings Co., Ltd.	72,212,189		RMB-denominated ordinary shares		72,212,189		
Tianan Property Insurance Co.,Ltd - Bao Ying No.1	54,450,098		RMB-denominated ordinary shares		54,450,098		
HKSCC Limited	45,368,006		RMB-denominated ordinary shares		45,368,006		
Postal Savings Bank of China Co., Ltd. - Orient Fund Growing Small-Cap Hybrid Open Securities Investment Fund	21,001,135		RMB-denominated ordinary shares		21,001,135		
Citibank,National Association	17,440,500		RMB-denominated ordinary shares		17,440,500		
Huatai Securities Co., Ltd.	13,746,990		RMB-denominated ordinary shares		13,746,990		
China Construction Bank Limited - TruValue Asset Management New Energy Vehicle Thematic Shares Initiated Securities Investment Fund	8,534,433		RMB-denominated ordinary shares		8,534,433		
Shanghai Securities	8,264,127		RMB-denominated ordinary shares		8,264,127		
Bank of China Limited – ChinaAMC Xinghua Mixed Securities Investment Fund	6,933,954		RMB-denominated ordinary shares		6,933,954		
Explanations on the special account for repurchase among the top ten shareholders	The top 10 shareholders have “securities account for share repurchase of Ningbo Shanshan Co., Ltd.”, holding 13,367,600 tradable shares not subject to trading restrictions.						
Explanation on the above-mentioned shareholders' proxy voting rights, entrusted voting rights, and waiver of voting rights	Not applicable						
Note on connected relationship or acting in concert of the above shareholders:	Shanshan Holdings is the controlling shareholder of Shanshan Group, Pengze Trading is a wholly-owned subsidiary of Shanshan Group, and Yinzhou Jielun is a wholly-owned subsidiary of Shanshan Holdings. In addition, the Company is not aware of any related relationships or its persons acting in concert among the above shareholders.						
Preferred shareholders with their voting rights restored and the number of shares they hold	Not applicable						

Note: As of the end of the Reporting Period, Shanshan Group held 782,222,036 shares of the Company and pledged 506,163,870 shares in aggregate. Among them, both the shares held and the accumulated pledged shares include a total of 346 million shares transferred to the special pledged account by Shanshan Group for the non-public issuance of exchangeable corporate bonds.

The number of shares held by the top ten shareholders subject to trading restrictions and the restricted conditions

√Applicable "□Not applicable"

Unit: share

No.	Name of shareholders subject to trading restrictions	Number of shares held subject to trading restrictions	Listing and trading of shares subject to trading restrictions		trading restriction conditions
			Date eligible for listing and trading	Number of shares newly eligible for listing and trading	
1	Shanshan Group Co., Ltd.	205,264,756	12/31/2024	205,264,756	Not transferable within 36 months commencing from the listing date.
2	Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)	205,264,756	12/31/2024	205,264,756	
3	Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)	77,873,254	12/31/2024	77,873,254	
4	Li Fengfeng	450,000	6/6/2023	112,500	The restricted shares initially granted under the Company's 2022 Share Incentive Scheme were released from restriction in four tranches, with the corresponding restriction periods being 12 months, 24 months, 36 months and 48 months from the date of completion of registration of the initial grant respectively.
			6/6/2024	112,500	
			6/6/2025	112,500	
			6/6/2026	112,500	
5	Ding Xiaoyang	360,000	6/6/2023	90,000	
			6/6/2024	90,000	
			6/6/2025	90,000	
			6/6/2026	90,000	
6	Zhu Zhiyong	294,000	6/6/2023	73,500	
			6/6/2024	73,500	
			6/6/2025	73,500	
			6/6/2026	73,500	
7	Gan Lu	270,000	6/6/2023	67,500	
			6/6/2024	67,500	
			6/6/2025	67,500	
			6/6/2026	67,500	
7	Geng Hailong	270,000	6/6/2023	67,500	
			6/6/2024	67,500	
			6/6/2025	67,500	
			6/6/2026	67,500	
7	Jiang Ninglin	270,000	6/6/2023	67,500	
			6/6/2024	67,500	
			6/6/2025	67,500	
			6/6/2026	67,500	
10	Zhang Hua	240,000	6/6/2023	60,000	
			6/6/2024	60,000	
			6/6/2025	60,000	

			6/6/2026	60,000	
10	Li Peng	240,000	6/6/2023	60,000	
			6/6/2024	60,000	
			6/6/2025	60,000	
			6/6/2026	60,000	
Note on connected relationship or acting in concert of the above shareholders:		<p>Pengze Trading is a wholly-owned subsidiary of Shanshan Group, and Yinzhou Jielun is a wholly-owned subsidiary of Shanshan Holdings (the controlling shareholder of Shanshan Group).</p> <p>Ms. Li Fengfeng is a director of the Company, the person in charge of the Company's anode material business, and the chairwoman of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. (a subsidiary of the Company) and its subsidiaries.</p> <p>The other natural person shareholders are the main management and core technical personnel of the Company's subsidiaries.</p>			

(三) Strategic Investors or General Legal Persons who Become the Top Ten Shareholders due to the Placement of New Shares

Applicable Not Applicable

IV. Controlling Shareholder and De Facto Controller

(I) Controlling Shareholder

1 Legal person

Applicable Not applicable

Name	Shanshan Holdings Co., Ltd.
Responsible person or legal representative	Zheng Ju
Date of incorporation	8/30/2004
Major business operations	Industrial investment, investment management, research and development and sales of clothing, knitgoods, clothing fabrics, and related high-tech materials, precious metals, building materials, chemical products (except dangerous chemicals, monitoring chemicals, civil explosive, precursor chemicals), stationery, machinery, equipment and accessories, daily necessities, fuel oil, lubricants, auto parts, wood, plastic raw materials and products, packaging materials, sales of pulp, paper, paper products and metal materials, import and export of goods and technology, business information consulting.
Shareholdings in other domestic and overseas companies during the Reporting Period	Domestic holding listed company: Jinzhou Jixiang Molybdenum Co.,Ltd. (603399); domestic listed company with equity participation: Huachuang Yang'an (华创阳安) (600155), STO Express (002468)
Other descriptions	Nil

Name	Shanshan Group Co., Ltd.
Responsible person or legal representative	Weng Huiping
Date of incorporation	6/28/1994
Major business operations	General items: clothing manufacturing; apparel wholesale; apparel retail; shoes and hats wholesale; shoes and hats retail; hardware product wholesale; hardware product retail; wholesale of sporting goods and equipment; retail of sporting goods and equipment; stationery product wholesale; stationery product retail; daily necessities wholesale; daily necessities sales; cosmetics wholesale; cosmetics retail; auto parts

	wholesale; sales of leather products; sales of clothing accessories; sales of sewing machines; sales of gold and silver products; sales of metal chains and other metal products; sales of metal materials; sales of electrical machinery and equipment; sales of machinery and equipment; sales of construction materials; sales of building and ornament materials; sales of daily necessities; sales of wood; sales of paper products; sales of daily glass products; sales of rubber products; sales of plastic products; sales of packaging materials and products; sales of animal husbandry and fishery feed; sales of coal and products; sales of petroleum products (not including dangerous chemicals); sales of lubricants; sales of solar thermal utilization equipment; sales of solar thermal power generation equipment; sales of original motive new energy equipment; solar power generation technology services; technology research and development of new materials; non-residential real estate leasing; housing leasing; property management; business management consulting; certification consulting; financial consulting; social and economic consulting services; consulting services of corporate credit management; information technology consulting services; consulting planning services; information consulting services (excluding licensing information consulting services); marketing planning; corporate image planning (freely operated by the enterprise legally based on the business license except for items requiring approval according to the law). Licensed items: food business; food business (sales of bulk food); food business (sales of prepackaged food); import and export agency; import and export of goods; import and export of technologies.
Shareholdings in other domestic and overseas companies during the Reporting Period	The investments in overseas listed company: Huishang Bank (03698.HK)
Other descriptions	Nil

2 Natural person

Applicable" " Not Applicable"

3 Special note that there is no controlling shareholder in the Company

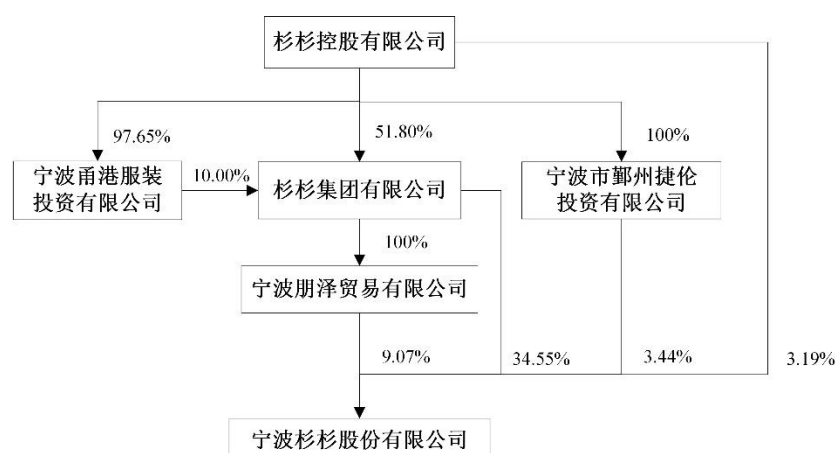
Applicable" " Not Applicable"

4 Explanation on changes in controlling shareholder during the Reporting Period

Applicable" " Not Applicable"

5 Chart of the ownership and controlling relationships between the Company and the controlling shareholder

Applicable " Not applicable"



杉杉控股有限公司	Shanshan Holdings Co., Ltd.
宁波甬港服装投资有限公司	Ningbo Yonggang Garment Investment Co., Ltd. (宁波甬港服装投资有限公司)
杉杉集团有限公司	Shanshan Group Co., Ltd.
宁波市鄞州捷伦投资有限公司	Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)
宁波朋泽贸易有限公司	Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)
宁波杉杉股份有限公司	Ningbo Shanshan Co., Ltd.

(II) De Facto Controller

1 Legal person

Applicable" Not Applicable"

2 Natural person

Applicable Not applicable"

Name	Zheng Yonggang
Nationality	China
Whether to obtain the right of abode in other countries or regions	No
Major occupations and positions	Former chairman of Ningbo Shanshan, the chairman of the board of directors of Shanshan Holdings, and the chairman of Shanshan Holdings
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	Ningbo Shanshan, China-Kinwa Changchun High Technology Co., Ltd. (renamed as "Nuode Investment Co., Ltd."), Zhejiang IDC Fluid Control Co., Ltd. (renamed as "STO Express Co., Ltd."), Shandong Jiangquan Industry Co., Ltd., Jinzhou Jixiang Molybdenum Co., Ltd., Shanshan Brand Management Co., Ltd., and FY Financial (Shenzhen) Co., Ltd.

3 Special note that there is no actual controller in the Company

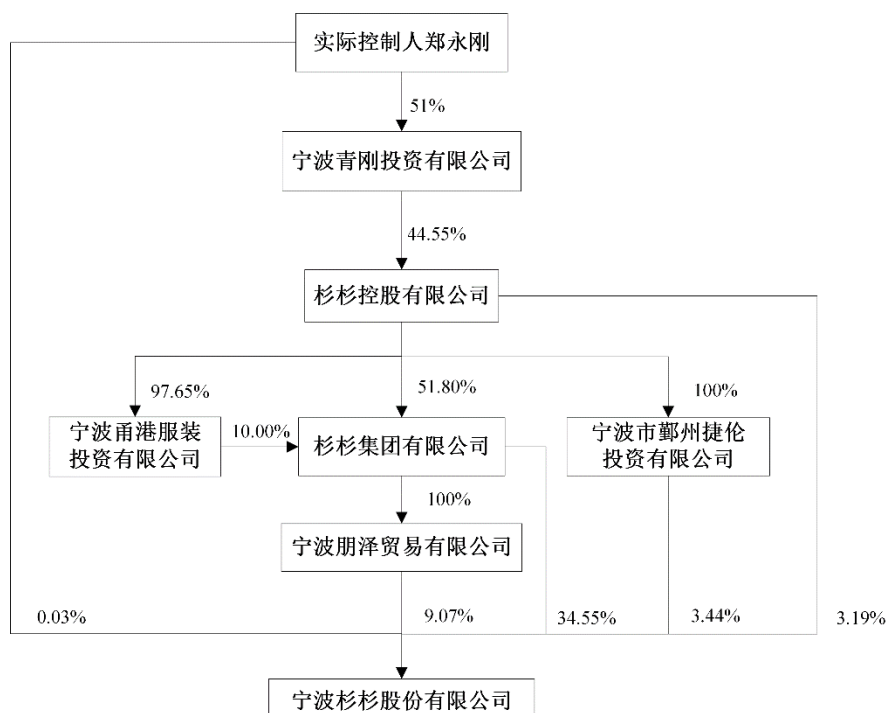
Applicable" Not Applicable"

4 Explanation on changes in the Company's control right during the Reporting Period

Applicable" Not Applicable"

5 Chart of the ownership and controlling relationships between the Company and the de facto controller

Applicable Not applicable"



实际控制人郑永刚	Zheng Yonggang, the de facto controller
宁波青刚投资有限公司	Ningbo Qinggang Investment Co., Ltd.
杉杉控股有限公司	Shanshan Holdings Co., Ltd.
宁波甬港服装投资有限公司	Ningbo Yonggang Garment Investment Co., Ltd. (宁波甬港服装投资有限公司)
杉杉集团有限公司	Shanshan Group Co., Ltd.
宁波市鄞州捷伦投资有限公司	Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)
宁波朋泽贸易有限公司	Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)
宁波杉杉股份有限公司	Ningbo Shanshan Co., Ltd.

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

Applicable" Not Applicable"

(III) Other descriptions on Controlling Shareholder and De Facto Controller

Applicable Not applicable"

On 10 February 2023, Mr. Zheng Yonggang, the former de facto controller of the Company, passed away due to illness. The shares and related interests held by him in the Company are intended to be subject to succession procedures according to relevant laws and regulations. As of the date of this report, the Company has not received any written document or notice having legal force, confirming the new beneficial owner of the Company. The Company will closely follow up the subsequent progress and re-identify the de facto controller based on the share succession.

V. Cumulative Pledged Shares of the Controlling Shareholder or the Largest Shareholder of the Company and Its Persons Acting in Concert Account for More Than 80% of the Shares Held by the Company

Applicable" Not Applicable"

VI. Other Legal Person Shareholders Holding More Than 10% of the Shares

Applicable" Not Applicable"

VII. Explanations on Restrictions on Reduction of Shares

Applicable" Not Applicable"

VIII. Specific Implementation of Share Repurchase During the Reporting Period

Applicable Not applicable"

Unit: RMB100 million Currency: RMB

Name of share repurchase plan	Share repurchase program through centralized bidding transactions of Ningbo Shanshan Co., Ltd.
Time of disclosure of share repurchase plan	27 December 2022
Number of shares to be repurchased and its percentage of total share capital (%)	Under the condition that the repurchase price is capped at RMB23 per share and the repurchase is fully implemented, the estimated number of shares to be repurchased is approximately 21,739,130 shares, representing 0.96% of the total issued share capital of the Company (2,263,973,358 shares), based on the maximum repurchase amount of RMB500 million; the estimated number of shares to be repurchased is approximately 13,043,479 shares, representing 0.58% of the total issued share capital of the Company, based on the minimum repurchase amount of RMB300 million.
Amount to be repurchased	Not less than RMB300 million (inclusive) and not more than RMB500 million (inclusive)
Period of proposed repurchase	Within 12 months from the date of consideration and approval of the share repurchase program by the Board of Directors
Repurchase purpose	Will be used for the Company's employee share scheme or equity incentive plan at an appropriate time and will be transferred within three years after the announcement of results of share repurchase and changes in shares; if the Company fails to transfer the repurchased shares within three years after date of announcement of results of share repurchase and changes in shares, the shares not transferred will be canceled.
Number of shares repurchased (shares)	13,367,600
Percentage of the repurchased number of shares to the underlying shares involved in the equity incentive plan (%) (if any)	Not applicable
Progress of the Company's share repurchase reduction by means of centralized bidding transactions	Not applicable

Section VIII Information Regarding Preference Shares

Applicable" Not Applicable"

Section IX Information Regarding Bonds

I. Enterprise Bonds, Corporate Bonds and Debt Financing Instruments of Non-financial Enterprises

Applicable" Not Applicable"

II. Convertible Corporate Bonds

Applicable" Not Applicable"

Section X Financial Report

I. Auditor's Report

√Applicable Not applicable"

2023-ZAB035

To the Shareholders of Ningbo Shanshan Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Ningbo Shanshan Co., Ltd. ("Shanshan"), which comprise the consolidated and company's balance sheets as at 31 December 2022, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity of the year then ended, and notes to the financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
<p>(I) Recoverability of accounts receivable</p> <p>As stated in Note III (X) to the financial statements, "Test Methods and Accounting Treatment Methods for Impairment of Financial Assets" under "Significant Accounting Policies and Accounting Estimates", and Note V (III) to the financial statements "Accounts Receivable", as at 31 December 2022, original balance of accounts receivable in the consolidated financial statements amounted RMB 4,899,470,632.84, increasing by 16.07% compared with that as at 31 December 2021. Balance of bad debt provision for accounts receivable as at</p>	<p>Audit procedures we performed with respect to recoverability of accounts receivable include:</p> <ol style="list-style-type: none"> 1. understanding and evaluating internal controls relating to daily operation and assessment of recoverability of accounts receivable, and testing effectiveness of the design and implementation of such internal controls; 2. assessing reasonableness of management's judgement on grouping accounts receivables by portfolio with common risk characteristics; 3. reviewing the basis of management in assessment of credit risk and the amount to be

Key Audit Matters	How these matters were addressed in the audit
<p>31 December 2022 was RMB 204,496,209.46. Carrying amount of accounts receivables accounted for 10.45% of total assets and 19.46% of net assets as of 31 December 2022.</p> <p>Balance of accounts receivable is significant, and provision for bad debts involves significant management judgement and estimate. Management should evaluate all reasonable and supportable information, such as customers' repayment history, customers' credit status, industrial conditions and forward-looking information. Therefore, The recoverability of accounts receivable is determined as a key audit matter.</p>	<p>provided for expected credit losses in relation to specific provision of accounts receivable, including management's assessment of credit risk in the context of the customer's operating conditions, market environment and repayment history, as well as relevant objective evidence of provision for accounts receivable;</p> <p>4. reviewing management's definition on credit risk characteristics portfolio in relation to provision for accounts receivables evaluated by portfolio. For expected credit loss of accounts receivables provided by aging, evaluating management's grouping of accounts receivable by credit risk, reviewing key information used such as aging by portfolio, credit history by portfolio, and overdue aging by portfolio; reviewing basis for provision of expected credit loss, including management's estimate and calculation for expected credit losses in the context of historical credit loss rates and forward-looking factors;</p> <p>5. reviewing disclosures of accounts receivable and provision for bad debts in the financial statements in conjunction with independent external confirmations performed on the accounts receivable and substantive procedures such as testing of subsequently receipt.</p>
<p>(II) Revenue recognition</p>	
<p>As stated in Note III (XXVII) to the financial statements, "Revenue" under "Significant Accounting Policies and Accounting Estimates", and Note V (XLVI) "Operating income and operating cost" to the financial statements, revenue arising from sales of products for the year ended 31 December 2022 was RMB 21,701,617,268.32, increasing by 4.84% from that of last year. Since revenue is one of the Company's key performance indicators, there is an inherent risk that management is likely to manipulate the timing of revenue recognition so as to achieve specific goals or expectations. Therefore, revenue recognition is determined as a key audit matter.</p>	<p>Audit procedures we performed with respect to revenue recognition include the following:</p> <ol style="list-style-type: none"> 1、 understanding and evaluating the design of, and testing operating effectiveness key internal controls related to revenue recognition; 2、 reviewing sales contracts, on sample basis, to identify whether the customer has obtained control of relevant goods or services which are able to be used in a way that generates substantial all of the economic benefits; 3、 performing analytical review on revenue and gross profit by product type to identify any unusual fluctuations of revenue for the year; 4、 Examining sales invoices, sales contracts and goods delivery notes in relation to revenue transactions recorded during the year, on sample basis, to evaluate whether the relevant revenue was recognised in compliance with the Company's accounting policy;

Key Audit Matters	How these matters were addressed in the audit
	5、 examining goods delivery notes and other supporting documents in relation to the sales transactions before and after balance sheet date, on sample basis, to test cut-off of revenue recognition.

Other Information

Management of Shanshan (“Management”) is responsible for the other information. The other information comprises all of the information included in the 2022 annual report of Shanshan, 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.

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

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

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

Those charged with governance are responsible for overseeing Shanshan’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 understand 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 management.

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

(5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

**BDO CHINA Shu Lun Pan
Certified Public Accountants LLP**

**Certified Public Accountant of China:
(Engagement Partner)
Qiao Qi**

**Certified Public Accountant of China:
Shi Danhua**

Shanghai, China

18 April 2023

II. Financial Statements

Ningbo Shanshan Co., Ltd.
Consolidated Balance Sheet
31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

Assets	Note V	31 December 2022	31 December 2021
Current assets:			
Cash at bank and on hand	(I)	4,742,265,435.59	9,294,961,367.71
Deposit reservation for balance			
Lending funds			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	(II)	227,833,088.02	34,666,107.26
Accounts receivable	(III)	4,694,974,423.38	3,959,400,439.17
Receivables financing	(IV)	512,249,842.96	644,551,987.38
Prepayments	(V)	1,391,716,499.58	837,233,585.18
Insurance premium receivable			
Reinsurance premium receivables			
Reserves for reinsurance contracts receivable			
Other receivables	(VI)	497,273,632.21	346,958,862.10
Financial assets purchased under agreements to resell			
Inventories	(VII)	5,029,844,227.43	3,043,029,566.06
Contract assets			
Assets held for sale	(VIII)	1,316,864,410.82	
Non-current assets due within one year	(IX)	46,632,199.70	58,264,962.45
Other current assets	(X)	483,327,024.12	758,646,380.73
Total current assets		18,942,980,783.81	18,977,713,258.04
Non-current assets:			
Borrowings and advances issued			
Debt investment			
Other debt investment			
Long-term receivables	(XI)		33,196,905.37
Long-term equity investment	(XII)	6,917,108,693.60	6,325,388,921.87
Investment in other equity instruments	(XIII)	749,414,590.01	918,659,446.44
Other non-current financial assets	(XIV)	198,154,599.78	102,604,599.78
Investment properties			
Fixed assets	(XV)	8,351,151,772.77	7,463,359,635.73
Construction in progress	(XVI)	4,947,187,407.85	2,022,341,380.07
Productive biological assets			
Oil and gas assets			
Right of use assets	(XVII)	1,624,854,551.62	1,358,079,598.87
Intangible assets	(XVIII)	1,757,936,375.32	1,627,091,148.67
Development costs			
Goodwill	(XIX)	1,007,279,852.19	914,614,122.42
Long term prepaid expenses	(XX)	133,384,511.46	103,040,763.19
Deferred income tax assets	(XXI)	134,942,699.34	240,325,267.25
Other non-current assets	(XXII)	161,095,381.56	202,053,956.06
Total non-current assets		25,982,510,435.50	21,310,755,745.72
Total assets		44,925,491,219.31	40,288,469,003.76

The accompanying notes are an integral part of these consolidated financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Consolidated Balance Sheet (Continued)
31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

Liabilities and the owner's equity	Note	31 December 2022	31 December 2021
Current liabilities:			
Short-term borrowings	(XXIII)	3,928,471,986.16	4,339,082,320.54
Borrowings from the Central Bank			
Borrowings from other banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	(XXIV)	2,039,758,654.61	1,250,062,984.06
Accounts payable	(XXV)	3,149,272,023.43	2,321,337,124.98
Advances from customers	(XXVI)	100,196,289.48	1,092,883.71
Contract liabilities	(XXVII)	60,815,111.78	112,277,738.49
Financial assets sold for repurchase			
Deposits from customers and inter banks			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Employee benefits payable	(XXVIII)	153,368,165.73	195,657,895.94
Taxes payable	(XXIX)	296,418,740.29	722,837,474.19
Other payables	(XXX)	753,001,487.50	590,223,505.57
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale	(XXXI)	400,317,405.67	
Non-current liabilities due within one year	(XXXII)	1,904,053,155.76	3,623,549,740.51
Other current liabilities	(XXXIII)	113,769,719.27	152,672,564.23
Total current liabilities		12,899,442,739.68	13,308,794,232.22
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings	(XXXIV)	4,176,085,647.01	3,369,958,766.39
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities	(XXXV)	1,136,932,323.59	1,109,066,539.36
Long-term payable	(XXXVI)	1,816,108,761.30	2,329,233,515.94
Long-term employee benefits payable			
Estimated liabilities	(XXXVII)	62,706,582.21	31,315,748.16
Deferred income	(XXXVIII)	366,776,419.53	409,654,327.51
Deferred income tax liabilities	(XXXIX)	337,324,202.09	380,071,327.43
Other non-current liabilities			
Total non-current liabilities		7,895,933,935.73	7,629,300,224.79
Total liabilities		20,795,376,675.41	20,938,094,457.01
Owner's equity:			
Share capital	(XXI)	2,263,973,358.00	2,142,919,938.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves	(XL)	9,131,320,581.39	6,477,790,953.97
Less: Treasury shares	(XLI)	514,721,346.78	
Other comprehensive incomes	(XLII)	-150,819,889.21	-31,679,676.99
Special reserves	(XLIII)	2,140,946.80	2,307,702.27
Surplus reserves	(XLIV)	292,801,918.55	253,716,196.59
General risk provision			
Retained earnings	(XLV)	12,028,646,332.05	10,083,326,361.95
Total owner's equity attributable to the company		23,053,341,900.80	18,928,381,475.79
Non-controlling interests		1,076,772,643.10	421,993,070.96
Total owner's equity		24,130,114,543.90	19,350,374,546.75
Total liabilities and owner's equity		44,925,491,219.31	40,288,469,003.76

The accompanying notes are an integral part of these consolidated financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Company's Balance Sheet
31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

Assets	Note XV	31 December 2022	31 December 2021
Current assets:			
Cash at bank and on hand		1,476,613,738.52	3,643,582,800.84
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	(I)	5,443,729.34	2,086,137.17
Receivables financing			
Prepayments		7,762,041.01	953,868.82
Other receivables	(II)	6,525,085,599.39	5,428,005,807.30
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		1,498,955.29	54,015,140.30
Total current assets		8,016,404,063.55	9,128,643,754.43
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	(III)	13,235,636,051.82	12,811,102,420.32
Investment in other equity instruments		35,916,462.76	35,916,462.76
Other non-current financial assets			10,000.00
Investment properties			
Fixed assets		385,346,078.22	402,493,299.15
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right of use assets		91,299,812.05	22,425,081.12
Intangible assets		84,937,286.43	88,082,618.74
Development costs			
Goodwill			
Long term prepaid expenses		16,317,179.88	20,930,252.40
Deferred income tax assets		40,925,524.18	39,182,345.89
Other non-current assets			
Total non-current assets		13,890,378,395.34	13,420,142,480.38
Total assets		21,906,782,458.89	22,548,786,234.81

The accompanying notes are an integral part of the company's financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Company's Balance Sheet (Continued)
31 December 2022
(All amounts in RMB Yuan unless otherwise stated)

Liabilities and the owner's equity	Note	31 December 2022	31 December 2021
Current liabilities:			
Short-term borrowings		1,101,212,444.43	1,028,154,847.21
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		28,352,872.82	18,140,302.98
Advances from customers		157,689.48	1,092,600.61
Contract liabilities			
Employee benefits payable		11,505,506.79	6,492,303.40
Taxes payable		9,503,110.86	8,029,077.33
Other payables		2,069,234,913.73	2,844,656,376.98
Liabilities held for sale			
Non-current liabilities due within one year		1,021,620,149.85	2,697,881,650.88
Other current liabilities			
Total current liabilities		4,241,586,687.96	6,604,447,159.39
Non-current liabilities:			
Long-term borrowings		2,963,340,000.00	2,773,240,722.21
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		43,291,543.62	13,963,865.45
Long-term payable		1,369,305,861.96	1,641,086,052.90
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,375,937,405.58	4,428,290,640.56
Total liabilities		8,617,524,093.54	11,032,737,799.95
Owner's equity:			
Share capital		2,263,973,358.00	2,142,919,938.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves		7,822,416,931.11	5,334,342,133.89
Less: Treasury shares		514,721,346.78	
Other comprehensive incomes		-28,025,733.68	-22,828,481.63
Special reserves			
Surplus reserves		294,927,373.13	255,841,651.17
Retained earnings		3,450,687,783.57	3,805,773,193.43
Total owner's equity		13,289,258,365.35	11,516,048,434.86
Total liabilities and owner's equity		21,906,782,458.89	22,548,786,234.81

The accompanying notes are an integral part of the company's financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Consolidated Income Statement
Year 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note V	2022	2021
I. Total operating income		21,701,617,268.32	20,699,382,624.28
Of which: Operating income	(XLVI)	21,701,617,268.32	20,699,382,624.28
Interest income			
Premium earned			
Income for handling charges and commissions			
II. Total operating cost		19,210,505,453.58	17,819,274,646.85
Of which: Operating cost	(XLVI)	16,487,393,265.82	15,519,028,815.38
Interest expenses			
Handling charges and commissions			
Surrender value			
Net amount of compensation expenses			
Net amount withdrawn for insurance contract reserves			
Policy dividend expense			
Reinsurance costs			
Taxes and surcharges	(XLVII)	80,180,925.35	71,738,657.31
Selling expenses	(XLVIII)	281,388,497.37	204,621,622.61
General and administrative expenses	(XLIX)	712,963,820.79	654,122,587.74
Research and development expenses	(L)	952,572,270.06	715,632,069.94
Financial expenses	(LI)	696,006,674.19	654,130,893.87
Of which: Interest expenses		634,219,099.55	634,339,574.55
Interest income		119,549,790.72	46,929,544.05
Plus: Other income	(LII)	173,791,345.88	104,532,863.12
Investment income (loss expressed with "-")	(LIII)	888,331,445.00	2,389,333,684.47
Of which: Share of profit of associates and joint ventures		640,283,254.92	279,945,900.13
Gains from derecognition of financial assets measured at amortized cost			
Foreign exchange gains (losses expressed with "-")			
Net exposure hedging benefits(losses expressed with "-")			
Gains from changes in fair value (losses expressed with "-")	(LIV)	-1,950,000.00	3,639,477.23
Credit impairment losses (losses expressed with "-")	(LV)	-10,047,282.00	-266,511,923.72
Assets impairment losses (losses expressed with "-")	(LVI)	-137,740,024.08	-388,065,933.59
Gains on disposal of assets (losses expressed with "-")	(LVII)	-6,132,804.13	-24,391,064.01
III. Operating profit (loss expressed with "-")		3,397,364,495.41	4,698,645,080.93
Plus: Non-operating income	(LVIII)	15,111,498.35	7,959,128.96
Less: Non-operating expenses	(LIX)	17,397,835.72	32,390,877.41
IV. Total profit (total loss expressed with "-")		3,395,078,158.04	4,674,213,332.48
Less: Income tax expenses	(LX)	569,677,258.05	1,103,886,889.33
V. Net profit (net loss expressed with "-")		2,825,400,899.99	3,570,326,443.15
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss expressed with "-")		2,825,400,899.99	3,570,326,443.15
2. Net profit from discontinued operations (net loss expressed with "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company (net loss expressed with "-")		2,691,262,599.60	3,339,696,517.63
2. Net profit attributable to non-controlling interests (net loss expressed with "-")		134,138,300.39	230,629,925.52
VI. Net other comprehensive income after tax		-118,833,540.22	-702,999,618.30
Net other comprehensive income attributable to equity owners of the Company after tax		-118,833,540.22	-702,999,618.30
(I) Other comprehensive incomes that will not be reclassified into profit or loss		-120,528,319.75	-705,066,829.78
1. Changes in remeasurement of the defined benefit plans			
2. Share of other comprehensive income accounted for using equity method that will not be reclassified to profit or loss		10,091,536.68	-1,313,680.71
3. Changes in fair value of other equity instrument investments		-130,619,856.43	-703,753,149.07
4. Changes in fair value attributable to the enterprise's own credit risk			

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Item	Note V	2022	2021
(II) Other comprehensive incomes that will be reclassified into profit or loss		1,694,779.53	2,067,211.48
1. Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss		1,410,563.30	2,067,211.48
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation difference of foreign currency financial statements		284,216.23	
7. Others			
Net other comprehensive income attributable to non-controlling interests after tax			
VII. Total comprehensive income		2,706,567,359.77	2,867,326,824.85
Total comprehensive incomes attributable to equity owners of the Company		2,572,429,059.38	2,636,696,899.33
Total comprehensive incomes attributable to non-controlling interests		134,138,300.39	230,629,925.52
VIII. Earnings per share:	(LXI)		
(I) Basic earnings per share (yuan/share)		1.23	2.04
(II) Diluted earnings per share (yuan/share)		1.23	2.04

The accompanying notes are an integral part of these consolidated financial statements.

Principal of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Company's Income Statement
Year 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XV	Year 2022	Year 2021
I. Operating income	(IV)	129,829,189.24	125,513,082.95
Less: Operating cost	(IV)	15,207,355.86	14,308,686.64
Taxes and surcharges		8,363,773.39	8,714,019.32
Selling expenses		16,138,364.75	7,475,471.61
General and administrative expenses		151,491,769.77	137,346,668.73
Research and development expenses			
Financial expenses		442,139,772.01	383,087,355.99
Of which: Interest expenses		332,340,237.13	364,400,931.52
Interest income		31,845,541.93	8,130,692.81
Plus: Other income		20,556,089.68	421,852.13
Investment income (loss expressed with "-")	(V)	871,690,071.89	180,794,570.60
Of which: Share of profit of associates and joint ventures		98,484,599.31	176,046,623.74
Gains from derecognition of financial assets measured at amortized cost			
Net exposure hedging benefits(loss expressed with "-")			
Gains from changes in fair value (loss expressed with "-")			
Credit impairment losses (loss expressed with "-")		2,664,747.49	-9,651,782.55
Assets impairment losses (loss expressed with "-")			-57,050,000.00
Gains on disposal of assets (loss expressed with "-")		476,774.36	-58,721.72
II. Operating profit (loss expressed with "-")		391,875,836.88	-310,963,200.88
Plus: Non-operating income		1,330,831.85	484,836.40
Less: Non-operating expenses		4,073,532.38	287,493.38
III. Total profit (total loss expressed with "-")		389,133,136.35	-310,765,857.86
Less: Income tax expenses		-1,724,083.29	-92,898,051.72
IV. Net profit (net loss expressed with "-")		390,857,219.64	-217,867,806.14
(I) Classified by continuity of operations		390,857,219.64	-217,867,806.14
(II) Net profit from discontinued operations (net loss expressed with "-")			
V. Net other comprehensive income after tax		-4,890,580.05	-215,827,673.23
(I) Other comprehensive incomes that will not be reclassified into profit or loss		-2,403,463.32	-217,894,884.71
1. Changes in remeasurement of the defined benefit plans			
2. Share of other comprehensive income accounted for using equity method that will not be reclassified to profit or loss		-2,403,463.32	-1,313,680.71
3. Changes in fair value of other equity instrument investments			-216,581,204.00
4. Changes in fair value attributable to the enterprise's own credit risk			
(II) Other comprehensive incomes that will be reclassified into profit or loss		-2,487,116.73	2,067,211.48
1. Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss		-2,487,116.73	2,067,211.48
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation difference of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		385,966,639.59	-433,695,479.37
VII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		0.18	-0.10
(II) Diluted earnings per share (yuan/share)		0.18	-0.10

The accompanying notes are an integral part of the company's financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Consolidated Statement of Cash Flows
Year 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note V	2022	2021
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		16,343,741,721.46	16,234,733,369.66
Net increase in deposit from customer and due from bank and other financial institutions			
Net increase in borrowing from the Central Bank			
Net increase in borrowings from other financial institutions			
Cash received from premium income from direct insurance contracts			
Net cash received from reinsurance business			
Net increase in policyholders' deposits and investments contract liabilities			
Cash received from interests, handling charges and commissions			
Net increase in borrowings from other banks and other financial institutions			
Net increase in repurchase business			
Net cash received from agency purchases and sales of securities			
Refunds of taxes and surcharges		599,524,845.74	207,234,064.85
Cash received relating to other operating activities	(LXII)	544,436,697.10	405,171,588.72
Sub-total of cash inflows from operating activities		17,487,703,264.30	16,847,139,023.23
Cash paid for goods and services		13,842,168,593.47	14,815,805,897.34
Net increase in customer borrowings and advances			
Net increase of deposits in the Central Bank and other financial institutions			
Cash paid for claims under direct insurance contract			
Net increase in lending funds			
Cash paid for interests, handling charges and commissions			
Cash paid for the policy dividends			
Cash paid to and on behalf of employees		1,182,652,113.90	959,674,308.53
Payments of taxes and surcharges		872,801,867.57	598,302,798.23
Cash paid relating to other operating activities	(LXII)	1,083,582,994.57	837,851,086.28
Sub-total of cash outflows from operating activities		16,981,205,569.51	17,211,634,090.38
Net cash flows from operating activities		506,497,694.79	-364,495,067.15
II. Cash flows from investing activities			
Cash received from disposal of investments		168,567,859.28	1,375,557,316.65
Cash received from returns on investments		36,778,961.58	34,334,718.06
Net cash received from disposal of fixed assets, intangible assets & other long-term assets		58,674,791.16	35,293,429.48
Net cash received from the disposal of subsidiaries and other business entities		441,764,266.36	1,371,165,314.48
Cash received relating to other investing activities	(LXII)	517,852,578.11	1,139,773,421.02
Sub-total of cash inflows from investing activities		1,223,638,456.49	3,956,124,199.69
Cash paid to acquire fixed assets, intangible assets and other long-term assets		4,304,021,053.10	1,378,741,509.32
Cash paid to acquire investments		1,016,037,739.43	104,363,223.24
Net increase in pledge loans			
Net cash paid for the acquisition of subsidiaries and other business entities		254,827,225.83	5,921,215,098.95
Cash paid relating to other investing activities	(LXII)	597,900,408.55	92,068,329.09
Sub-total of cash outflows from investing activities		6,172,786,426.91	7,496,388,160.60
Net cash flows from investing activities		-4,949,147,970.42	-3,540,263,960.91
III. Cash flows from financing activities			
Cash received from capital contributions		3,210,391,022.10	3,241,812,165.08
Of which: Cash received from capital contributions by non-controlling interests of subsidiaries		650,000,000.00	11,200,000.00
Cash received from borrowings		11,594,982,802.80	10,592,294,699.29
Cash received relating to other financing activities	(LXII)	417,551,899.91	2,634,958,805.97
Sub-total of cash inflows from financing activities		15,222,925,724.81	16,469,065,670.34
Cash repayments of borrowings		13,042,914,948.77	5,256,815,138.29

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Item	Note V	2022	2021
Cash payments for distribution of dividends profits or interest expenses		909,175,114.99	590,003,209.43
Including: Dividends and profits paid to non-controlling interests by subsidiaries		9,735,639.41	
Cash paid relating to other financing activities	(LXII)	1,599,784,979.52	574,876,165.36
Sub-total of cash outflows from financing activities		15,551,875,043.28	6,421,694,513.08
Net cash flows from financing activities		-328,949,318.47	10,047,371,157.26
IV. Effect of foreign exchange rate changes on cash and cash equivalents		3,995,462.67	-27,033,677.69
V. Net increase in cash and cash equivalents		-4,767,604,131.43	6,115,578,451.51
Plus: Cash and cash equivalents balance at the beginning of the period		8,678,782,091.61	2,563,203,640.10
VI. Cash and cash equivalents balance at the end of the period		3,911,177,960.18	8,678,782,091.61

The accompanying notes are an integral part of these consolidated financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Company's Statement of Cash Flows
Year 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2022	2021
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		39,725,756.97	12,463,664.67
Refunds of taxes and surcharges			
Cash received relating to other operating activities		221,343,793.61	986,491,976.01
Sub-total of cash inflows from operating activities		261,069,550.58	998,955,640.68
Cash paid for goods and services		7,323,868.79	9,776,060.47
Cash paid to and on behalf of employees		23,897,749.18	21,494,986.35
Payments of taxes and surcharges		9,771,749.68	21,544,322.74
Cash paid relating to other operating activities		2,042,817,049.75	61,431,667.20
Sub-total of cash outflows from operating activities		2,083,810,417.40	114,247,036.76
Net cash flows from operating activities		-1,822,740,866.82	884,708,603.92
II. Cash flows from investing activities			
Cash received from disposal of investments		364,440,057.27	24,303,010.68
Cash received from returns on investments		741,134,383.00	29,664,406.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		29,000.01	663,938.05
Net cash received from the disposal of subsidiaries and other business entities		25,267,513.68	
Cash received relating to other investing activities		492,262,241.00	1,086,296,422.30
Sub-total of cash inflows from investing activities		1,623,133,194.96	1,140,927,777.64
Cash paid to acquire fixed assets, intangible assets and other long-term assets		15,540,745.62	17,470,455.63
Cash paid to acquire investments		1,007,133,449.43	4,983,886,600.00
Net cash paid for acquire subsidiaries and other business entities			
Cash paid relating to other investing activities		492,262,241.00	25,883,917.98
Sub-total of cash outflows from investing activities		1,514,936,436.05	5,027,240,973.61
Net cash flows from investing activities		108,196,758.91	-3,886,313,195.97
III. Cash flows from financing activities			
Cash received from capital contributions		2,560,391,022.10	3,230,612,165.08
Cash received from borrowings		4,323,000,000.00	5,622,000,000.00
Cash received relating to other financing activities		152,913,244.74	210,656,121.75
Sub-total of cash inflows from financing activities		7,036,304,266.84	9,063,268,286.83
Cash repayment of borrowings		6,104,000,000.00	2,862,660,000.00
Cash payments for distribution of dividends, profits or interest expenses		728,055,565.90	406,618,791.65
Cash paid relating to other financing activities		663,865,671.47	48,492,586.75
Sub-total of cash outflows from financing activities		7,495,921,237.37	3,317,771,378.40
Net cash flows from financing activities		-459,616,970.53	5,745,496,908.43
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		14,692,016.12	
V. Net increase in cash and cash equivalents			
		-2,159,469,062.32	2,743,892,316.38
Plus: Cash and cash equivalents balance at the beginning of the period		3,636,082,800.84	892,190,484.46
VI. Cash and cash equivalents balance at the end of the period			
		1,476,613,738.52	3,636,082,800.84

The accompanying notes are an integral part of the company's financial statements.

Principal of the Company: Person in charge of accounting: Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Consolidated Statement of Changes in Owner's Equity
Year 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Year 2022													
	Owner's equity attributable to equity owners of the Company												Non-controlling interests	Total owner' s equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Retained earnings	Subtotal		
	Preferred shares	Perpetual bonds	Others											
I. Balance at the end of the last year	2,142,919,938.00				6,477,790,953.97		-31,679,676.99	2,307,702.27	253,716,196.59		10,083,326,361.95	18,928,381,475.79	421,993,070.96	19,350,374,546.75
Plus: Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
II. Balance at the beginning of the year	2,142,919,938.00				6,477,790,953.97		-31,679,676.99	2,307,702.27	253,716,196.59		10,083,326,361.95	18,928,381,475.79	421,993,070.96	19,350,374,546.75
III. Increase or decrease amount in the current period (decrease expressed with "-")	121,053,420.00				2,653,529,627.42	514,721,346.78	119,140,212.22	-166,755.47	39,085,721.96		1,945,319,970.10	4,124,960,425.01	654,779,572.14	4,779,739,997.15
(I) Total comprehensive income							118,833,540.22				2,691,262,599.60	2,572,429,059.38	134,138,300.39	2,706,567,359.77
(II) Capital contributions or withdrawals by owners	121,053,420.00				2,653,529,627.42	514,721,346.78						2,259,861,700.64	520,641,454.27	2,780,503,154.91
1. Capital contributions by owners	121,053,420.00				2,419,327,812.03	514,721,346.78						2,025,659,885.25	513,958,209.59	2,539,618,094.84
2. Capital contributions by other equity instruments holders														
3. Share-based payments charged into owners' equity					76,019,983.61							76,019,983.61	6,683,244.68	82,703,228.29
4. Others					158,181,831.78							158,181,831.78		158,181,831.78

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Year 2022

Item	Owner's equity attributable to equity owners of the Company													Non-controlling interests	Total owner' s equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Retained earnings	Subtotal			
		Preferred shares	Perpetual bonds	Others											
(III) Profit distribution								39,085,721.96			-746,249,301.50	-707,163,579.54		-707,163,579.54	
1. Appropriation to surplus reserves								39,085,721.96			-39,085,721.96				
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)											-707,163,579.54	-707,163,579.54		-707,163,579.54	
4. Others															
(IV) Transfer within owner's equity											306,672.00				
1. Transfer from capital surplus to share capital															
2. Transfer from surplus reserves to share capital															
3. Surplus reserves used to offset accumulated losses															
4. Transfer remeasurement of defined benefit obligations to retained earnings															
5. Transfer from other comprehensive income to retained earnings											306,672.00				
6. Others															
(V) Special reserve									-166,755.47			-166,755.47	-182.52	-166,937.99	
1. Provision in the current period								6,573,041.08				6,573,041.08	1,414,675.00	7,987,716.08	
2. Use in the current period								6,739,796.55				6,739,796.55	1,414,857.52	8,154,654.07	
(VI) Others															
IV. Balance at the end of the year	2,263,973,358.00				9,131,320,581.39	514,721,346.78	150,819,889.21	2,140,946.80	292,801,918.55		12,028,646,332.05	23,053,341,900.80	1,076,772,643.10	24,130,114,543.90	

The accompanying notes are an integral part of these consolidated financial statements.

Principal of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Consolidated Statement of Changes in Owner's Equity (Continued)
Year 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Year 2021													
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Retained earnings	Subtotal	Non-controlling interests	Total owner's equity
		Preferred shares	Perpetual bonds	Others										
I. Balance at the end of the last year	1,628,009,229.00				3,600,459,003.45		671,319,941.31	2,363,262.14	257,570,058.94		6,248,274,179.78	12,407,995,674.62	1,499,262,591.41	13,907,258,266.03
Plus: Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others						-56,818.66		-3,853,862.35		-34,684,761.15	-38,595,442.16			-38,595,442.16
II. Balance at the beginning of the year	1,628,009,229.00				3,600,459,003.45		671,263,122.65	2,363,262.14	253,716,196.59		6,213,589,418.63	12,369,400,232.46	1,499,262,591.41	13,868,662,823.87
III. Increase or decrease amount in the current period (decrease expressed with "-")	514,910,709.00				2,877,331,950.52		702,942,799.64	-55,559.87			3,869,736,943.32	6,558,981,243.33	1,077,269,520.45	5,481,711,722.88
(I) Total comprehensive income							1,602,611.02				3,339,696,517.63	3,341,299,128.65	230,629,925.52	3,571,929,054.17
(II) Capital contributions or withdrawals by owners	514,910,709.00				2,877,331,950.52							3,392,242,659.52	1,307,923,066.50	2,084,319,593.02
1. Capital contributions by owners	514,910,709.00				2,715,701,456.08							3,230,612,165.08	1,307,923,066.50	1,922,689,098.58
2. Capital contributions by other equity instruments holders														
3. Share-based payments charged into owners' equity					8,050,375.94							8,050,375.94		8,050,375.94
4. Others					153,580,118.50							153,580,118.50		153,580,118.50
(III) Profit distribution											-146,520,830.61	-146,520,830.61		-146,520,830.61
1. Appropriation to surplus reserves														

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Item	Year 2021													
	Owner's equity attributable to equity owners of the Company											Non-controlling interests	Total owner's equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Retained earnings			Subtotal
	Preferred shares	Perpetual bonds	Others											
2. Appropriation to general risk provision														
3. Distribution to owners (or shareholders)											-146,520,830.61	-146,520,830.61	-146,520,830.61	
4. Others														
(IV) Transfer within owner's equity											676,561,256.30	-27,984,154.36	-27,984,154.36	
1. Transfer from capital surplus to share capital														
2. Transfer from surplus reserves to share capital														
3. Surplus reserves used to offset accumulated losses														
4. Transfer remeasurement of defined benefit obligations to retained earnings														
5. Transfer from other comprehensive income to retained earnings											704,545,410.66			
6. Others											-27,984,154.36	-27,984,154.36	-27,984,154.36	
(V) Special reserve												-55,559.87	-55,559.87	
1. Provision in the current period												3,849,362.14	3,849,362.14	
2. Use in the current period												3,904,922.01	3,904,922.01	
(VI) Others														
IV. Balance at the end of the year	2,142,919,938.00				6,477,790,953.97		-31,679,676.99	2,307,702.27	253,716,196.59		10,083,326,361.95	18,928,381,475.79	421,993,070.96	19,350,374,546.75

The accompanying notes are an integral part of these consolidated financial statements.

Principal of the Company:

Person in charge of accounting:

Person in charge of the accounting authority

Ningbo Shanshan Co., Ltd.
Company's Statement of Changes in Owner's Equity
Year 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Year 2022										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of the last year	2,142,919,938.00				5,334,342,133.89		-22,828,481.63		255,841,651.17	3,805,773,193.43	11,516,048,434.86
Plus: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at the beginning of the year	2,142,919,938.00				5,334,342,133.89		-22,828,481.63		255,841,651.17	3,805,773,193.43	11,516,048,434.86
III. Increase or decrease amount in the current period (decrease expressed with "-")	121,053,420.00				2,488,074,797.22	514,721,346.78	-5,197,252.05		39,085,721.96	-355,085,409.86	1,773,209,930.49
(I) Total comprehensive income										390,857,219.64	390,857,219.64
(II) Capital contributions or withdrawals by owners	121,053,420.00				2,488,074,797.22	514,721,346.78	-4,890,580.05				2,089,516,290.39
1. Capital contributions by owners	121,053,420.00				2,419,327,812.03	514,721,346.78					2,025,659,885.25
2. Capital contributions by other equity instruments holders											
3. Share-based payments charged into owners' equity					68,075,742.46						68,075,742.46
4. Others					671,242.73		-4,890,580.05				-4,219,337.32
(III) Profit distribution									39,085,721.96	-746,249,301.50	-707,163,579.54
1. Appropriation of surplus reserves									39,085,721.96	-39,085,721.96	
2. Distribution to owners (or shareholders)										-707,163,579.54	-707,163,579.54
3. Others											
(IV) Transfer within owner's equity							-306,672.00			306,672.00	
1. Transfer from capital surplus to share capital											
2. Transfer from surplus reserves to share capital											
3. Surplus reserves used to offset accumulated losses											
4. Transfer remeasurement of defined benefit obligations to retained earnings											
5. Transfer from other comprehensive income to retained earnings							-306,672.00			306,672.00	
6. Others											
(V) Special reserve											
1. Withdrawal in the current period											
2. Use in the current period											
(VI) Others											
IV. Balance at the end of the year	2,263,973,358.00				7,822,416,931.11	514,721,346.78	-28,025,733.68		294,927,373.13	3,450,687,783.57	13,289,258,365.35

The accompanying notes are an integral part of the company's financial statements.

Principal of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
Company's Statement of Changes in Owner's Equity (Continued)
Year 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Year 2021										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Retained earnings	Total owner' s equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of the last year	1,628,009,229.00				2,494,762,975.88		192,999,191.60		259,695,513.52	3,964,969,668.27	8,540,436,578.27
Plus: Changes in accounting policies											
Correction of prior period errors											
Others							-56,818.66		-3,853,862.35	-34,684,761.15	-38,595,442.16
II. Balance at the beginning of the year	1,628,009,229.00				2,494,762,975.88		192,942,372.94		255,841,651.17	3,930,284,907.12	8,501,841,136.11
III. Increase or decrease amount in the current period (decrease expressed with "-")	514,910,709.00				2,839,579,158.01		-			-124,511,713.69	3,014,207,298.75
(I) Total comprehensive income							36,207,926.24			-217,867,806.14	-181,659,879.90
(II) Capital contributions or withdrawals by owners	514,910,709.00				2,839,579,158.01						3,354,489,867.01
1. Capital contributions by owners	514,910,709.00				2,715,701,456.08						3,230,612,165.08
2. Capital contributions by other equity instruments holders											
3. Share-based payments charged into owners' equity					8,050,375.94						8,050,375.94
4. Others					115,827,325.99						115,827,325.99
(III) Profit distribution											
1. Appropriation to surplus reserves										-146,520,830.61	-146,520,830.61
2. Distribution to owners (or shareholders)										-146,520,830.61	-146,520,830.61
3. Others											
(IV) Transfer within owner's equity											
1. Transfer from capital surplus to share capital											
2. Transfer from surplus reserves to share capital											
3. Surplus reserves used to offset accumulated losses											
4. Transfer remeasurement of defined benefit obligations to retained earnings											
5. Transfer from other comprehensive income to retained earnings										251,978,780.81	
6. Others										-12,101,857.75	-12,101,857.75
(V) Special reserve											
1. Withdrawal in the current period											
2. Use in the current period											
(VI) Others											
IV. Balance at the end of the year	2,142,919,938.00				5,334,342,133.89		-22,828,481.63		255,841,651.17	3,805,773,193.43	11,516,048,434.86

The accompanying notes are an integral part of the company's financial statements.

Principal of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Ningbo Shanshan Co., Ltd.
For the Year Ended 31 December 2022
Notes to the Financial Statements
(All amounts in RMB Yuan unless otherwise stated)

I. Basic information about the Company

(I) Company Profile

Ningbo Shanshan Co., Ltd. (hereinafter the "Company" or "this Company") was established on 14 December 1992 as a pilot joint-stock company with private placement upon approval of Ningbo Economic System Reform Office (Document No.: Y. T. G. 27 (1992)). The Company's enterprise unified social credit code is 91330200704803055M. In January 1996, the Company completed the issue of A shares to domestic investors and commenced trading on the Shanghai Stock Exchange. The Company belongs to industrial sector.

As of 31 December 2022, the Company has accumulatively issued a total of 2,263,973,358.00 shares with its registered capital RMB 2,263,973,400.00 Its registered address: 801th Floor, ShanShan Plaza, No. 777 Rili Middle Road, Shounan Street, Yinzhou District, Ningbo City, Zhejiang Province. Headquarters address is: 28th Floor, ShanShan Plaza, No. 777 Rili Middle Road, Shounan Street, Yinzhou District, Ningbo City, Zhejiang Province. The scope of business of the Company: General items: sales of electronic specialized materials, optoelectronic devices, graphite and carbon products; Engaging in investment activities with its own funds; Non residential real estate leasing; Intellectual property services (excluding patent agency services); Retail and wholesale of clothing and apparel; Import and export of technology and goods (except for items that require approval in accordance with the law, business activities shall be carried out independently with the business license in accordance with the law). The following business items can only be operated by branches: General items: manufacturing of electronic specialized materials; R&D of electronic specialized materials; Manufacturing of optoelectronic devices, graphite and carbon products, as well as clothing (except for items that require approval in accordance with the law, business activities shall be carried out independently based on the business license in accordance with the law). The parent company of the Company is Shanshan Group Co., Ltd., after the actual controller of the Company, Mr. Zheng Yonggang passed away, the company's shares and related equities held by him are planned to enter the inheritance process in accordance with relevant laws and regulations. As of the date of signing this report, the company has not received any legally effective written documents or notifications confirming the new actual controller of the company.

The financial statements have been approved and reported by all directors of the company on 18 April 2023.

(II) Scope of consolidated financial statements

As of 31 December. 2022, the subsidiaries within the scope of the Company's consolidated financial statements are as follows:

Name of subsidiary	Remarks
ShanJin Optoelectronics (Suzhou) Co., Ltd.	
ShanJin Optoelectronics (Guangzhou) Co., Ltd.	
ShanJin Optoelectronics (Nanjing) Co., Ltd.	
ShanJin Optoelectronics (Beijing) Co., Ltd.	
ShanJin Optoelectronics Technology (Zhangjiagang) Co., Ltd.	

Name of subsidiary	Remarks
ShanJin Optoelectronics (Mianyang) Co., Ltd.	
Taiwan ShanJin Optoelectronics Co., Ltd.	Note 1
ShanJin Tokyo Co., Ltd.	Note 1
Ningbo Shanshan New Energy Technology Development Co., Ltd.	
Shanghai Shanshan New Energy Technology Co., Ltd.	
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.	
Ningbo Shanshan New Material Technology Co., Ltd.	
Shanghai Shanshan Technology Co., Ltd.	
Shanghai Shanshan New Material Co., Ltd.	
Chenzhou Shanshan New Material Co., Ltd.	
Fujian Shanshan Technology Co., Ltd.	
Inner Mongolia Shanshan Technology Co., Ltd.	
Inner Mongolia Shanshan New Material Co., Ltd.	
Baotou Graphene Material Research Institute Co., Ltd.	
Huzhou Shanshan New Energy Technology Co., Ltd.	
Inner Mongolia Shanshan Material Technology Co., Ltd.	
Sichuan Shanshan New Material Co., Ltd.	
Yunnan Shanshan New Material Co., Ltd.	Note 1
Ningbo Shanshan Silicon based Semiconductor Material Co., Ltd.	Note 1
Ningbo Yongxiang Investment Co., Ltd.	
Ningbo Yongquan Investment Co., Ltd.	
Shanshan New Material (Quzhou) Co., Ltd.	
Dongguan Shanshan Battery Material Co., Ltd.	
Langfang Shanshan Battery Material Co., Ltd.	
Ningbo Shanshan Venture Capital Investment Co., Ltd.	
Beijing Shanshan Venture Capital Investment Co., Ltd.	Note 2
Ningbo Shanshan Electric Vehicle Technology Development Co., Ltd.	
Inner Mongolia Qingshan Automobile Co., Ltd.	
Shanghai Zhanxiao New Energy Technology Co., Ltd.	
Ningbo Shanshan Bada Power Assembly Co., Ltd.	
Ningbo Shanshan Automobile Co., Ltd.	
Ningbo Qingshan Automobile Co., Ltd.	
Ningbo Shanpeng Investment Co., Ltd.	
Winsky New Energy Technology Co., Ltd.	Note 2
Winsky New Energy Technology (Tianjin) Co., Ltd.	Note 2
Winsky (Dalian) New Energy Technology Co., Ltd.	Note 2
Ningbo Winsky New Energy Technology Co., Ltd.	Note 2
Zhejiang Winsky New Energy Technology Co., Ltd.	Note 2
Hunan Winsky Industry Co., Ltd.	Note 2
Hefei Spruce New Energy Co., Ltd.	Note 2
Xi'an Winsky New Energy Technology Co., Ltd.	Note 2
Xi'an Lvyuan Zhongxing New Energy Vehicle Technology Co., Ltd.	Note 2
Hebei Winsky New Energy Technology Co., Ltd.	Note 2
Jiangsu Spruce New Energy Technology Co., Ltd.	Note 2
Winsky (Suzhou) New Energy Technology Co., Ltd.	Note 2
Winsky New Energy Technology (Shenzhen) Co., Ltd.	Note 2
Guangzhou Winsky New Energy Technology Co., Ltd.	Note 2
Henan Winsky New Energy Technology Co., Ltd.	Note 2
Xinxiang Winsky New Energy Co., Ltd.	Note 2
Chongqing Winsky New Energy Technology Co., Ltd.	Note 2
Winsky (Xiamen) New Energy Technology Co., Ltd.	Note 2
Sichuan Winsky New Energy Technology Co., Ltd.	Note 2
Shanghai Turong Car Rental Service Co., Ltd.	Note 2
Shanghai Wanshan New Energy Technology Co., Ltd.	Note 2
Suzhou Yiyun New Energy Technology Co., Ltd.	Note 2
Ningbo Ulica Solar Co., Ltd.	
Ningbo Shanneng Photovoltaic Power Generation Co., Ltd.	
Taizhou Shanhe Photovoltaic Power Generation Co., Ltd.	
Taizhou Shanda Photovoltaic Power Generation Co., Ltd.	
Taizhou Shantai Photovoltaic Power Generation Co., Ltd.	
Wuyi Shansheng Photovoltaic Co., Ltd.	
Yongkang Shanlong Photovoltaic Power Generation Co., Ltd.	
Ningbo Shanhua Photovoltaic Power Generation Co., Ltd.	

Name of subsidiary	Remarks
Shaoxing Shandian Photovoltaic Power Generation Co., Ltd.	
Ningbo Shanhui Photovoltaic Power Generation Co., Ltd.	
Ningbo Shanjie Photovoltaic Power Generation Co., Ltd.	
Sanmen Shanyuan Photovoltaic Power Generation Co., Ltd.	
Shaoxing Shanzi Photovoltaic Power Generation Co., Ltd.	
Ningbo Shanlun Photovoltaic Power Generation Co., Ltd.	
Taizhou Shanyan New Energy Co., Ltd.	
Quzhou Shanhai Photovoltaic Power Generation Co., Ltd.	
Quzhou Qujiang Henglei Energy Technology Co., Ltd.	
Ningbo Shanwen Photovoltaic Power Generation Co., Ltd.	
Quzhou Shanke Photovoltaic Power Generation Co., Ltd.	
Quzhou Shanyu New Energy Development Co., Ltd.	
Quzhou Qujiang Shanzhen New Energy Technology Co., Ltd.	
Sanmen Shangang Photovoltaic Power Generation Co., Ltd.	
Jinhua Shanbao Photovoltaic Power Generation Co., Ltd.	
Hangzhou Shanqiu Photovoltaic Power Generation Co., Ltd.	
Jinhua Puzhong Photovoltaic Power Generation Co., Ltd.	
Taizhou Shanlin Photovoltaic Power Generation Co., Ltd.	
Quzhou Shantao Photovoltaic Power Generation Co., Ltd.	
Ningbo Shanshan Sunshine New Energy Co., Ltd.	
Ningbo Shanheng Photovoltaic Power Generation Co., Ltd.	
Shaoxing Shansheng Photovoltaic Power Generation Co., Ltd.	
Lanxi Shanrui New Energy Co., Ltd.	
Ningbo Ciguang New Energy Technology Co., Ltd.	
Wuyi Shanrun New Energy Co., Ltd.	
Taizhou Shantian Photovoltaic Power Generation Co., Ltd.	
Cixi Shante Photovoltaic Co., Ltd.	
Shaoxing Shanchang New Energy Co., Ltd.	
Yuyao Shankai Photovoltaic Power Generation Co., Ltd.	
Jinhua Shangong Photovoltaic Power Generation Co., Ltd.	
Ningbo Xinquante New Energy Development Co., Ltd.	
Ningbo Haobo New Energy Co., Ltd.	
Jinhua Zhichao New Energy Technology Co., Ltd.	
Ningbo Shanteng New Energy Co., Ltd.	
Nanchang Shan'ao New Energy Co., Ltd.	
Ningbo Yuyao Xiangtai Power Engineering Co., Ltd.	
Ningbo Taihui Photovoltaic Technology Co., Ltd.	
Taizhou Shanxian Photovoltaic Power Generation Co., Ltd.	
Nanchang Juheng New Energy Development Co., Ltd.	
Quzhou Shanyou Photovoltaic Power Generation Co., Ltd.	Note 2
Zhejiang Guangliang New Energy Technology Co., Ltd.	
Ningbo Shanxin Photovoltaic Energy Management Co., Ltd.	Note 1
Ningbo Shanshan Contract Energy Management Co., Ltd.	Note 2
Shanghai Shanshan Garment Co., Ltd.	
Shanghai Tunheng Trading Co., Ltd.	
Ningbo Shanshan Tongda Trading Co., Ltd.	
Ningbo Weihang Trading Co., Ltd.	Note 2
Ningbo Haoheng Trading Co., Ltd.	Note 1
Hong Kong Shanshan Resources Co., Ltd.	
Shanghai Nafei Clothing Co., Ltd.	Note 3
Shanghai Feihe Clothing Co., Ltd.	Note 3
Ningbo Yunling Zhichuang Park Operation Management Co., Ltd.	
Shanshan Fashion Industrial Park Suqian Co., Ltd.	
Ningbo Yongshan Lithium Industry Co., Ltd.	
Yongshan International Co., Ltd.	
Hunan Yongshan Lithium Industry Co., Ltd.	Note 2

Note 1: The relevant subsidiaries were all newly established or consolidated during FY 2022;

Note 2: The relevant subsidiaries were closed or sold during FY 2022;

Note 3: The subsidiaries Shanghai Feihe Clothing Co., Ltd. and Shanghai Nafei Clothing Co., Ltd. have ceased operations for many years.

II. Basis of preparation for the financial statements

(I) Basis of preparation

The financial statements have been prepared in accordance with the *Accounting Standard for Business Enterprises-Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “ASBE”), and with reference to relevant regulations in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15-General Rules on Financial Reporting issued by the China Securities Regulatory Commission (the “CSRC”).

(II) Continuous operation

The financial statements are prepared on a going-concern basis.

III. Significant accounting policies and accounting estimates

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company in accordance with the actual production and operation characteristics.

(I) The declaration on compliance with the *Accounting Standards for Business Enterprises*

These financial statements comply with the requirements of the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance and give a true and complete view of the consolidated and company's financial position as of 31 December, 2022 and the consolidated and company's business performance and cash flows for FY 2022. Year 2022

(II) Accounting Period

The financial year is from 1 January to 31 December of the Gregorian calendar.

(III) Business cycle

The operating cycle of the Company is 12 months.

(IV) Recording currency

The Company adopts RMB as the bookkeeping base currency. Its subsidiaries, Taiwan ShanJin Optoelectronics Co., Ltd. and Shanjin Tokyo Co., Ltd., determine their bookkeeping base currencies based on the main economic environment in which they operate, and therefore the accounting standard currencies are TWD and YEN, respectively. This report is uniformly expressed in RMB.

(V) Accounting treatment methods for business combinations under the common control and not under the common control

Business combination under the common control: Assets and liabilities acquired by a consolidating party in a business combination (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party) are measured at the book value of the consolidated party's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of the consolidation. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration during consolidation (or the total book value of the shares issued), the additional paid-in capital in capital reserve shall be adjusted. If the additional paid-in capital in capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

Business combination not under the common control: The cost of consolidation is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree at the date of acquisition. Goodwill is recognized as the positive difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination. The difference between the cost of combination and the share of the fair value of the acquiree's identifiable net assets acquired in a consolidation is included into profit or loss for the current period. Each identifiable asset, liability and contingent liability of the acquiree acquired in a consolidation that qualifies for recognition is measured at fair value at the date of acquisition.

Directly related costs incurred for a business consolidation are included into profit or loss for the current period as incurred; Transaction costs for the issuance of equity securities or debt securities for a business consolidation are included into the initial recognition amount of the equity securities or debt securities.

(VI) Preparation method of consolidated financial statements

1. Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control, which includes the Company and all of its subsidiaries. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

2. Procedure of consolidation

The Company considers the entire enterprise group as one accounting entity, and prepares consolidated financial statements in accordance with consistent accounting policies to reflect the financial position, business performance and cash flows of the enterprise group as a whole. The effects of internal transactions that occurred between the Company and its subsidiaries and between subsidiaries are offset. If an internal transaction indicates that there is an impairment loss on the related asset, the full amount of such loss is recognized. If a subsidiary adopts accounting policies and accounting periods that are not consistent with those of the Company, the subsidiary's accounting policies and accounting periods shall be adjusted according to those of the Company as necessary in preparing the consolidated financial statements.

The shares held by non-controlling interests in owner's equity, the net profit and loss in the current period and the comprehensive income in the current period of subsidiaries, are separately listed under the items of owner's equity in the consolidated balance sheet, net profit and total comprehensive income in the consolidated income statement. The balance of current loss borne by non-controlling interests of the subsidiary subtracting the shares enjoyed by non-controlling interests from period-beginning owner's equity of the subsidiary shall offset against the equity of non-controlling interests.

(1) Increase subsidiaries or business

During the reporting period, if a subsidiary or any business is added as a result of a business consolidation under the same control, the operating results and cash flows of the subsidiary or business from the beginning of the current consolidation period to the end of the reporting period are included in the consolidated financial statements, while the opening balance of the consolidated financial statements and the related items in the comparative statements are adjusted as if the consolidated reporting entity had been in existence since the point when the ultimate controlling party began to control it.

If additional investments enable control over an investee under the same control, the equity investment held before the acquisition of control of the consolidated party, and the relevant profit and loss, other comprehensive income and other changes in net assets that have been confirmed from the date when the original equity is acquired or the date when the consolidating party and the consolidated party are under the same control (which one is later) to the consolidation date will write down the opening retained earnings or current profit and loss for the period of comparative statement, respectively.

During the reporting period, if a subsidiary or any business is added as a result of a business consolidation not under the same control, each identifiable asset, liability and contingent liability determined at the date of acquisition based on their fair value are included in the consolidated financial statements from the date of acquisition.

Where the investees not under the same control can be controlled due to additional investment or other reasons, the Company shall re-measure the acquiree's equity held before the date of purchase according to the fair value of the equity at the date of purchase, and include the difference between the fair value and its book value into the current investment income. Other comprehensive income related to the equity of the acquiree held before the acquisition date, which will be reclassified into profit or loss in the future, and other changes in owners' equity under the equity method accounting are converted into the current investment income of the acquisition date.

(2) Disposal of subsidiaries

① General treatment method

If the control right over the investee is lost due to the disposal of partial equity investment or other reasons, the Company shall re-measure the remaining equity investment after disposal according to the fair value on the date of losing control right. The sum of the consideration acquired by the disposal of equity and the fair value of the remaining equity minus the sum of the shares of the net assets of the original subsidiary continuing to calculate from the date of purchase or merger according to the original shareholding ratios and the goodwill, such obtained difference shall be included into the investment income on that very period of losing the control right. Other comprehensive income related to the equity investment of the original subsidiary that will be reclassified into profit or loss in the future, and other changes in owners' equity under the equity method accounting are converted into the current investment income when the control right is lost.

② Disposal of subsidiaries step by step

If the terms, conditions, and economic impacts on various transactions of disposing the equity investment of subsidiaries conform to one or more of the following situations provided that the equity investment of subsidiaries is disposed step by step through multiple transactions until the loss of control right, it usually indicates that the multiple transactions shall be taken as a package deal:

- i . These transactions are made simultaneously or in consideration of each other's influence;
- ii . These transactions as a whole can achieve a complete business result;
- iii . The occurrence of a transaction depends on the occurrence of at least one of other transactions;
- iv . A transaction is uneconomical individually, but it's economical when you consider it with other transactions.

Where the transactions are part of a package, the transactions are accounted for as one disposal of subsidiaries with loss of control; The difference between each disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment prior to the loss of control is included into the consolidated

financial statements as other comprehensive income and is transferred into profit or loss for the current period when control is lost.

Where the respective transactions are not part of a package, the equity investment in the subsidiary is accounted for as a partial disposal without loss of control until such time as control is lost; Upon loss of control, accounting is performed in accordance with the general method for disposal of subsidiaries.

(3) Purchasing minority equity of subsidiaries

The share premium in the capital reserves in the Consolidated Balance Sheet is adjusted according to the difference between the long-term equity investment newly-obtained by the Company for the purchase of minority equity and the net asset share continuously calculated from the purchase date or the merger date of subsidiaries that shall be enjoyed by the Company by calculating as per the newly-increased shareholding ratio; when the share premium in the capital reserves is not sufficient to offset, the retained earnings shall be adjusted.

(4) Disposing partly the equity investment in subsidiaries without losing the control

For the difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of the long-term equity investment calculated on an ongoing basis from the date of acquisition or the date of consolidation, adjust the share premium in capital reserves in the Consolidated Balance Sheet, and if the share premium in capital reserves is not sufficient for write-down, adjust the retained earnings.

(VII) Classification of joint venture arrangements and accounting treatment methods for joint operations

The joint venture arrangements are divided into joint operation and joint venture.

A joint operation is a joint venture arrangement in which the joint venturers enjoy the assets and bear the liabilities associated with the arrangement.

The Company recognizes the following items related to its share of interest in joint operations:

- (1) To confirm the assets held by the Company separately, and the assets jointly held according to the Company's shares;
- (2) To confirm the liabilities assumed by the Company separately, and the liabilities jointly assumed according to the Company's shares;
- (3) To confirm the revenue generated by the sale of the output shares of joint operation enjoyed by the Company;
- (4) To confirm the revenue generated by the sale of output of joint operation according to the Company's shares;
- (5) To confirm the expenses incurred separately, and the expenses incurred in joint operation according to the Company's shares.

The Company's investment in joint ventures is accounted for by the equity method, as described in (XII) Long-term Equity Investments of Note V.

(VIII) Confirmation standard of cash and cash equivalent

Cash refers to the Company's cash on hand and deposits that are available for payment at any time. Cash equivalents refer to the short-term and highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(IX) Foreign currency business and conversion of foreign currency statements**1. Foreign currency business**

Foreign currency business is charged to an account in RMB using the spot exchange rate on the date of the transaction as the conversion rate.

The balances of foreign monetary items at the balance sheet date are converted at the spot rate on the balance sheet date, and the resulting exchange differences are included into profit or loss for the current period, except for those arising from special borrowings in foreign currencies related to the acquisition of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs.

2. Transaction of foreign currency financial statements

Asset and liability items of balance sheet are converted using the spot rate at the balance sheet date; Items of owners' equity, except for "Retained earnings", are converted using the spot rate at the time of occurrence. Income and expense items in the income statement are converted at the average exchange rate of the current year.

During the disposal of overseas operation, the balance arising from the translation of foreign currency financial statements related to the overseas operation shall be transferred from owner's equity items to the disposal of current profit and loss.

(X) Financial instruments

The Company recognizes a financial asset, a financial liability or an equity instrument when it becomes a party to a financial instrument contract.

1. Classification of financial instruments

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the financial assets are classified at initial recognition as: Financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

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

- Business model is targeted at collecting contractual cash flows;
- Contractual cash flows only pay for the principal and the interest based on the outstanding principal amount.

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

- A business model with the objective of both collecting the contractual cash flows and selling the financial asset;
- Contractual cash flows only pay for the principal and the interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, on initial recognition, irrevocably designate them as financial assets at fair value through other

comprehensive income (equity instruments). The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets at fair value through profit or loss. On initial recognition, if it is possible to eliminate or significantly reduce the accounting mismatch, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

Financial liabilities are classified on initial recognition as: Financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

For those financial liabilities, if one of the following conditions is met, they may be designated, on initial recognition, as financial liabilities at fair value through profit or loss:

- 1) The designation can eliminate or significantly reduce accounting mismatches.
- 2) According to enterprise's risk management or investment strategy as set out in formal written documents, management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities are conducted on a fair value basis. And within the enterprise, report to key management personnel on this basis.
- 3) The financial liability contains embedded derivatives that are subject to separate spin-off.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; Accounts receivable that do not contain a significant financing component and those that the Company has decided not to consider a financing component of more than one year are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is included into profit or loss for the current period.

During recovery or disposal, the difference between the acquired price and the book value of the financial assets shall be included into profit or loss for the current period.

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

Financial assets at fair value through other comprehensive income (debt instruments), including receivables financing and other debt investments, are initially measured at fair value with related transaction costs included into the initially recognized amount. The financial asset is subsequently measured at fair value, and changes in fair value

are included into other comprehensive income, except for interest, impairment loss or gain and exchange gain or loss calculated using the effective interest method.

Upon derecognition, the cumulative gain or loss previously included into other comprehensive income is transferred from other comprehensive income and included into profit or loss for the current period.

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

Financial assets at fair value through other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value, with related transaction costs included into the initial recognition amount. The financial asset is subsequently measured at fair value, with changes in fair value included into other comprehensive income. Dividends received are included into profit or loss for the current period.

Upon derecognition, the cumulative gain or loss previously included into other comprehensive income is transferred from other comprehensive income and included in retained earnings.

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

Financial assets at fair value through profit or loss, including financial assets held for trading, derivative financial assets and other non-current financial assets, are initially measured at fair value, with related transaction costs included into profit or loss for the current period. The financial asset is subsequently measured at fair value, with changes in fair value included into profit or loss for the current period.

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

Financial liabilities at fair value through profit or loss, including financial liabilities held for trading and derivative financial liabilities, are initially measured at fair value, with related transaction costs included into profit or loss for the current period. The financial liability is subsequently measured at fair value, with changes in fair value included into profit or loss for the current period.

On derecognition, the difference between its book value and the consideration paid is included into profit or loss for the current period.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value, with related transaction costs included into the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included into profit or loss for the current period.

On derecognition, the difference between the consideration paid and the book value of the financial liability is included into profit or loss for the current period.

3. Derecognition of financial assets and transfer of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- Termination of contractual rights to receive cash flows from financial assets;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transfer-in side;
- The financial asset has been transferred. Although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, it doesn't retain control over the financial asset.

A financial asset is not derecognized when a transfer of the financial asset occurs and substantially all the risks and rewards of ownership of the financial asset are retained.

In the event of determining whether the transfer of financial assets meets the termination recognition conditions of the aforesaid financial assets, the principle of substance over form shall be adopted.

The Company divides the financial asset transfer zone into the overall transfer and partial transfer of financial assets. If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following two items shall be included into profit or loss for the current period:

- (1) The book value of the transferred financial assets;
- (2) The sum of the consideration received for the transfer and the cumulative amount of changes in fair value originally recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value through other comprehensive income).

Where partial transfer of financial assets satisfies the termination recognition conditions, the entire book value of the transferred financial assets shall be apportioned between the part for which termination is determined and the part for which termination is not determined as per respective relative fair values, and the difference between the following two items shall be included into profit or loss for the current period:

- (1) The book value of the derecognized part;
- (2) The sum of the consideration for the derecognized portion and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value originally recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value through other comprehensive income).

Where the transfer of financial assets doesn't meet the recognition conditions, the financial assets shall be continually confirmed, and the received consideration is confirmed as one financial liability.

4. Derecognition of financial liabilities

When the prevailing obligations of a financial liability are relieved in whole or in part, the financial liability can be derecognized in whole or in part. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liability by way of new financial liability, and if the contract terms regarding the new financial liability are substantially different from that regarding the existing financial liability, it shall derecognize the existing financial liability, and shall recognize the new financial liability at the same time.

Where an enterprise makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminate the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is fully or partially terminated, the difference between the book value of financial liability which has been terminated from recognition and the paid considerations (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be included into profit or loss for the current period.

Where our enterprise buys back part of its financial liabilities, it shall distribute, on the buy-back day, the carrying amount of the whole financial liabilities according to the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The difference between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be included into profit or loss for the current period.

5. Method to determine the fair value of financial assets and financial liabilities

If there are active financial instruments, the fair value is determined using quoted prices in an active market. If there are no active financial instruments, the fair value is determined using valuation techniques. In its valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are not available or not practical to obtain.

6. Test Methods and Accounting Treatment Methods for Impairment of Financial Assets

The Company estimates expected credit losses on financial assets measured at amortized cost, financial assets measured at fair value whose changes are included into other comprehensive income (debt instruments) and financial guarantee contracts, etc., either individually or in combination.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures its provision for losses at an amount equal to the expected credit loss over the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures its provision for loss at an amount equal to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the provision for losses is recognized as an impairment loss or gain in the current profit and loss.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial

recognition to determine the relative change in the risk of default over the expected life of the financial instrument. The Company considers that the credit risk of a financial instrument has increased significantly when it is normally more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If there is objective evidence that a financial asset is impaired on a credit basis, the Company provides for impairment of that financial asset on a single basis.

For receivables and contract assets resulting from transactions governed by *Accounting Standards for Business Enterprises No. 14 - Revenue* (2017), the Company consistently measures its provision for losses at an amount equal to the expected credit loss over the entire life of the asset, whether or not it contains a significant financing component.

For leasing receivables, the Company has chosen to always measure its provision for losses at an amount equal to the expected credit loss over the entire life of the duration.

If the Company no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the book balance of the financial asset is written down directly.

(XI) Inventory

1. Classification and cost of inventory

Inventory is classified as: Raw materials, turnover materials, finished product, Semi-finished product, goods in transit, materials for consigned processing, materials in transit, etc.

Inventories are initially measured at cost. The cost of inventories includes the cost of purchase, processing costs and other expenditures incurred in bringing the inventories to their present location and condition.

2. Pricing method of issued inventory

Inventories are valued by weighted average method when they are delivered.

3. Basis for determining the net realizable value of different categories of inventories

On the balance sheet date, the inventory is measured at the lower of the cost or the net realizable value. When the cost of inventories is higher than their net realizable value, a provision for inventory decline should be made. Net realizable value refers to the amount after deducting the cost to be incurred upon estimation until the completion, the estimated sales expenses, and related taxes from the estimated selling price of inventory in daily activities.

The net realizable value of finished goods, finished goods and materials for sale and other merchandise inventories used directly for sale, in the normal course of production and operation, is determined as the estimated selling price of such inventories, less estimated selling expenses and related taxes; The net realizable value of inventories of materials subject to processing is determined in the normal course of production operations as the estimated selling price of the finished goods produced, less the estimated costs to be incurred for completion, estimated selling

expenses and related taxes; The net realizable value of inventories held for the execution of sales contracts or labour contracts is calculated on the basis of the contract price. If the quantity of inventories held is more than the quantity ordered in the sales contract, the net realizable value of the excess inventories is calculated on the basis of the general sales price.

After the provision for decline in value of inventory, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its book value, the provision for decline in value of inventory is reversed within the original provision amount, and the amount reversed is included into profit or loss for the current period.

4. Inventory system for inventory

The perpetual inventory system is used.

5. Amortization method of low-value consumables and packaging materials

- (1) Low value consumables adopt one-off amortization method;
- (2) Packaging materials adopt one-off amortization method;

(XII) Contract assets

1. Methods and criteria for recognition of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The right to receive consideration for goods or services that the Company has transferred to customers (and which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's unconditional (depending only on the passage of time) right to receive consideration from customers is shown separately as a receivable.

2. Method of determining expected credit losses on contract assets and accounting method

The method of determining expected credit losses on contract assets and accounting method are detailed in article 6th, "Test Methods and Accounting Treatment Methods for Impairment of Financial Assets", in item X of Note III to this Financial Statements.

(XIII) Assets Held for Sale

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

The Company classifies non-current assets or disposal groups as held for sale if they meet the following conditions:

- (1) In accordance with the practice in similar transactions for the sale of such assets or disposal groups, they can be sold immediately in their current condition;
- (2) The sale is highly likely to occur, i.e., the Company has resolved on a sale plan and

obtained firm purchase commitments, and the sale is expected to be completed within one year. Where the relevant regulations require the approval of the relevant authority or regulatory authority of the Company before the sale can be made, such approval has been obtained.

If the book value of a non-current asset (excluding financial assets, deferred income tax assets, investment real estate that is subsequently measured using the fair value model and assets resulting from employee compensation) or disposal group classified as held for sale is higher than the fair value less costs to sell, the book value is written down to the net value of fair value less costs to sell, and the write-down amount is recognized as an impairment loss on the asset and included into profit or loss for the current period, together with a provision for impairment of assets held for sale.

(XIV) Long-term equity investment

1. Judgment standards for common control and significant influence

The common control refers to the control commonly owned for a certain arrangement according to the relevant agreement, in which the related activities of such arrangement can be decided only after the consensus of participants who share the control right. Where the Company and other joint ventures implement common control over the invested unit and have the right to the net assets of the invested unit, the invested unit is the joint venture of the Company.

Significant impact refers to the power to participate in making decisions on the financial and operating policies of an invested unit, but not to control or do joint control together with other parties over the formulation of these policies. Where the Company can have significant influence on an invested unit, the invested unit is the associate of the Company.

2. Determination of initial investment cost

(1) Long-term equity investment formed by business consolidation(combination)

For long-term equity investment in subsidiaries acquired through business consolidation under the common control, the initial investment cost of long-term equity investment at the date of consolidation is based on the share of the owner's equity of the combined party in the book value of the consolidated financial statements of the final controlling party. For the difference between the initial investment cost of the long-term equity investment and the book value of the consideration paid, adjust the share premium in capital reserves; If the share premium in capital reserves is not sufficient for write-down, adjust the retained earnings. If it is possible to exercise control over an investee under the common control due to additional investment, for the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principle and the sum of the book value of the long-term equity investment before consolidation and the book value of the consideration paid for further acquisition of shares at the date of consolidation, adjust the share premium, and if the share premium is not sufficient for write-down, write down the retained earnings.

For long-term equity investments in subsidiaries formed by business combination not under the common control, the initial investment cost of long-term equity investments is based on the cost of the consolidation determined at the date of acquisition. Where the invested units not under the common control can be controlled due to additional investment or other reasons, the sum of the book value of the equity investment originally held and the newly added investment cost shall be taken as the initial investment cost.

(2) Long-term equity investments acquired through means other than business

combination

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

The initial cost of a long-term equity investment obtained based on issuing equity securities shall be the fair value of the equity securities issued.

3. Confirmation method of subsequent measurement and profit and loss

(1) Long-term equity investment accounted by cost method

The Company accounts for its long-term equity investments in subsidiaries using the cost approach, unless the investments qualify as held for sale. Except for the actual paid price when acquiring investment or, the cash dividends or profits that has declared but not yet released in the consideration, the Company shall recognize the current investment income according to the cash dividends or profits issued by the invested unit.

(2) Long-term equity investment accounted by equity method

The long-term equity investment in associates and joint ventures shall be accounted by equity method. For the positive difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; For the negative difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment, it shall be included into profit or loss for the current period, and the cost of long-term equity investments is adjusted.

The Company recognizes investment income and other comprehensive income in accordance with its share of the net profit or loss realized by the investee and other comprehensive income that shall be shared or born, respectively, while adjusting the book value of the long-term equity investment; The portion of the entitlement shall be calculated on the basis of the profit or cash dividends declared by the investee, with a corresponding reduction in the book value of the long-term equity investment; For changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution ("changes in other owners' equity"), adjust the book value of the long-term equity investment and recognize them in owners' equity.

In recognizing the share of the investee's net income or loss, other comprehensive income and other changes in owners' equity, the fair value of the investee's identifiable net assets at the time the investment is acquired is used as the basis for recognition, and the net income and other comprehensive income of the investee are adjusted in accordance with the Company's accounting policies and accounting periods.

Unrealized gains or losses on internal transactions between the Company and associates or joint ventures that are attributable to equity owners of the Company on the basis of their proportionate share are offset, and investment income is recognized on this basis, except when the assets invested or sold constitute a business. The unrealized internal transaction losses with the invested unit, which belongs to the impairment loss of assets, shall be recognized in full.

For the net loss incurred by joint ventures or associates, the Company, except for the obligation to assume additional losses, is limited to a write-down to zero of the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in joint ventures or associates. If joint ventures or associates later realize net profit, the Company resumes the recognition of attributable share of income after the attributable share of income makes up for

the unrecognised attributable share of loss.

(3) Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included into profit or loss for the current period.

If a long-term equity investment accounted for under the equity method is partially disposed of and the remaining equity interest is still accounted for under the equity method, other comprehensive income recognized under the former equity method is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity are carried forward to profit or loss in proportion to the current period.

If the common control or significant influence over the investee is lost due to the disposal of the equity investment, etc., other comprehensive income recognized as a result of the equity method accounting for the original equity investment is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method accounting, and all changes in other owners' equity are transferred to current profit and loss upon the termination of the equity method accounting.

If control over the investee is lost due to the disposal of part of the equity investment, the remaining equity interest that is capable of exercising joint control or significant influence over the investee is accounted for under the equity method when preparing the individual financial statements, and the remaining equity interest is adjusted as if it had been accounted for under the equity method from the time of acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee is recognized using the same basis as that used for the direct disposal of the related assets or liabilities by the investee, and the changes in other owners' equity recognized as a result of the adoption of the equity method of accounting are carried forward proportionately to current profit and loss; If the remaining equity interest cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its book value at the date of loss of control is included into profit or loss for the current period, and all other comprehensive income and other changes in owners' equity recognized before control of the investee is obtained are carried forward.

Disposal of equity investments in subsidiaries through multiple transactions in steps until the loss of control, where they are a package transaction, each transaction is accounted for as one disposal of equity investments in subsidiaries with loss of control; The difference between the disposal price and the book value of the long-term equity investment corresponding to the equity interest disposed of for each disposal prior to the loss of control is recognized as other comprehensive income in the individual financial statements first, and is transferred to profit or loss for the current period when control is lost. If the transaction is not part of a package, each transaction is accounted for separately.

(XV) Investment property

Investment properties are real estate held for rental income or capital appreciation, or both, and include land use rights that have been leased, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased (including buildings that will be used for leasing after completion of self-construction or development activities and buildings that will be used for leasing in the future while under construction or development).

Subsequent expenditures related to investment properties are included in the cost of

investment properties when it is probable that the related economic benefits will flow in and their cost can be measured reliably; Otherwise, it is included into profit or loss for the current period as incurred.

The Company adopts the fair value model for existing investment properties. For investment properties measured according to the cost model - leased buildings, the same depreciation policy as the company's fixed assets is adopted, and the leased land use rights are subject to the same amortization policy as intangible assets.

(XVI) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets refer to the tangible assets which are held for producing commodities, providing labour services, leasing or operation management and have a service life of over one fiscal year. Fixed assets are recognized when the following conditions are met simultaneously:

- (1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (and the effect of expected abandonment cost factors shall be considered).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow in and their cost can be measured reliably; Derecognition of the book value for the replaced portion; All other subsequent expenses are included into the current profit and loss as incurred.

2. Depreciation method

The depreciation of fixed assets is accrued by classification using the straight-line depreciation method, and the depreciation rate is determined according to the category of fixed assets, estimated service life and estimated net residual value rate. For fixed assets for which provision for impairment has been made, depreciation is determined in future periods on the basis of their book value net of provision for impairment and based on their remaining useful lives. If the service life of each component of the fixed assets is different or the economic benefits are provided for enterprises in different ways, the different depreciation rates or depreciation methods shall be selected for depreciation respectively.

The depreciation methods, depreciation lives, residuals rates and annual depreciation rates for various types of fixed assets are as follows:

Category	Depreciation method	Period of depreciation (years)	Residual value rate (%)	Annual depreciation rate (%)
House buildings	Straight-line method	20 -35	3	4.85 -2.77
Machinery and equipment	Straight-line method	8 -10	3	12.13 -9.70
Transportation equipment - Fuel trucks and others	Straight-line method	6 -10	3	16.17 -9.70
Transportation equipment - New energy vehicles	Straight-line method	4 -8	3	24.25 -12.13
Other equipment	Straight-line method	5 -8	3	19.40 -12.13
Fixed asset renovation	Straight-line method	3 -5	0	33.33 -20.00

3. Fixed asset disposal

A fixed asset shall be derecognized when it is in a state of disposal or when no economic benefits are expected to arise from its use or disposal. The amount obtained after deducting the book value and relevant taxes from the disposal income from the sale, transfer, scrapping or damage of fixed assets shall be included into the current profit and loss.

(XVII) Construction in process

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred to bring construction in progress to its intended serviceable condition. Construction in progress is transferred to fixed assets when it reaches its intended serviceable condition and provision for depreciation starts from the following month.

(XVIII) Borrowing costs**1. Confirmation principles for capitalization of borrowing costs**

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, they shall be capitalized and included into the costs of relevant assets; other borrowing costs shall be recognized as expenses based on the incurred amount and shall be included into the current profit and loss.

Assets eligible for capitalization refer to the fixed assets, investment real estate, inventories, and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or sale.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from the commencement to the cessation of capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

The borrowing costs shall not be capitalized unless they meet the following conditions simultaneously:

- (1) The asset expenditure has already incurred, which shall include cash payment, transfer of non-cash assets or interest-bearing debts for the acquisition and construction or production of assets eligible for capitalization;
- (2) The borrowing costs have already incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased.

3. Suspension of capitalization period

Capitalization of borrowing costs is suspended if an unusual interruption occurs during the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months; If the interruption is necessary to bring the asset acquired or produced that is eligible for capitalization to its intended serviceable or marketable condition, the borrowing costs continue to be

capitalized. The borrowing costs incurred during the interruption shall be recognized as the current profit and loss and shall not be capitalized until the acquisition and construction or production of the asset restarts.

4. Calculation of capitalization rate and capitalization amount of borrowing costs

For the special borrowings borrowed for the acquisition and construction or production of assets eligible for capitalization, the capitalization amount of borrowing costs is determined by the borrowing costs actually incurred in the current period of the special borrowings minus the interest income obtained from the unused borrowing funds deposited in the bank or the investment income obtained from temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company shall calculate and determine the to-be-capitalized amount of borrowing costs on the general borrowing by multiplying the weighted average of cumulative asset expenditure exceeding the asset expenditure of special loan by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined based on the weighted average real interest rate of the general borrowing.

During the period of capitalization, the exchange difference of principal and interest of special foreign currency borrowings shall be capitalized and included into the cost of assets eligible for capitalization. Exchange differences arising from the principal amount of foreign currency borrowings other than specialized foreign currency borrowings and their interest are included into the current profit and loss.

(XIX) Intangible assets

1. Pricing method of intangible assets

(1) Intangible asset acquired by the Company is measured initially upon the cost;

The cost of outsourced intangible asset includes purchase price, related taxes, and other expenditures directly attributable to making such asset reach intended use.

(2) Subsequent measurement

Analyse and judge the service life of intangible assets at the acquiring time.

For intangible assets with finite useful lives, amortize over the period that provides economic benefits to the enterprise; Intangible assets with an indefinite useful life are not amortized if it is not foreseeable that they will provide economic benefits to the enterprise.

2. Service life estimation for the intangible assets with limited service life

Item	Estimated service life	Basis
Land	20-50 years	According to the use life of the land use right certificate
Proprietary technology	5-20 years	According to the estimated period of economic benefits to the enterprise
Trademark use rights	10 years	According to trademark use life
Special software	5-10 years	According to the estimated period of economic benefits to the enterprise

At the end of each year, the Company shall review the service life and amortization method of the intangible assets with limited-service life.

Upon review, no service life and amortization method of intangible assets are different from the previous estimates at the end of the year.

3. Basis for determining intangible assets with indefinite useful lives and procedures for reviewing their useful lives.

There are no such cases in the Company.

4. Specific criteria for classifying the research and development phases

The expenditures of the internal R&D project of the Company are divided into the expenditure in the research phase and the expenditure in the development phase.

Research phase: The stage of creative and planned investigation and research activities conducted to acquire and understand new scientific or technical knowledge.

Development phase: The stage of application of the research findings or other knowledge to certain plan or design to manufacture new or substantially improved materials, devices or products before commercial production or application.

5. Specific conditions for capitalization of development phase expenditures

The expenditure in the research phase shall be included into the current profit and loss as incurred. The expenditure in the development phase is recognized as intangible assets if the following conditions are met, and the expenditure in the development phase that cannot meet the following conditions is included into the current profit and loss:

- (1) It is technically feasible to finish the intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The means for intangible assets to generate economic benefits include: proving that the products produced using such intangible assets have market or that the intangible assets have market themselves. Where the intangible assets are used internally, their usefulness can be proved;
- (4) There is sufficient support of technological and financial resources and other resources to complete the development of the intangible assets, and the ability to use or sell the intangible assets;
- (5) The expenditure attributable to the development phase of the intangible assets can be measured reliably.

If it is not possible to distinguish the expenditure in the research phase from the expenditure in the development phase, all R&D expenditures incurred are included into the current profit and loss.

(XX) Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and oil and gas assets are tested for impairment if there is an indication of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its book value, a provision for impairment is made for the difference and included into the impairment loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. The provision for asset impairment is calculated and recognized on an individual asset basis, if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset

group is the smallest combination of assets that can generate cash inflows independently.

For goodwill resulting from business consolidations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a serviceable condition, impairment tests are performed at least at the end of each year, regardless of whether there is an indication of impairment.

The Company performs goodwill impairment tests and the book value of goodwill arising from a business consolidation is allocated to the relevant asset group from the date of purchase in accordance with a reasonable method; If it is difficult to be allocated to the relevant asset group, it is allocated to the relevant asset group portfolio. A related asset group or asset group portfolio is an asset group or asset group portfolio that can benefit from the synergistic effects of a business consolidation.

When making an impairment test on the relevant asset groups or combinations of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company shall first make an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount, compare it with the relevant carrying value, and recognize the corresponding impairment loss. The asset group or asset group portfolio containing goodwill is then subjected to an impairment test to compare its book value with the recoverable amount. If the recoverable amount is less than the book value, the impairment loss is first reduced by the book value of the goodwill allocated to the asset group or asset group portfolio, and then according to the proportionate share of the book value of each asset other than goodwill in the asset group or asset group portfolio, the book value of other assets is then reduced in proportion.

Once recognized, the above impairment loss on assets is not reversed in the future accounting periods.

(XXI) Long term prepaid expenses

Long-term prepaid expenses is an expense that has been incurred but should be borne by the current and future periods and is allocated over a period of more than one year.

The amortization period and amortization method for each expense are: Long-term prepaid expenses is amortized equally over the benefit period.

(XXII) Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The Company's obligations to transfer goods or provide services to customers for consideration received or receivable are presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

(XXIII) Employee compensation

1. Accounting treatment for short-term compensation

During the accounting period that employees of the Company provide services, the Company confirms the short-term compensation actually incurred as liability and includes it into profit or loss for the current period or related asset cost.

The social insurance premiums and housing fund paid by the Company for its employees, as well as the labor union funds and employee education funds withdrawn in accordance with regulations, are used to determine the corresponding amount of employee compensation based on the prescribed accrual basis and accrual ratio during the accounting period in which the employees provide services to the Company.

Employee benefits incurred by the Company are included into profit or loss for the current period or to the cost of related assets when actually incurred, based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

2. Accounting treatment for post-employment benefits

(1) Defined contribution plan

The Company shall pay basic endowment insurance and unemployment insurance for employees according to the relevant regulations of local government. During the accounting period that employees provide services to the Company, the payable amount shall be calculated according to the payment base and proportion specified locally and confirmed as liability and included into profit or loss for the current period or related asset cost. In addition, the Company participates in corporate pension plans/supplementary pension funds approved by the relevant state authorities. The Company pays a certain proportion of the total wages of employees to the annuity plan/local social insurance institutions, with corresponding expenditures included into profit or loss for the current period or related asset cost.

(2) Defined benefit plan

The Company attributes the welfare obligations generated from defined benefit plan through the formula determined according to the expected cumulative benefit unit to the period that employees provide services and includes them into profit or loss for the current period or related asset cost.

The deficit or surplus formed by deducting the fair value of asset in the defined benefit plan from the present value of defined benefiting obligation shall be confirmed as a net liability or net asset of defined benefit plan. If there is surplus in the defined benefit plan, the Company shall measure the net asset of defined benefit plan according to the lower of the surplus in the defined benefit plan and the asset ceiling.

All defined benefiting obligations, including the obligation expected to be paid within 12 months after the end of annual reporting period that employees provide services, shall be discounted according to the national debt matched with the term and currency of defined benefiting obligation on the balance sheet date or the market return of high-quality corporate bonds that are active in the market.

Service costs incurred by the defined benefit plan and net interest on the net liability or net assets of the defined benefit plan are included into profit or loss for the current period or to the cost of the related assets; Changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plans are included into other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, with the entire portion previously included into other comprehensive income being carried forward to Retained earnings within equity upon the termination of the original defined benefit plan.

During the settlement of defined benefit plan, the settlement gains or losses shall be confirmed according to the difference between the present value of defined benefiting obligation determined on the settlement date and the settlement price.

3. Accounting treatment for termination benefits

When the Company provides termination benefits to employees, it recognizes a liability for employee compensation arising from termination benefits at the earlier of the following, and includes it in profit or loss for the current period: When the Company cannot unilaterally withdraw termination benefits provided as a result of a plan for termination of employment or a proposal for redundancy; When the Company recognizes costs or expenses related to a restructuring involving the

payment of termination benefits.

(XXIV) Estimated liabilities

Where the obligations related to the contingencies meet the following conditions simultaneously, the Company shall confirm them as estimated liabilities:

- (1) The obligation is a current obligation undertaken by the Company;
- (2) It is likely to cause any economic benefit to flow out of the Company because of the performance of the obligation;
- (3) The amount of the obligation can be measured reliably.

The estimated liabilities shall be initially measured in accordance with the best estimate of the necessary expenditures for the performance of the related current obligation.

To determine the best estimate, the Company shall take into overall consideration of the risks, uncertainty, time value of money, and other factors pertinent to the contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future outflow of cash.

If there is a continuous range of required expenditure and the possibility of various results within this range is the same, the best estimate shall be determined according to the middle value within this range. In other cases, the best estimates shall be handled in accordance with the following situations respectively:

- If the contingency involves a single item, it shall be determined according to the most likely amount.
- If the contingency involves multiple items, it shall be determined according to various possible results and relevant probability calculation.

If all or part of the expenditures required to pay off the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized separately as an asset when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

The Company reviews the book value of the estimated liability at the balance sheet date and adjusts the book value in accordance with the current best estimate if there is conclusive evidence that the book value does not reflect the current best estimate.

(XXV) Share-based payment

The Company's share-based payments are transactions in which equity instruments are granted or liabilities determined on the basis of equity instruments are assumed in order to obtain services from employees or other parties. The share-based payment of the Company is divided into equity settled share-based payment and cash settled share-based payment.

1. Equity-settled share-based payment and equity instrument

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. For share-based payment transactions that are immediately exercisable upon grant, the fair value of the equity instruments is recorded at the relevant cost or expense on the grant date, with a corresponding increase in capital reserves. For share-based payment transactions in which the services are in process after the grant or the rights are exercised only after the required performance conditions are met, at each balance sheet date during the waiting period, the Company recognizes the services acquired

during the period as related costs or expenses, and, based on the best estimate of the number of exercisable equity instruments and the fair value at the grant date, increases capital reserves accordingly.

If clauses of equity-settled share-based payment are modified, the acquired service shall be confirmed at least according to the conditions of unmodified clauses. Moreover, in case of any modification to the fair value of granted equity instrument or of any changes in favour of employees on the date of modification due to any increase, the increase of acquired services shall be confirmed.

If a grant of equity instruments is cancelled during the waiting period, the Company treats the cancellation of the granted equity instruments as accelerated exercise of right and recognizes the amount to be recognized over the remaining waiting period immediately in profit or loss for the current period, and recognizes the capital reserves at the same time. However, if new equity instrument is granted and it is identified on the grant date of new equity instrument that the granted new equity instrument is used to replace the cancelled equity instrument, the granted alternative equity instrument shall be treated in the same manner as to treat the modification to the terms and conditions of the original equity instruments.

2. Cash-settled share-based payment and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. For share-based payment transactions that are immediately exercisable upon grant, the Company recognizes the related cost or expense at the grant date at the fair value of the liability assumed, with a corresponding increase in the liability. For share-based payment transactions in which the services are in process after the grant or the rights are exercised only after the required performance conditions are met, at each balance sheet date during the waiting period, the Company recognizes the services acquired during the period as related costs or expenses, and, based on the best estimate of the circumstances of exercisable equity and the fair value of the liability assumed by the Company, recognizes them in the liability accordingly. The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes into profit or loss for the current period.

If the Company modifies the terms and conditions of a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the modification date (no matter occurring within or after the vesting period), the Company measures the equity-settled share-based payment based on the fair value of the date the equity instrument is granted, and records the services obtained into the capital reserve. At the same time, the recognition of cash-settled share-based payment liabilities that have been recognized on the modification date is terminated, and the difference between the two is included in the current profit and loss. If the waiting period is extended or shortened due to modification, the company shall conduct accounting treatment according to the modified waiting period.

(XXVI) Preferred shares, perpetual bonds, and other financial instruments

The Company classifies the financial instrument or its components into financial assets, financial liabilities, or equity instruments upon initial recognition based on the contract terms of the preferred shares/perpetual bonds issued and the economic substance reflected therein, rather than solely in legal form.

Financial instruments such as perpetual bonds/preferred shares issued by the Company meet one of the following conditions, the financial instrument as a whole or its components

are classified as financial liabilities upon initial recognition:

- (1) There are contractual obligations that the company cannot unconditionally avoid performing by delivering cash or other financial assets;
- (2) There are contractual obligations include delivering a variable number of its own equity instruments for settlement;
- (3) Including derivative instruments that are settled with their own equity (such as convertibility, etc.), and the derivative instrument does not exchange a fixed amount of cash or other financial assets with a fixed amount of their own equity instruments for settlement;
- (4) There are contract terms that indirectly form contractual obligations;
- (5) When the issuer liquidates, the perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer.

If a financial instrument such as perpetual bonds/preferred shares that do not meet any of the above conditions, it shall be classified as equity instruments as a whole or a component at the initial recognition time.

(XXVII) Revenue

1. Accounting policies used for revenue recognition and measurement

The Company recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the related goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and derive almost total economic benefit from them.

If a contract contains two or more performance obligations, the Company allocates the transaction price to each individual performance obligation on the contract commencement date in the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract and its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue when the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration using the effective interest method over the term of the contract.

Performance obligations are fulfilled within a certain time period if one of the following conditions is met, otherwise, performance obligations are fulfilled at a certain point of time:

- The customer acquires and consumes the economic benefits of the Company's performance at the same time as the Company's performance.

- The customer is able to control the goods-in-process in the course of the Company's performance.
- The goods produced in the course of the Company's performance are irreplaceable and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract.

For performance obligations to be performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period, except when the progress of performance cannot be reasonably determined. The Company uses the output method or input method to determine the performance schedule considering the nature of the goods or services. When the performance schedule cannot be reasonably determined and the costs incurred are expected to be compensated, the Company recognizes the revenue according to the amount of costs incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain point of time, the Company recognizes revenue at the point of time when the customer obtains control of the related goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the goods or services.
- The Company has transferred the legal ownership of the goods to the customer, i.e., the customer has the legal ownership of the goods;
- The Company has physically transferred the goods to the customer, i.e., the customer has taken physical possession of the goods.
- The Company has transferred the major risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the major risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

2. Differences in accounting policies for revenue recognition due to different operating models for the same type of business

There are no such cases in the Company.

(XXVIII) Contract costs

Contract costs include contract fulfilment costs and contract acquisition costs.

Costs incurred by the Company to perform a contract that are not regulated by relevant standards such as inventory, fixed assets or intangible assets are recognized as an asset of contract fulfilment cost when the following conditions are met:

- This cost is directly related to a current or anticipated contract.
- This cost increases the resources available to the Company to meet its performance obligations in the future.
- This cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as assets of contract acquisition costs.

Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which those asset relate; However, if the amortization period of

contract acquisition costs does not exceed one year, the Company recognizes them in profit or loss for the current period when they are incurred.

If the book value of an asset related to contract costs is greater than the difference between the following two items, the Company makes a provision for impairment for the excess and recognizes it as an impairment loss on the asset:

1. The residual consideration expected to be obtained as a result of the transfer of goods or services related to the asset;
2. The estimated costs to be occurred for the transfer of the relevant goods or services.

If there is a subsequent change in the impairment factors in previous periods, such that the aforementioned difference is higher than the book value of the asset, the Company reverses the provision for impairment and recognizes it in profit or loss for the current period, provided that the book value of the asset after the reversal does not exceed the book value of the asset at the date of reversal assuming no provision for impairment was made.

(XXIX) Government subsidies

1. Type

Government subsidies, which are monetary or non-monetary assets acquired by the Company from the government without consideration, are classified as asset-related government subsidies and revenue-related government subsidies.

The government subsidies pertinent to assets mean the government subsidies that are obtained by the Company used for purchase and construction or forming long-term assets in other ways. The government subsidies pertinent to income refer to all the government subsidies except those pertinent to assets.

The specific criteria for the Company to classify government subsidies as asset-related are: Government subsidies obtained by the Company for the acquisition or formation of long-term assets are classified as asset-related government subsidies.

The specific criteria for the Company to classify government subsidies as revenue-related are: Government subsidies other than those related to assets are government subsidies related to revenues. The government subsidies pertinent to assets mean the government subsidies that are obtained by the Company used for purchase and construction or forming long-term assets in other ways. The government subsidies pertinent to income refer to all the government subsidies except those pertinent to assets.

2. Confirm time point

Government subsidies are recognized when the Company is able to meet the conditions attached to them and is able to receive them.

3. Accounting treatment

Government subsidies related to assets are written down to the book value of the related assets or recognized as deferred income. For those recognized as deferred income, they are included into profit or loss for the current period over the useful life of the related assets in accordance with a reasonable and systematic method (Those relates to the Company's ordinary activities are included into other income; those not related to the Company's ordinary activities are included into non-operating income);

Government subsidies related to revenue that are used to compensate the Company for related costs or losses in subsequent periods are recognized as deferred revenue and, when the related costs or losses are recognized, included into profit or loss for

the current period (Those relates to the Company's ordinary activities are included into other income; those not related to the Company's ordinary activities are included into non-operating income) or writing down related costs or losses; Those used to compensate the Company for related costs or losses already incurred are recognized directly in profit or loss for the current period (Those relates to the Company's ordinary activities are included into other income; those not related to the Company's ordinary activities are included into non-operating income) or writing down related costs or losses.

The Company distinguishes between the following two scenarios for accounting for policy-based preferential borrowing subsidies obtained:

(1) If the financial institution allocates the discounted interest funds to the lending bank, and the lending bank provides borrowings to the Company at the policy preferential interest rate, the Company uses the actual amount received as the recorded value of the borrowing and calculates the related borrowing costs in accordance with the principal amount of the borrowing and the policy preferential interest rate.

(2) If the financial institution subsidies are directly allocated to the Company, the Company will write down the corresponding subsidies against the related borrowing costs.

(XXX) The deferred income tax assets and the deferred income tax liabilities

Income taxes consist of current income taxes and deferred income taxes. The Company recognizes current income tax and deferred income tax in profit or loss for the current period, except for income tax arising from business combination and transactions or events directly included into owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their book values (temporary differences).

For the confirmation of deferred income tax assets for the deductible temporary difference, the taxable income that may be obtained in future periods and is used to offset the deductible temporary difference shall prevail. As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

For the taxable temporary differences, except in special cases, the deferred income tax liabilities shall be confirmed.

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- A transaction or event that is neither a business merge nor affects accounting profit and taxable income (or deductible loss) when it occurs.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be

available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates applicable to the periods when the related assets are expected to be recovered or the related liabilities to be settled, in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the book value of deferred tax assets. The book value of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to deduct the benefit of the deferred tax assets. When it is probable to obtain sufficient taxable income taxes, such write-down amount shall be reversed.

If the Company has the legal right to settle by the net amount and intends to settle by the net amount or acquire assets and pay off liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company shall be listed according to the net amount after offset.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net of offsetting amounts when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which it is significant that the deferred income tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time.

(XXXI) Leases

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for a consideration. At the contract start date, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

If a contract contains several separate leases, the Company splits the contract and accounts for each separate lease separately. If the contract contains both leased and non-leased portions, the lessee and lessor split the leased and non-leased portions.

1. The Company as the lessee

(1) Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-to-use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- The amount of lease payments made on or before the commencement date of the lease term for which a lease incentive exists, less the amount related to the lease incentive already taken;
- The initial direct costs incurred by the Company;
- Costs expected to be incurred by the Company to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the agreed condition under the terms of the lease, excluding costs that are part of the costs incurred for the production of inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. If the ownership of the leased asset can be reasonably determined at the

expiry of the lease term, the depreciation can be accrued within the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in “III (XX) Impairment of Long-term Assets” of this Notes to Financial Statements.

(2) Lease liabilities

At the commencement date of the lease term, the Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of the lease payments outstanding. Lease payments include:

- Fixed payments (including material fixed payments), net of amounts related to lease incentives, if lease incentives exist;
- Variable lease payments that depend on an index or rate;
- Estimated payments due based on the residual value of guarantees provided by the Company;
- The exercise price of the purchase option, provided that the Company reasonably determines that it will exercise the option;
- The amount required to be paid to exercise the option to terminate the lease is subject to the lease term reflecting that the Company will exercise the option to terminate the lease.

The Company uses the implicit rate of the lease as the discount rate, but if the implicit rate of the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense on the lease liability for each period of the lease term at a fixed periodic interest rate, which is included into profit or loss for the current period or to the cost of the related asset.

Variable lease payments that are not included into the measurement of the lease liability are included into profit or loss for the current period or the cost of the related assets when they are actually occurred.

After the commencement date of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the book value of the right-of-use asset has been reduced to zero, but if the lease liability still needs to be further reduced, the difference is included into profit or loss for the current period:

- When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Company re-measures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures the lease liability at the present value of the lease payment amount after the change and the original discount rate. However, if the changes in lease payments result from changes in floating interest rates, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the Company recognizes the related lease payments in profit or loss for the current period or the cost of the related assets on a straight-line basis over the respective periods of the lease term. A short-term lease is a lease with a term of not more than 12 months from the commencement date of the lease term and does not include an option to purchase. A low-value asset lease is a lease with a lower value when the single leased asset is a brand-new asset. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

(4) Lease change

The Company accounts for the lease change as a separate lease if the change occurs and the following conditions are all met:

- The lease change expands the scope of lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of the contract.

If a lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company reapportioned the consideration of the changed contract, redetermined the lease term, and remeasured the lease liability based on the present value of the changed lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the book value of the right-of-use asset accordingly and recognizes the gain or loss related to partial or complete termination of the lease in profit or loss for the current period. If other lease changes result in a remeasurement of the lease liability, the Company adjusts the book value of the right-of-use asset accordingly.

2. The Company as the lessor

At the inception date of the lease, the Company classifies the lease as a finance lease and an operating lease. A finance lease is a lease that transfers substantially all of the risks and rewards associated with ownership of a leased asset, regardless of whether ownership is ultimately transferred. Operating lease refers to leases other than financial leases. When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use assets arising from the original lease.

(1) Accounting treatment for operating lease

Lease receipts under operating leases are recognized as rental income on a straight-line basis over the respective periods of the lease term. The Company capitalizes the initial direct costs incurred in connection with operating leases, which are allocated to current profit and loss over the lease term on the same basis as rental income is recognized. Variable lease payments not included in the lease receipts are included into profit or loss for the current period when they are actually occurred. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease before the change is considered to be the amount of receipts for the new lease.

(2) Accounting treatment for financial leases

At the inception date of the lease, the Company recognizes financial lease receivables for finance leases and derecognizes the financial lease assets. When the

Company makes initial measurement of financial lease receivables, the net lease investment is used as the recorded value of the financial lease receivables. The net investment in leases is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the implicit rate of the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with item X, "Financial Instruments" of Note III to this Financial Statements.

Variable lease payments not included in the net lease investment measurement are included into profit or loss for the current period when they are actually incurred.

When a change in a finance lease occurs and all of the following conditions are met, the Company will account for the change as a separate lease:

- The lease change expands the scope of lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of the contract.

If a change in a finance lease is not accounted for as a separate lease, the Company treats the changed lease separately in the following circumstances:

- If the change becomes effective on the commencement date of the lease and the lease would have been classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the book value of the leased asset;
- If the change becomes effective on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will account for it in accordance with the policy of amending or renegotiating the contract as described in article 6th in item X, "Financial Instruments" of this Note III to Financial Statements.

3. Sale and leaseback transactions

The Company assesses whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the principles described in "III.(XXVII) Revenue" of this Notes to Financial Statements.

(1) As the lessee

Where the transfer of an asset in a sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset created by the sale-and-leaseback at the portion of the original asset's book value that relates to the right-of-use acquired by the leaseback and recognizes the related gain or loss only for the right transferred to the lessor; If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company continues to recognize the transferred asset as a lessee and also recognizes a financial liability equal to the transfer proceeds. For details of the accounting treatment of financial liabilities, please refer to "III. (X) Financial Instruments" of this Notes to Financial Statements.

(2) As the lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the article 2nd, "The Company as the lessor" mentioned above. If the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds. For details of the accounting treatment

of financial assets, please refer to "III. (X) Financial Instruments" of this Notes to Financial Statements.

(XXXII) Discontinued operations

A discontinued operation is a separately distinguishable component that meets one of the following conditions and which has been disposed of by the Company or classified by the Company as held for sale:

- (1) The component represents a separate principal business or a separate principal area of operation;
- (2) The component is part of a related plan to dispose of an independent principal business or a separate principal area of operation;
- (3) The component is a subsidiary acquired exclusively for resale.

Gains or losses from continuing operations and gains or losses from discontinued operations are presented separately in the income statement. Operating gains and losses such as impairment losses and reversals of amounts from discontinued operations and gains and losses on disposals are reported as gains and losses from discontinued operations. For discontinued operations presented in the current period, the Company restates the information previously reported as gain or loss from continuing operations in the current period financial statements as gain or loss from discontinued operations in the comparable accounting period.

(XXXIII) Hedge Accounting

1. Classification of hedging

- (1) Fair value hedging refers to the hedging of the risk of changes in fair value of recognized assets or liabilities and unrecognized confirmed commitments (excluding foreign exchange risks).
- (2) Cash flow hedging refers to the hedging of the risk of changes in cash flow, such cash flow changes are arising from certain types of specific risks related to recognized assets or liabilities, expected transactions that are likely to occur, or foreign exchange risks included in an unrecognized confirmed commitment.
- (3) Net investment in overseas operations hedging refers to hedging of foreign exchange risks arising from net investment in overseas operations. Net investment in overseas operations refers to the equity share of an enterprise in the net assets of overseas operations.

2. Designation of hedging relationship and determination of hedging effectiveness

At the beginning of the hedging relationship, the Company has formally designated the hedging relationship and prepared formal written documents on the hedging relationship, risk management objectives and hedging strategy. The documents specifies the nature and quantity of the hedging instruments, the nature and quantity of the hedged items, the nature of the hedged risks, the type of hedge, and the Company's evaluation of the effectiveness on the hedging instruments. Effectiveness of hedge refers to the extent to which changes in the fair value or cash flow of a hedging instrument can offset changes in the fair value or cash flow of the hedged item caused by the hedged risks.

The Company carries out continuously evaluates on the effectiveness of hedging to determine whether the hedging meets the effectiveness requirements of applying hedge accounting within the designated accounting period of the hedging relationship. If it can not meet such requirements, the hedging relationship shall be

terminated.

The application of hedge accounting should satisfy the following requirements for hedging effectiveness:

(1) There exists economic relationship between the hedged item and the hedging instrument.

(2) The impact of credit risk is not dominant in the value changes arising from the economic relationship between the hedged item and the hedging instrument.

(3) Using an appropriate hedge ratio will not result in an imbalance in the relative weight of the hedged item and the hedging instrument, and resulting in accounting results that are inconsistent with the hedge accounting objectives. If the hedging ratio is no longer appropriate, but the hedging risk management objectives have not changed, the quantity of the hedged item or hedging instrument should be adjusted to make the hedging ratio meet the effectiveness requirements again.

3. Hedge accounting treatment method

(1) Fair value hedging

Changes in the fair value of hedging derivative instruments are included in the current profit and loss. The changes in the fair value of the hedged item caused by the hedging risk are included in the current profit and loss, and adjust the book value of the hedged item at the same time.

For fair value hedges related to financial instruments measured at amortized cost, adjustments made to the book value of the hedged item are amortized over the remaining period from the adjustment date to the maturity date and included in the current profit and loss. Amortization using the effective interest rate method can begin immediately after the book value adjustment and no later than the termination of the hedged item's adjustment for changes in fair value resulting from the hedging risks.

If the hedged item is derecognized, the unamortized fair value is recognized as current profit or loss.

If the hedged item is an unrecognized confirmed commitment, the cumulative change in fair value of the confirmed commitment due to the hedged risk is recognized as an asset or liability, and the relevant gains or losses are included in the current profit or loss. Changes in the fair value of hedging derivative instruments are included in the current profit and loss.

(2) Cash flow hedging

The portion of the gains or losses on hedging instruments that belong to effective hedging is directly recognized as other comprehensive income, and the portion that belongs to ineffective hedging is included in the current profit and loss.

If the hedged transaction affects the current profit and loss, such as when the hedged financial revenue or financial expenses are recognized or expected sales occur, the amount recognized in other comprehensive income is transferred to the current profit and loss. If the hedged item is the cost of a non-financial asset or non-financial liability, the amount originally recognized in other comprehensive income is transferred out and included in the initial recognition amount of the non-financial asset or non-financial liability (or, if the amount originally recognized in other comprehensive income, it shall be transferred out during the same period during which the non-financial asset or non-financial liability affects profit or loss and included in the current profit or loss).

If the expected transaction or confirmed commitment is estimated not to occur, the accumulated gains or losses on hedging instruments previously included in other

comprehensive income are transferred out, it is included in the current profit and loss. If the hedging instrument has expired, been sold, the contract has been terminated or performed (but has not been replaced or extended), or the designation of the hedging relationship has been revoked, the amount previously included in other comprehensive income will not be transferred out until the expected transaction or confirmed commitment affects the current profit and loss.

(3) Hedge of net investment in overseas operations

Hedges of net investments in overseas operations include hedges of monetary items that are part of net investments, the treatment is similar to cash flow hedges. The portion of the gains or losses of the hedging instrument that is determined to be an effective hedge is included in other comprehensive income, while the portion of the ineffective hedge is recognized as current profit or loss. When disposing overseas operations, any accumulated gains or losses transfer-out included in other comprehensive income is included in current profits and losses.

(XXXIV) Repurchase of shares of the company

The Company uses its own funds to repurchase shares through centralized bidding transactions, and the shares that have been repurchased have not yet been written off deems as inventory shares. The accounting treatment method adopts the cost method, and the total amount actually paid for the repurchase (including transaction costs) is included in inventory shares, which are listed as a decreasing item of share capital.

(XXXV) Segment reporting

The Company determines operating segments based on internal organizational structure, management requirements and internal reporting system, and determines reportable segments and discloses segment information based on operating segments.

An operating segment is a component within the Company that also meets the following conditions: (1) The component is capable of generating revenue and incurring expenses in the ordinary course of activities; (2) The Company's Management Layer is able to periodically evaluate the operating results of the component in order to decide to allocate resources to it and evaluate its performance; (3) The Company has access to accounting information related to the financial position, results of operations and cash flows of the component. Two or more operating segments may be consolidated into one operating segment if they have similar economic characteristics and certain conditions are met.

(XXXVI) Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

(1) Implementation of *the Interpretation of Accounting Standards for Business Enterprises No. 15*

The Ministry of Finance issued *the Interpretation Accounting Standards for Business Enterprises No. 15* (C.K.[2021] No. 35, hereinafter referred to as "Interpretation No. 15") on 30 December 2021.

① Accounting treatment for trial operation sales

Interpretation No. 15 specifies the accounting treatment and presentation of external sales of products or by-products produced by enterprises before their fixed assets reach their intended usable status or during the research and development process. It also stipulates that the net amount of revenue related to trial operation sales after offsetting costs should not be used to offset the cost of fixed assets or research and development expenditures. The provision came into force since 1 January 2022.

Retroactive adjustments shall be made to trial run sales that occur between the beginning of the earliest period in which financial statements are presented till 1 January 2022.

The provision has been implemented by the Company, which has not have a significant impact on the Company's financial condition and operating results.

② Judgement on loss contract

Interpretation No. 15 clearly specifies that the "cost of performing the contract" considered by an enterprise when determining whether the contract constitutes a loss contract should include both the incremental cost of performing the contract and the apportionment amount of other costs directly related to performing the contract. This provision was implemented since 1 January 2022. Enterprises shall implement this provision for contracts that have not fulfilled all their obligations as of 1 January 2022. The cumulative impact amount shall adjust the retained earnings and other related financial statement items at the beginning of the year on the implementation date, without adjusting the data in the previous comparative financial statements.

The Company's implementation of this provision did not have a significant impact on its financial condition and operating results.

(2) Implementation of *the Interpretation of Accounting Standards for Business Enterprises No. 16*

The Ministry of Finance issued *the Interpretation Accounting Standards for Business Enterprises No. 16* (C.K.[2022] No. 31, hereinafter referred to as "Interpretation No. 16") on 30 November 2022.

① Accounting treatment on the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments by enterprises, if the relevant dividend expenditures are deducted before enterprise income tax in accordance with the relevant regulations of tax policies, the income tax impact related to the dividends should be recognized when recognizing the dividends payable, and the accounting treatment adopted in the past to generate distributable profits should be consistent with the accounting treatment adopted in transactions or events, the income tax impact of dividends is included in the current profit and loss or owner's equity items (including other comprehensive income items).

The regulations shall come into effect as of the date of promulgation. If the relevant dividends payable occur between 1 January 2022 and the implementation date, adjustments shall be made in accordance with the regulations; Retroactive adjustments shall be made for financial instruments that occurred before 1 January 2022 and whose recognition has not been terminated as of 1 January 2022. The implementation of this regulations did not have a significant impact on the company's financial condition and operating results.

② Accounting treatment for enterprises to modify cash settled share-based payments to equity settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions of a cash settled share-based payment agreement to make it an equity settled share-based payment, on the modification date (whether occurring within the waiting period or after it), the equity settled share-based payment should be measured at the fair value on the date of modification of the granted equity instrument, and the obtained services should be included in the capital reserve, at the same time, the recognition of cash settled share-based payment liabilities that have been recognized on the modification date is terminated, and the difference between the two is included in the current profit and loss.

The regulations shall be implemented since the publicity date, and newly increased relevant transactions from 1 January 2022 to the implementation date shall be adjusted in accordance with the regulations; If the relevant transactions occurred before 1 January 2022 have not been processed in accordance with this regulations, a retrospective adjustment should be made, and the cumulative impact amount shall be adjusted to retained earnings and other related items as of 1 January 2022, without adjusting the data in the previous comparative financial statements. The implementation of this regulations did not have a significant impact on the company's financial condition and operating results.

2. Changes in significant accounting estimates

N/A

IV. Taxes

(I) Main tax categories and tax rates

Tax categories	Taxation basis	Tax rate
Value Added Tax	The output tax shall be calculated based on the income obtained from the sales of goods and the taxable labor and calculated as per the regulations of tax law, and the balance after deducting the input tax deductible in the current period is the VAT payable.	13, 9, 6, 5, 3
Urban maintenance and construction tax	Payment based on actual VAT and consumption tax paid	1, 5, 7
Enterprise income tax	Calculated and paid according to taxable income	25, 20, 15
Education surcharges	Payment based on actual VAT and consumption tax paid	3, 5
Consumption tax (Japan)	The difference between total sales amount and total purchases amount	10, 8

If there are taxable entities with different corporate income tax rates, disclose the description of the situation

Taxpayers are high-tech enterprises	Income tax rate (%)
Shanghai Shanshan Technology Co., Ltd.	15
Ningbo Shanshan New Material Technology Co., Ltd.	15
Chenzhou Shanshan New Material Co., Ltd.	15
Huzhou Shanshan New Energy Technology Co., Ltd.	15
Inner Mongolia Shanshan Technology Co., Ltd.	15
Inner Mongolia Shanshan New Material Co., Ltd.	15
Fujian Shanshan Technology Co., Ltd.	15
Dongguan Shanshan Battery Material Co., Ltd.	15
Ningbo Ulica Solar Co., Ltd.	15
Shanghai Zhanxiao New Energy Technology Co., Ltd.	15
Dongguan Shanshan Battery Material Co., Ltd.	15
Shanshan New Material (Quzhou) Co., Ltd.	15
Hunan Yongshan Lithium Industry Co., Ltd. *	15

* This company has completed the equity transfer in January 2022, and finally seceded from the scope of consolidated financial statements.

Overseas enterprises	Income tax rate (%)
Taiwan ShanJin Optoelectronics Co., Ltd.	20
ShanJin Tokyo Co., Ltd. (Legal Person Tax)	23.20

(II) Tax preferences

1. According to the SAT *Announcement on Enterprise Income Tax Issues Related to the Further Implementation of the Western Development Strategy* (No.12, 2012), Sichuan Shanshan New Material Co., Ltd., subsidiaries of the Company, is an enterprise encouraged to establish in the western region and are subject to a reduced enterprise income tax rate of 15%.
2. According to the G.S.F [2009] No. 80: Notice on the Implementation of Preferential Corporate Income Tax for Public Infrastructure Projects Supported by the State, the investment and operating income from public infrastructure projects that meet the scope, conditions and standards stipulated in the *Catalogue of Preferential Corporate Income Tax for Public Infrastructure Projects*, from the tax year in which the first production and operating income is earned, from the first to the third year, enterprises are exempt from corporate income tax, and during the fourth to the sixth year, the corporate income tax are reduced by half. The Company's subsidiary photovoltaic companies, as shown in the table below, are engaged in photovoltaic power generation projects to enjoy favorable income tax.

Unit	Favorable income tax
Ningbo Shanneng Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Taizhou Shanhe Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Taizhou Shantai Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Wuyi Shansheng Photovoltaic Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Yongkang Shanlong Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Ningbo Shanhui Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Shaoxing Shanzi Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Ningbo Shanshan Sunshine New Energy Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Shaoxing Shansheng Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2017, and 2022 is the first year.
Taizhou Shanda Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Ningbo Shanhua Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Shaoxing Shandian Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Ningbo Shanjie Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Sanmen Shanyuan Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Ningbo Shanlun Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Ningbo Yuyao Xiangtai Power Engineering Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Taizhou Shanyan New Energy Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Quzhou Shanhai Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Quzhou Qujiang Henglei Energy Technology Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Lanxi Shanrui New Energy Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Ningbo Ciguang New Energy Technology Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Wuyi Shanrun New Energy Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Taizhou Shantian Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Cixi Shante Photovoltaic Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Shaoxing Shanchang New Energy Co., Ltd.	The operating income was obtained in 2020, and 2022 is the third year.
Yuyao Shankai Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Ningbo Xinquante New Energy Development Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Ningbo Haobo New Energy Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Jinhua Zhichao New Energy Technology Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Ningbo Shanteng New Energy Co., Ltd.	The operating income was obtained in 2018, and 2022 is the second year.
Nanchang Shan'ao New Energy Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Jinhua Shangong Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Taizhou Shanlin Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Jinhua Shanbao Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Ningbo Shanwen Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Hangzhou Shanqiu Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Quzhou Shanke Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2020, and 2022 is the third year.
Quzhou Qujiang Shanzhen New Energy Technology Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Quzhou Shanyu New Energy Development Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Sanmen Shangang Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.
Jinhua Puzhong Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2019, and 2022 is the first year.

Unit	Favorable income
Taizhou Shanxian Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2020, and 2022 is the third year of the preferential period.
Ningbo Taihui Photovoltaic Technology Co., Ltd.	The operating income was obtained in 2020, and 2022 is the third year of the preferential period.
Nanchang Juheng New Energy Development Co., Ltd.	The operating income was obtained in 2020, and 2022 is the third year of the preferential period.
Zhejiang Guangliang New Energy Technology Co., Ltd.	The operating income was obtained in 2021, and 2022 is the second year of the preferential period.
Quzhou Shantao Photovoltaic Power Generation Co., Ltd.	The operating income was obtained in 2021, and 2022 is the second year of the preferential period.

According to the *Notice on Enterprise Income Tax Policies for Key Industries in the New Lingang Area of the China (Shanghai) Pilot Free Trade Zone* (C.S. [2020] No. 38) and the *Administrative Measures for the Recognition of Enterprise Income Tax Preferential Qualifications for Key Industries in the New Lingang Area of the China (Shanghai) Pilot Free Trade Zone* (H.C.F. [2020] No. 12) issued by the Ministry of Finance and the SAT, Shanghai Shanshan New Material Co., Ltd., a subsidiary of the company, was recognized as one of the first batch of key industrial enterprise income tax concessions in the Lingang New Area in 2022, and will be subject to corporate income tax at a reduced rate of 15% within five years since 2021.

V. Notes of consolidated financial statements items
(I) Monetary capital

Item	31 December 2022	31 December 2021
Cash on hand	221,970.42	220,489.88
Bank deposit	3,838,571,569.10	8,682,174,699.82
Other cash balances	903,471,896.07	612,566,178.01
Total	4,742,265,435.59	9,294,961,367.71
Of which: Total amount of money deposited abroad	44,133,879.44	45,499,240.52

In which, the details of monetary funds that are restricted in use due to mortgage, pledge, or freezing are as follows:

Item	31 December 2022	31 December 2021
Deposit for bank acceptance bill	740,152,177.46	550,770,579.54
L/C guarantee deposits	128,905,140.63	13,967,809.83
Guarantee deposit Note 1	30,411,993.79	46,600,000.00
Other deposit Note 2	3,922,037.75	1,000,000.00
Subtotal of other cash balances	903,391,349.63	612,338,389.37
Bank deposit- litigation freeze	15,100,432.46	3,840,886.73
Total Cash at bank and on hand subject to restrictions	918,491,782.09	616,179,276.10
Listed as: Assets held for sale		
Listed as: Other cash balances	918,491,782.09	616,179,276.10

Note 1: Guarantee Deposit

Category	Closing deposit amount	Closing deposit amount of previous year
Financing guarantee		7,500,000.00
Aggregate taxation guarantee	27,000,000.00	22,500,000.00
Quality guarantee	3,411,993.79	16,600,000.00
Subtotal	30,411,993.79	46,600,000.00

Note 2: Other deposit

Category	Closing deposit amount	Closing deposit amount of previous year
Loan Repayment Deposit		1,000,000.00
Foreign exchange settlement deposit	2,884,005.02	
Procurement deposit	1,038,032.73	
Subtotal	3,922,037.75	1,000,000.00

(II) Notes receivable

1. Notes receivable classification list

Item	31 December 2022	31 December 2021
Banker's acceptance bill		
Commercial acceptance bill	228,426,998.22	38,224,396.60
Subtotal	228,426,998.22	38,224,396.60
Less: Provision for impairment of commercial acceptance bill	593,910.20	3,558,289.34
Total	227,833,088.02	34,666,107.26

2. Last year, the company determined that the note issuer KN New Energy Co., Ltd. had a collection risk and made a full reserves for impairment on its 3.5 million Yuan commercial acceptance bill. However, this year, the above-mentioned bills were not fulfilled and were converted into accounts receivable, and the corresponding impairment reserve was transferred to accounts receivable bad debts.

3. Notes receivable impairment reserves

Item	Beginning Amount	Reserve	Reversal	Write-off	Closing Amount
Impairment reserves	3,558,289.34	593,910.20	3,558,289.34		593,910.20

(III) Account receivable

1. Accounts receivable disclosed by account age

Account age	31 December 2022	31 December 2021
Within 1 year	4,807,499,834.80	4,080,018,451.93
1-2 years	9,533,804.06	49,917,207.51
2-3 years	9,582,613.08	4,993,098.28
3-4 years	4,124,189.07	13,926,265.70
4-5 years	10,694,837.58	63,150,417.14
Above 5 years	58,035,354.25	8,982,390.72
Subtotal	4,899,470,632.84	4,220,987,831.28
Less: Bad debt provision	204,496,209.46	261,587,392.11
Total	4,694,974,423.38	3,959,400,439.17

2. Accounts receivable disclosed by bad debt provision method

Category	31 December 2022					31 December 2021				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)		Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
Provision for bad debts made on an individual basis	66,847,620.60	1.36	65,107,055.72	97.40	1,740,564.88	115,013,672.06	2.72	73,350,650.99	63.78	41,663,021.07
Of which: Accounts receivable whose amounts are not considered individually significant but whose bad debt provision shall be withdrawn individually	66,847,620.60	1.36	65,107,055.72	97.40	1,740,564.88	115,013,672.06	2.72	73,350,650.99	63.78	41,663,021.07
Provision for bad debts made on a portfolio basis	4,832,623,012.24	98.64	139,389,153.74	2.88	4,693,233,858.50	4,105,974,159.22	97.28	188,236,741.12	4.58	3,917,737,418.10
Of which: Account age portfolio	4,832,623,012.24	98.64	139,389,153.74	2.88	4,693,233,858.50	4,105,974,159.22	97.28	188,236,741.12	4.58	3,917,737,418.10
Total	4,899,470,632.84	100.00	204,496,209.46		4,694,974,423.38	4,220,987,831.28	100.00	261,587,392.11		3,959,400,439.17

Provision for bad debts is made on an individual basis:

Name	31 December 2022			Withdrawal reason
	Book balance	Bad debt provision	Withdrawal ratio (%)	
Renewable energy subsidy receivable	867,873.90			Government subsidies receivable
ZX High Energy Technology Co., Ltd.	4,627,840.70	4,627,840.70	100.00	Reconciliation, but not executed as agreed
HZ Bus Transportation Co., Ltd.	6,339,710.00	6,339,710.00	100.00	Significant increase in payment collection risk
DG Automotive Service Co., Ltd.	11,000,000.00	11,000,000.00	100.00	Significant increase in payment collection risk
F Public Transportation Holdings Co., Ltd.	27,500,000.00	27,500,000.00	100.00	Winning the case, but unable to execute
YB Auto Co., Ltd.	8,520,000.00	8,520,000.00	100.00	Winning the case, but unable to execute
KNNew Energy Co., Ltd.	3,500,000.00	3,500,000.00	100.00	Significant increase in payment collection risk
Other sporadic customers	4,492,196.00	3,619,505.02	80.57	Significant increase in payment collection risk
Total	66,847,620.60	65,107,055.72		

Provision for bad debts is made on a account age portfolio basis:

Name	31 December 2022		
	Accounts receivable	Bad debt provision	Withdrawal ratio (%)
Within 1 year	4,806,631,960.30	123,725,365.05	2.57
1-2 years	9,241,009.66	1,801,962.04	19.50
2-3 years	4,405,122.38	1,526,064.98	34.64
3-4 years	670,438.07	661,279.84	98.63
4-5 years	2,136,837.58	2,136,837.58	100.00
Above 5 years	9,537,644.25	9,537,644.25	100.00
Total	4,832,623,012.24	139,389,153.74	

3. Provision, reversal or recovery for bad debts during the reporting period

Category	31 December 2021	Amount of change in the current period					31 December 2022
		Accrual	Recovery or reversal	Transfer or write-off	Withdrawal from the consolidation scope	Assets transferred for sale	
Bad debt provision	261,587,392.11	8,198,470.08	22,797,897.96	1,643,898.81	5,199,186.22	38,936,467.36	204,496,209.46
Total	261,587,392.11	8,198,470.08	22,797,897.96	1,643,898.81	5,199,186.22	38,936,467.36	204,496,209.46

4. Actual write-off of accounts receivable during the reporting period

Item	Write-off Amount
Accounts receivable actually written off	-1,643,898.81

5. Accounts receivable ranking the top five in the ending balance summarized by the debtors

Unit Name	31 December 2022		
	Accounts receivable	Proportion in total accounts receivable (%)	Bad debt provision
Customer A	821,656,787.18	16.77	2,666,668.02
Customer B	696,912,060.59	14.22	34,845,603.03
Customer C	469,117,389.20	9.57	23,455,869.46
Customer D	297,439,106.15	6.07	14,871,955.31
Customer E	282,464,200.00	5.77	734,406.92
Total	2,567,589,543.12	52.40	76,574,502.74

6. No accounts receivable derecognized due to transfer of financial assets**7. No transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed****(IV) Receivables financing****1. Financing of receivables**

Item	31 December 2022	31 December 2021
Notes receivable	512,249,842.96	644,551,987.38
Of which: Banker's acceptance bill	512,249,842.96	644,551,987.38
Commercial acceptance bill		
Less: Provision for impairment of commercial acceptance bill		
Total	512,249,842.96	644,551,987.38

2. Increase/decrease in receivables financing and changes in fair value during the period

Item	31 December 2021	Newly increased amount in the current period	Derecognition in the current period	Assets transferred for sale	31 December 2022	Accumulated provision for losses recognized in other comprehensive income
Notes receivable	644,551,987.38	14,813,129,167.08	14,788,277,433.27	157,153,878.23	512,249,842.96	
Total	644,551,987.38	14,813,129,167.08	14,788,277,433.27	157,153,878.23	512,249,842.96	

3. At the end of the period, the company has no pledged notes receivable

4. Notes receivable that have been endorsed or discounted by the Company and are outstanding at the balance sheet date at the end of the period

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Endorsed but not due - bank acceptance bill	3,767,349,262.41	2,404,780.00
Endorsed but not due - commercial acceptance bill		
Subtotal of endorsed but not due notes receivable	3,767,349,262.41	2,404,780.00
Discounted but not due - bank acceptance bill	61,661,110.00	
Discounted but not due - commercial acceptance bill		
Subtotal of discounted but not due notes receivable	61,661,110.00	

(V) Prepayment

1. Prepayments are listed as per account age

Account age	31 December 2022		31 December 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,389,494,141.34	99.84	835,271,911.87	99.77
1-2 years	1,402,366.88	0.10	1,888,306.97	0.23
2-3 years	819,991.36	0.06	73,366.34	
Above 3 years				
Total	1,391,716,499.58	100.00	837,233,585.18	100.00

2. Top five prepayments with ending balance grouped by prepaid objects

Prepaid objects	31 December 2022	Percentage of the total closing balance of prepayments (%)
Supplier A	188,587,347.41	13.55
Supplier B	124,433,349.60	8.94
Supplier C	109,459,970.46	7.87
Supplier D	89,110,258.76	6.40
Supplier E	79,995,071.03	5.75
Total	591,585,997.26	42.51

(VI) Other receivables

Item	31 December 2022	31 December 2021
Interest receivable	7,195.74	368,092.24
Dividend receivable	4,992,116.13	492,116.13
Other receivables	492,274,320.34	346,098,653.73
Total	497,273,632.21	346,958,862.10

1. Interests receivable

Classification of interest receivable

Item	31 December 2022	31 December 2021
Fixed deposit	7,195.74	368,092.24
Subtotal	7,195.74	368,092.24
Less: Bad debt provision		
Total	7,195.74	368,092.24

2. Dividend receivable

Details of dividends receivable

Item (or investee)	31 December 2022	31 December 2021
Shanghai Shanchuang Mining Investment Co., Ltd.	492,116.13	492,116.13
Suiyong Holdings Co., Ltd.	4,500,000.00	
Subtotal	4,992,116.13	492,116.13
Less: Bad debt provision		
Total	4,992,116.13	492,116.13

3. Other receivables

Disclosure by account age

Account age	31 December 2022	31 December 2021
Within 1 year	366,177,660.69	222,517,851.45
1-2 years	75,263,298.49	110,747,658.91
2-3 years	87,407,362.95	41,597,373.81
3-4 years	26,982,494.94	7,544,128.39
4-5 years	5,822,145.70	5,019,544.33
Above 5 years	47,067,823.30	47,438,748.18
Subtotal	608,720,786.07	434,865,305.07
Less: Bad debt provision	116,446,465.73	88,766,651.34
Total	492,274,320.34	346,098,653.73

Disclosure by bad debt provision method

Category	31 December 2022					31 December 2021				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)		Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
Provision for bad debts made on an individual basis	160,606,897.41	26.38	111,684,532.68	69.54	48,922,364.73	188,227,416.31	43.28	83,670,467.69	44.45	104,556,948.62
Provision for bad debts made on a portfolio basis	448,113,888.66	73.62	4,761,933.05	1.06	443,351,955.61	246,637,888.76	56.72	5,096,183.65	2.07	241,541,705.11
Risk-free portfolio	349,071,128.51	57.35			349,071,128.51	141,824,723.68	32.61			141,824,723.68
Portfolio of equity receivables	67,113,178.00	11.03	3,355,658.90	5.00	63,757,519.10	73,746,178.00	16.96	3,687,308.90	5.00	70,058,869.10
Portfolio of current account	10,000,000.00	1.64	500,000.00	5.00	9,500,000.00	10,057,554.69	2.31	502,877.73	5.00	9,554,676.96
Portfolio of security deposit and deposit	14,980,916.23	2.46	749,045.81	5.00	14,231,870.42	14,762,506.96	3.39	738,125.35	5.00	14,024,381.61
Portfolio of advances	6,196,963.73	1.02	119,643.23	1.93	6,077,320.50	5,427,204.10	1.25	126,885.60	2.34	5,300,318.50
Portfolio of reserves	751,702.19	0.12	37,585.11	5.00	714,117.08	819,721.33	0.19	40,986.07	5.00	778,735.26
Total	608,720,786.07	100.00	116,446,465.73		492,274,320.34	434,865,305.07	100.00	88,766,651.34		346,098,653.73

Provision for bad debts is made on an individual basis

Name	31 December 2022			Withdrawal reason
	Book balance	Bad debt provision	Withdrawal ratio (%)	
Beiben Heavy Duty Automobile Group Co., Ltd.	55,980,469.75	33,588,281.85	60.00	The funds of subsidiaries occupied by non-controllings for loang times and there is a significant risk of recovery
Ningbo Liankangcai Brand Management Co., Ltd.	47,911,440.00	23,955,720.00	50.00	The final payment of equity transfer accounts receivable is overdue and there is a significant risk of recovery
Li Xinghua	2,000,000.00	400,000.00	20.00	The remaining balance of the receivable equity transfer payment has been collected at a high proportion this year, but it has been overdue and there is a certain risk of recovery
Ningbo Modun Clothing Co., Ltd.	13,404,518.87	13,404,518.87	100.00	Expected to be unreceivable
Putian Hualin Vegetable Base Co., Ltd.	13,372,982.07	13,372,982.07	100.00	Winning the case, but unable to execute
Ningbo Shanshan Suyu Clothing Co., Ltd.	10,162,742.46	10,162,742.46	100.00	Expected to be unreceivable
DEUTSCHE SOLAR AG	5,302,575.00	5,302,575.00	100.00	Expected to be unreceivable
Ningbo Liweineng Energy Storage System Co., Ltd.	1,771,945.70	885,972.85	50.00	Current accounts, formed before withdrawal the consolidation, not returned on schedule

Name	31 December 2022			Withdrawal reason
	Book balance	Bad debt provision	Withdrawal ratio (%)	
Petty cash and personal loans with significantly increased risk	1,196,883.08	1,196,883.08	100.00	
Deposit with significantly increased risk	4,257,519.15	4,169,035.14	97.92	
Advances with significantly increased risk	5,245,821.33	5,245,821.36	100.00	
Total	160,606,897.41	111,684,532.68		

Provision for bad debts is made on a portfolio basis:
Portfolio provision items:

Name	31 December 2022		
	Other receivables	Bad debt provision	Withdrawal ratio (%)
Risk-free portfolio	349,071,128.51		
Of which: Portfolio of government subsidies receivable Note 1	2,952,800.30		
Portfolio of financing deposit Note 2	111,557,521.34		
Customs deposit	30,059,685.32		
Receivable equity transfer payment from Hunan Yongshan Note 3	130,000,000.00		
Surplus from Taiwan Shanjin Equity Acquisition Note 4	74,501,121.55		
Portfolio of equity	67,113,178.00	3,355,658.90	5.00
Portfolio of current account	10,000,000.00	500,000.00	5.00
Portfolio of security deposit and deposit	14,980,916.23	749,045.81	5.00

Name	31 December 2022		
	Other receivables	Bad debt provision	Withdrawal ratio (%)
Portfolio of advances	6,196,963.73	119,643.23	1.93
Of which: Individual social security of settlement, collection and payment every other month	3,804,099.12		
Portfolio of reserves	751,702.19	37,585.11	5.00
Total	448,113,888.66	4,761,933.05	

Note 1: The portfolio of government subsidies receivable is local power generation subsidy receivable from distributed power plants which have significant characteristics of strong guarantee of payback with no provision for bad debt.

Note 2: The portfolio of financing-type deposits includes deposits paid to finance and leasing companies in the operations of machinery and equipment finance leasing and after-sale leaseback of subsidiaries and other financing business deposits, which will be returned after the Company returns its debts without risk of return and without provision for bad debts.

Note 3: In order to focus on the development of the company's core business, optimize resource allocation, and enhance the company's core competitiveness, after deliberation and approval at the 24th Meeting of the 10th Board of Directors, the wholly-owned subsidiary Ningbo Yongshan Company transferred 100% of its equity in Hunan Yongshan Lithium Industry Co., Ltd. to its affiliated party Jinzhou Jixiang Molybdenum Industry Co., Ltd., and signed the "Equity Transfer Agreement". The equity transfer price is CNY 480 million Yuan. As of December 31, 2022, CNY 350 million Yuan has been received, and the remaining CNY 130 million Yuan shall be fully recovered upon expiry in accordance with the agreement.

Note 4: According to the acquisition agreement, the company paid Taiwan Shanjin an equity transfer fee of \$49,400,000.00. The equity transfer price confirmed by both parties after the delivery of Taiwan Shanjin is \$38,257,646.00. The excess equity transfer payment paid by the company of \$11,142,354.00, equivalent to CNY 74,501,121.55, has been refunded.

(3) Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance as of 31 December, 2021	5,096,183.65	26,694,081.21	56,976,386.48	88,766,651.34
Balance as of 31 December, 2021 in the current period				
– Transferred to Phase II	-91,000.00	91,000.00		

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
– Transferred to Phase III				
– Transferred back to Phase II				
– Transferred back to Phase I				
Current provision	1,577,877.49	36,376,571.25		37,954,448.74
Current reversal				
Current reselling	-332,443.58	-4,240,677.76	-140,500.38	-4,713,621.72
Current write-off				
Other changes	-1,488,684.51		-4,072,328.12	-5,561,012.63
Balance as of 31 December, 2022	4,761,933.05	58,920,974.70	52,763,557.98	116,446,465.73

(4) Provision, reversal or recovery for bad debts during the reporting period

Category	31 December 2021	Amount of change in the current period				31 December 2022
		Accrual	Reselling	Withdrawal from the consolidation scope	Assets transferred for sale	
Other receivables	88,766,651.34	37,954,448.74	4,713,621.72	3,651,848.72	1,909,163.91	116,446,465.73
Bad debt provision						
Total	88,766,651.34	37,954,448.74	4,713,621.72	3,651,848.72	1,909,163.91	116,446,465.73

(5) No actual write-off of other receivables during the reporting period

(6) Breakdown by nature of payments

Nature of funds	31 December 2022 Book balance	31 December 2021 Book balance
Current fund	81,156,934.32	82,528,517.81
Subsidy receivable	2,952,800.30	39,237,672.14

Nature of funds	31 December 2022 Book balance	31 December 2021 Book balance
Receivable equity transfer funds	270,560,342.53	167,134,302.53
Surplus from Taiwan Shanjin Equity Acquisition	74,501,121.55	
Security deposit, deposit	160,855,642.04	124,374,361.28
Advances, prepayments	16,745,360.06	20,187,603.59
Portfolio of petty cash and personal loans	1,948,585.27	1,402,847.72
Total	608,720,786.07	434,865,305.07

(7) Other accounts receivable ranking the top five in the ending balance summarized by the debtors

Unit Name	Nature of funds	31 December 2022	Account age	Percentage of the total ending balance of other receivables (%)	Bad debt provision 31 December 2022
Jixiang Molybdenum Industry Co., Ltd.	Equity transfer fund	130,000,000.00	Within 1 year	21.36	
LG Chem Ltd.	Surplus from Taiwan Shanjin Equity Acquisition	74,501,121.55	Within 1 year	12.24	
CMB Financial Leasing Co., Ltd	Financing leases deposit	56,070,782.40	Within 1 year&1-2 years	9.21	
Beiben Heavy Duty Automobile Group Co., Ltd.	Cuurent fund	55,980,469.75	2-3 years	9.20	33,588,281.85
Ningbo Liankangcai Brand Management Co., Ltd.	Equity transfer fund	47,911,440.00	2-3 years	7.87	23,955,720.00
Total		364,463,813.70		59.88	57,544,001.85

(8) Other receivables involving government subsidies

Unit Name	Name of government subsidy project	31 December 2022	End of Period Account age	Expected time, amount and basis of collection
Local electricity subsidy receivable	Local power generation subsidies for distributed power plants	2,952,800.30	Within 1 year & 1-3 years	PV subsidy documents from relevant county and municipal governments in Zhejiang Province; Expected to receive in future two years
Total		2,952,800.30		

(9) No other receivables derecognized due to transfer of financial assets

No transfer of other receivables and continued involvement in the amount of assets and liabilities formed

(VII) Inventory

1. Classification of inventories

Item	31 December 2022			31 December 2021		
	Book balance	Provision for decline in value of inventories / provision for impairment of contract fulfillment costs	Book value	Book balance	Provision for decline in value of inventories / provision for impairment of contract fulfillment costs	Book value
Raw materials	1,065,521,698.29	22,330,607.95	1,043,191,090.34	895,315,051.41	19,706,782.81	875,608,268.60
Packaging material	14,152,622.30		14,152,622.30	9,722,577.82		9,722,577.82
Low-value consumption goods	59,221,171.85	1,188,963.04	58,032,208.81	41,657,678.38	927,987.05	40,729,691.33
Finished goods	537,669,918.87	85,870,860.81	451,799,058.06	332,933,705.74	31,647,715.87	301,285,989.87
Products in progress	1,534,076,816.47	60,260,903.72	1,473,815,912.75	1,034,873,404.40	55,016,631.03	979,856,773.37
Materials outsourced for processing	856,261,301.14		856,261,301.14	437,461,669.96	329,978.16	437,131,691.80
Goods in transit	371,976,760.90	8,483,830.29	363,492,930.61	122,989,677.99	1,761,717.89	121,227,960.10
Materials in transit	177,760,371.50		177,760,371.50	166,715,102.75		166,715,102.75
Turnover materials	591,338,731.92		591,338,731.92	110,651,176.02		110,651,176.02
Others				100,334.40		100,334.40
Total	5,207,979,393.24	178,135,165.81	5,029,844,227.43	3,152,420,378.87	109,390,812.81	3,043,029,566.06

2. Inventory depreciation reserves

Item	31 December 2021	Amount increased in the current period			Decreased amount in the current period		31 December 2022
		Accrual	Others	Changes of Consolidation Scope	Reversal or reselling	Assets transferred for sale	
Raw materials	19,706,782.81	3,462,541.12		473,523.22		1,312,239.20	22,330,607.95
Packaging material							
Low-value consumption goods	927,987.05	260,975.99					1,188,963.04
Finished goods	31,647,715.87	52,783,548.15		1,468,978.33		29,381.54	85,870,860.81
Products in progress	55,016,631.03	8,217,919.98		690,301.71	3,663,949.00		60,260,903.72
Materials outsourced for processing	329,978.16				329,978.16		
Goods in transit	1,761,717.89	6,722,112.40					8,483,830.29
Total	109,390,812.81	71,447,097.64		2,632,803.26	3,993,927.16	1,341,620.74	178,135,165.81

(VIII) Assets held for sale

Category	31 December 2022	31 December 2021
Assets classified as held for sale		
Assets in disposal groups classified as held for sale	1,316,864,410.82	
Total	1,316,864,410.82	

1. Assets in disposal groups classified as held for sale

Category	31 December 2022			Fair value	Expected disposal costs	Expected disposal time	Sale method	Reason for sale	Affiliated segments
	Book balance	Provision for impairment of assets held for sale	Book value						
Shanshan New Materials (Quzhou) Co., Ltd	1,045,659,369.63		1,045,659,369.63	Note		2023/2/1	Equity transfer	Business integration	Electrolyte material
Dongguan Shanshan Battery Materials Co., Ltd	271,205,041.19		271,205,041.19	Note		Year 2023	Undesided	Business integration	Electrolyte material
Total	1,316,864,410.82		1,316,864,410.82						

Note: In order to further focus on the development of the company's core business, optimize resource allocation, and continuously enhance the company's core competitiveness, after deliberation by the General Manager's office meeting, it has been agreed that the wholly-owned subsidiary Yongquan Investment company will transfer 51% of its equity in Quzhou Shanshan to a third party rather than subsidiaries of the company, and a "Equity Transfer Agreement" has been signed. After the equity transfer is completed, the company's shareholding in Quzhou Shanshan will be reduced from the original 82.25% to 31.25%, and the company will no longer exercise control over Quzhou Shanshan, Quzhou Shanshan is no longer included in the company's consolidated financial statements. In the transaction, the overall assessed value of Quzhou Shanshan Company was CNY 1.371 billion Yuan, and the 51% equity transferred was priced at CNY 703.8 million Yuan by both parties. As of the end of 2022, the net assets of Shanshan New Materials (Quzhou) Co., Ltd. are as follows:

Company	Total Assets	Total Liabilities	Net Assets	The corresponding net asset shares of 51% share equity to be transferred
Shanshan New Material (Quzhou) Co., Ltd.	1,045,587,949.63	371,922,407.57	673,665,542.06	339,905,709.01

At the same time, the company promises to the buyer in the above transaction that Shanshan and any subject controlled by Shanshan shall not carry out businesses that compete with the businesses carried out by Quzhou Shanshan, including but not limited to directly or indirectly participating in the production and sales of electrolyte and lithium hexafluorophosphate, as well as the research, development, transfer and promotion of related technologies in Chinese Mainland in any way. Therefore, the company is expected to discontinue the operation of another company in the electrolyte sector, Dongguan Shanshan Battery Materials Co., Ltd., within one year. As of the end of 2022, the net assets of Dongguan Shanshan Battery Materials Co.,

Ltd. are as follows:

Company	Total Assets	Total Liabilities	Internal Transactions	Net Assets	Estimated receivable value
Dongguan Shanshan Battery Material Co., Ltd.	271,205,041.19	28,323,578.10	90,000,000.00	152,881,463.09	50%-80%

As of 31 December 2022, the company has received an equity transfer fee of CNY 100 million Yuan for equity transfer, and the relevant legal procedures for equity transfer have not been completed. The transfer will be completed within one year. At the end of the reporting period, all assets and liabilities of Quzhou Shanshan and other electrolyte sector companies will be transferred to held for sale assets and held for sale liabilities.

(IX) Non-current assets due within one year

Item	31 December 2022	31 December 2021
Long-term receivables due within one year	46,632,199.70	58,264,962.45
Total	46,632,199.70	58,264,962.45

Composition of long-term accounts receivable due within one year

Category	Book balance	Bad debt provisions	Book value
Installment sales of vehicles	58,290,249.62	11,658,049.92	46,632,199.70

Note: In 2017, the subsidiary Inner Mongolia Qingshan Automobile Co., Ltd. sold 200 sets new energy vehicles to Baotou Public Transportation Group Co., Ltd. and resulted in a receivable of CNY 197,500,000.00 Yuan. As of December 31, 2022, a total of CNY 139,209,750.38 Yuan has been recovered, with a closing balance of CNY 58,290,249.62 Yuan. According to the original sales agreement, the funding source for the above-mentioned funds is the local finance income. In 2018, according to the Minutes of the Special Meeting of the People's Government of Baotou City (2018) No. 94, the above-mentioned funds and its interest were transferred to be repaid by Baotou Public Transportation Group Co., Ltd. in 6 years. According to the repayment agreement, the funds due in the next 12 months or more were classified as long-term receivables. The remaining accounts receivable for this year are all within 12 months.

As of the end of 2022, CNY 26,990,249.62 Yuan of accounts receivable that had already matured was overdue. Our company has evaluated the operating situation and repayment funding sources of Baotou Public Transportation Company and confirmed that repayment relies on local government financial arrangements, so the credit risk of accounts receivable has not significantly increased. However, the company estimates that it will be difficult to achieve the original repayment plan as scheduled, and an expected credit loss provision of 20% will be made.

Changes on bad debt provisions of long-term accounts receivable due within one year

Category	Balance at the end of last year	Changes during the period			Ending Balance
		Long-term accounts receivable bad debt transfer in	Bad debt reversal	Transfer out of consolidation scope	
Instalment sales of vehicles	11,027,787.92	6,260,000.00	5,629,738.00		11,658,049.92
Winsky Smart receivables of borrowing from original subsidy	19,705,952.98			19,705,952.98	
Total	30,733,740.90	6,260,000.00	5,629,738.00	19,705,952.98	11,658,049.92

(X) Other current assets:

Item	31 December 2022	31 December 2021
Prepaid income tax	4,749,667.95	62,368,048.54
Input value-added-tax to be deducted	477,355,010.62	696,203,285.76
Other prepaid taxes and fees	222,130.60	75,046.43
Others	1,000,214.95	
Total	483,327,024.12	758,646,380.73

(XI) Long-term receivables**1. Status of long-term receivables**

Item	31 December 2022			31 December 2021			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Borrowings from the original subsidiary Guangzhou Winsky Zhixing New Energy Vehicle Co., Ltd. and its subsidiaries Note 1				18,729,881.86	10,572,976.49	8,156,905.37	
Installment sales of vehicles Note 2				31,300,000.00	6,260,000.00	25,040,000.00	
Total				50,029,881.86	16,832,976.49	33,196,905.37	

Note 1: The above related creditor's rights were originally borrowed from Winsky Smart Technology Co., Ltd. when it was still a subsidy of the company. This year, Winsky Smart Technology Co., Ltd. withdrew from the consolidation scope due to equity disposal, and related long-term accounts receivable were transferred out.

Note 2: Non current assets due within one year are transferred at the end of the repayment period.

2. Provisions for bad debt of long-term accounts receivable

Category	31 December 2021	Amount of change in the current period			31 December 2022
		Transfer to due within 1 year	Changes of Consolidation Scope	Transfer or write-off	
Long-term receivablesBad debt provision	16,832,976.49	-6,260,000.00	-10,572,976.49		
Total	16,832,976.49	-6,260,000.00	-10,572,976.49		

(XII) Long-term equity investment

Invested unit	31 December 2021	Increase and decrease in the current period								31 December 2022	Ending balance of impairment provision
		Additional investment	Decreased investment	Profit and loss on investments confirmed under the equity method	Adjustment of other comprehensive incomes	Change in other equities	Cash dividends or profits declared to be issued	Provision for impairment	Others		
1. Joint ventures											
Ningbo Liweineng Energy Storage System Co., Ltd.	158,564,080.55		-13,217,010.10	-19,705,857.69		20,158,680.05				145,799,892.81	
Subtotal	158,564,080.55		-13,217,010.10	-19,705,857.69		20,158,680.05				145,799,892.81	
2. Associates											
Ningbo Airport Logistics Development Co., Ltd.	163,682,370.27			6,519,215.50						170,201,585.77	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	9,959,638.21			2,893,244.96						12,852,883.17	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	1,386,851,462.42			119,322,825.70	-736,115.64	839,113.62	19,780,800.00	-		1,486,496,486.10	137,050,000.00
Ningbo Shanqi Property Service Co., Ltd.	38,809,284.23			-627,559.34						38,181,724.89	
Suiyong Holdings Co., Ltd.	946,579,005.24			-23,735,472.50	-4,154,464.41	-26,986.82	-4,500,000.00			914,162,081.51	
Shenzhen Yuanshan Private Equity Investment	4,936,082.35			424,379.54		-140,884.07				5,219,577.82	

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Invested unit	31 December 2021	Increase and decrease in the current period								31 December 2022	Ending balance of impairment provision	
		Additional investment	Decreased investment	Profit and loss on investments confirmed under the equity method	Adjustment of other comprehensive incomes	Change in other equities	Cash dividends or profits declared to be issued	Provision for impairment	Others			
Management Co., Ltd.												
Shanshan Brand Management Co., Ltd.	40,967,397.77			3,100,425.91							44,067,823.68	
Ningbo Shantai Photovoltaic Power Generation Co., Ltd.	2,588,661.68		-2,588,661.68									
Winsky Gaoke Group Co., Ltd. Note												
Anhui Shanyue Technology Co., Ltd.	4,650,251.96			-493,624.70							4,156,627.26	
Inner Mongolia Mengji New Carbon Materials Co., Ltd	62,615,398.43			30,395,924.52							93,011,322.95	
Inner Mongolia Hengsheng New Energy Technology Co., Ltd	53,316,666.67		-55,802,146.12	2,485,479.45								
BASF Shanshan Battery Materials Co., Ltd	3,451,868,622.09			517,576,059.91	16,880,307.13						3,986,324,989.13	
iangxi Zhanxiao New Energy Technology Co., Ltd		17,600,000.00		-966,301.49							16,633,698.51	
Subtotal	6,166,824,841.32	17,600,000.00	-58,390,807.80	656,894,597.46	11,989,727.08	671,242.73	24,280,800.00	-			6,771,308,800.79	137,050,000.00
Total	6,325,388,921.87	17,600,000.00	-71,607,817.90	637,188,739.77	11,989,727.08	20,829,922.78	24,280,800.00	-			6,917,108,693.60	137,050,000.00

Note: This item is a long-term equity investment written down to zero by the Equity method. For details, please refer to "VII. (III) 4. Excess losses of joint ventures or associates" in this Notes to Financial Statements.

(XIII) Investment in other equity instruments**1. Status of Investment in other equity instruments**

Item	31 December 2022	31 December 2021
Investment in other equity instruments- Investments in listed equity instruments	712,498,127.25	881,742,983.68
Investment in other equity instruments- Investments in unlisted equity instruments	36,916,462.76	36,916,462.76
Total	749,414,590.01	918,659,446.44

2. Status of investment in non-trading equity instruments

Item	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount transfer from other comprehensive income to retained earnings	Reasons for being designated as financial assets at fair value through other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Investment in other equity instruments- Investments in listed equity instruments	10,687,500.00	109,500,000.00	-224,818,439.58		Strategic purpose, plan to hold for long term	
Of which:						
Luoyang Molybdenum	10,687,500.00	109,500,000.00				
Australia AJM			-200,352,064.06			
Others			-24,466,375.52			
Investment in other equity instruments- Investments in unlisted equity instruments		1,121,000.00	-1,325,000.00			
Total	10,687,500.00	110,621,000.00	-226,143,439.58			

(XIV) Other non-current financial assets

Item	31 December 2022	31 December 2021
Financial assets measured at fair value through profit or loss	198,154,599.78	102,604,599.78
Of which: Investment in debt instruments		
Investments in equity instruments	198,154,599.78	102,604,599.78
Derivative financial assets		
Others		
Financial assets designated at fair value through profit or loss		

Item	31 December 2022	31 December 2021
Of which: Investment in debt instruments		
Others		
Total	198,154,599.78	102,604,599.78

(XV) Fixed assets**1. Fixed assets and fixed assets liquidation**

Item	31 December 2022	31 December 2021
Fixed assets	8,350,308,683.73	7,462,553,986.06
Liquidation of fixed assets	843,089.04	805,649.67
Total	8,351,151,772.77	7,463,359,635.73

2. Status of fixed assets

Item	House and building	Machinery equipment	Transportation equipment	Other equipment	Fixed assets decoration	Total
1. Original book value						
(1)31 December 2021	2,623,143,614.05	6,931,905,539.71	49,564,694.48	180,143,984.22	66,672,694.20	9,851,430,526.66
(2)Amount increased in the current period	405,643,228.66	1,873,084,484.53	7,265,755.27	45,187,329.72	3,984,053.44	2,335,164,851.62
- Purchase	6,785,772.40	35,570,879.71	6,932,120.98	20,655,009.57	126,386.39	70,070,169.05
- Transfer in of construction in progress	252,569,199.23	1,807,056,435.85	333,634.29	22,239,954.87	3,857,667.05	2,086,056,891.29
- Increase in business consolidation	146,288,257.03	30,457,168.97		2,292,365.28		179,037,791.28
(3)Decreased amount in the current period	125,943,309.60	595,499,562.92	16,812,855.27	33,057,831.09	64,187,283.70	835,500,842.58
- Disposal or scrapping	11,626,403.70	76,804,703.77	2,092,616.87	8,168,081.82	4,984,523.93	103,676,330.09
- Exit consolidation		177,451,108.31	10,709,134.09	5,376,392.24	59,202,759.77	252,739,394.41
-Assets transferred for sale	114,316,905.90	341,243,750.84	4,011,104.31	19,513,357.03		479,085,118.08
(4)31 December 2022	2,902,843,533.11	8,209,490,461.32	40,017,594.48	192,273,482.85	6,469,463.94	11,351,094,535.70
2. Accumulated depreciation						
(1)31 December 2021	477,314,200.86	1,427,414,011.32	26,890,698.24	89,769,668.50	27,109,693.51	2,048,498,272.43
(2)Amount increased in the current period	162,204,534.81	818,348,551.51	3,120,794.08	19,026,278.29	2,975,563.54	1,005,675,722.23
-Accrual	96,591,322.17	818,348,551.51	3,120,794.08	19,026,278.29	2,975,563.54	940,062,509.59
- Increase in business consolidation	65,613,212.64					65,613,212.64
(3)Decreased amount in the current period	26,904,668.90	245,721,260.04	12,957,285.94	24,439,744.31	26,706,568.14	336,729,527.33
- Disposal or scrapping	1,288,697.48	40,679,060.20	1,748,711.45	6,638,709.59	1,971,487.15	52,326,665.87
- Exit consolidation		50,806,019.59	8,381,710.12	2,493,276.75	24,735,080.99	86,416,087.45

Item	House and building	Machinery equipment	Transportation equipment	Other equipment	Fixed assets decoration	Total
-Assets transferred for sale	25,615,971.42	154,236,180.25	2,826,864.37	15,307,757.97		197,986,774.01
(4)31 December 2022	612,614,066.77	2,000,041,302.79	17,054,206.38	84,356,202.48	3,378,688.91	2,717,444,467.33
3. Impairment reserve						
(1)31 December 2021		259,419,231.68	5,232,055.29	50,136,781.20	25,590,200.00	340,378,268.17
(2)Amount increased in the current period		62,381,896.85	1,430,016.88	80,955.57		63,892,869.30
-Accrual		62,381,896.85	1,430,016.88	80,955.57		63,892,869.30
- Increase in business consolidation						
(3)Decreased amount in the current period		95,139,552.83	200,000.00		25,590,200.00	120,929,752.83
- Disposal or scrapping		12,680,014.74			2,070,715.43	14,750,730.17
- Exit consolidation		78,333,655.13	200,000.00		23,519,484.57	102,053,139.70
-Assets transferred for sale		4,125,882.96				4,125,882.96
(4)31 December 2022		226,661,575.70	6,462,072.17	50,217,736.77		283,341,384.64
4. Book value						
(1)Book value as of 31 December 2022	2,290,229,466.34	5,982,787,582.83	16,501,315.93	57,699,543.60	3,090,775.03	8,350,308,683.73
(2)Book value as of 31 December 2021	2,145,829,413.19	5,245,072,296.71	17,441,940.95	40,237,534.52	13,972,800.69	7,462,553,986.06

3. Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment reserve	Book value
House and building	139,440,614.40	25,731,213.67		113,709,400.73
Machinery equipment	574,987,270.48	231,160,493.37	274,652,430.95	69,174,346.16
Transportation equipment	5,721,222.21	3,648,543.90	2,028,450.98	44,227.33
Others	2,038,585.78	1,955,126.43	80,955.57	2,503.78
Total	722,187,692.87	262,495,377.37	276,761,837.50	182,930,478.00
In which: held for sale				
Machinery equipment	11,561,690.45	4,674,626.35	2,562,354.53	4,324,709.57

4. Status of fixed assets leased out through operating leases

Item	31 December 2022 Book value
House and building	288,755,399.05
Total	288,755,399.05

5. Status of fixed assets without proper certificate of title till Dec. 31, 2022

Item	Book value	Reasons for not completing the certificate of title
House and building	952,342,828.72	Self-built factory building whose right certificate is still in process
Total:	952,342,828.72	

6. Liquidation of fixed assets

Item	31 December 2022	31 December 2021
Fixed assets	843,089.04	805,649.67
Total	843,089.04	805,649.67

(XVI) Construction in process**1. Construction in progress and construction materials**

Item	31 December 2022	31 December 2021
Construction in progress	4,878,742,289.77	2,021,814,458.07
Engineering materials	68,445,118.08	526,922.00
Total	4,947,187,407.85	2,022,341,380.07

2. Status of construction in process

Item	31 December 2022			31 December 2021		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Polarizer Guangzhou 3# 4# production line	659,999,678.68		659,999,678.68	672,695,914.37		672,695,914.37
Polarizer technology reform and add RTP	237,433,974.84		237,433,974.84	49,911,075.48		49,911,075.48
Project of a polarizer production line with an annual output of 40 million square meters for LCD (Zhangjiagang)	921,139,516.59		921,139,516.59	56,528,070.37		56,528,070.37
Polarization production base project in Mianyang	72,337,676.57		72,337,676.57			
New R&D base for new materials in Shanghai	95,384,290.70		95,384,290.70	4,342,400.19		4,342,400.19
Sichuan Meishan Integrated Base Project for 200000 Tons of Lithium Ion Battery Negative Electrode Materials	2,511,943,977.57		2,511,943,977.57	3,131,673.77		3,131,673.77
Inner Mongolia Baotou Lithium Ion Battery Negative Electrode Materials Integrated Base Project (Phase II)	33,408,600.80		33,408,600.80	574,770,400.07		574,770,400.07
Negative electrode materials Fujian Phase II project	247,646,552.35		247,646,552.35	24,569,212.92		24,569,212.92
Negative electrode material production	88,700,117.32		88,700,117.32	69,208,863.05		69,208,863.05

Item	31 December 2022			31 December 2021		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
capacity expansion supporting project						
Yunnan Anning Annual Production of 300000 tons of Lithium Ion Battery Negative Electrode Materials Integrated Base Project	7,425,752.12		7,425,752.12			
Project of integrated base for producing 40000 tons of silicon-based negative electrode materials for lithium-ion batteries annually	2,801,980.64		2,801,980.64			
Electrolyte supporting project				36,146,656.86		36,146,656.86
New energy vehicle charging station project				4,300,127.18	175,437.33	4,124,689.85
Distributed solar PV power plant	197,262.96		197,262.96	44,358,126.20		44,358,126.20
Solar module production line project				453,097.34		453,097.34
Energy storage projects				51,082.52		51,082.52
45,000-ton lithium salt project				480,450,465.01		480,450,465.01
Others	322,908.63		322,908.63	1,072,730.07		1,072,730.07
Total	4,878,742,289.77		4,878,742,289.77	2,021,989,895.40	175,437.33	2,021,814,458.07

3. Changes in significant construction-in-progress projects during this reporting period

Project name	Budget amount	31 December 2021	Amount increased in the current period	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other amount decreased in the current period	Transfer in held for sale	Transfer-out from changes in scope of consolidation during the period	31 December 2022	Proportion of cumulative project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: Amount of interest capitalized during the period	Capitalization rate of interest in the current period (%)	Source of funds
Polarizer Guangzhou 3# 4# production line	RMB 1.171 billion	672,695,914.37		489,689,803.63	499,526,239.32	2,859,800.00			659,999,678.68	99.02	The 3 # production line has been converted to fixed assets, and the 4 # production line equipment is undergoing debugging				Financed fund+Self-financing
Polarizer technology reform and add RTP		49,911,075.48		605,063,401.73	410,487,608.66	7,052,893.71			237,433,974.84						Self-financing
Project of a polarizer production line with an annual output of 40 million square meters for LCD (Zhangjiagang)	RMB 2.187 billion	56,528,070.37		866,945,074.50	2,333,628.28				921,139,516.59	42.23	Infrastructure construction in progress				Self-financing
Polarization production	RMB 3.5 billion			72,476,321.46	138,644.89				72,337,676.57	1.45	Land purchase complete				Self-financing

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Project name	Budget amount	31 December 2021	Amount increased in the current period	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other amount decreased in the current period	Transfer in held for sale	Transfer-out from changes in scope of consolidation during the period	31 December 2022	Proportion of cumulative project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: Amount of interest capitalized during the period	Capitalization rate of interest in the current period (%)	Source of funds
base project in Mianyang											d, infrastructure design				
New R&D base for new materials in Shanghai	RMB 600 million	4,342,400.19		91,296,757.77	254,867.26				95,384,290.70	22.46	Infrastructure construction in progress				Self-financing
Sichuan Meishan Integrated Base Project for 200000 Tons of Lithium Ion Battery Negative Electrode Materials	RMB 8 billion	3,131,673.77		2,508,893,897.87	81,594.07				2,511,943,977.57	31.40	The plant is still under construction	20,366,042.45	20,366,042.45	4.35	Financed fund+Self-financing+Borrowing
Inner Mongolia Baotou Lithium Ion Battery Negative Electrode Materials Integrated Base Project (Phase II)	RMB 1.535 billion	574,770,400.07		455,037,285.29	996,285,544.74	113,539.82			33,408,600.80	67.71	The infrastructure has been completed, most of the production lines have been transferred to fixed assets, and a small amount of equipment is still	8,375,437.68	8,375,437.68	4.41	Financed fund+Self-financing+Borrowing

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Project name	Budget amount	31 December 2021	Amount increased in the current period	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other amount decreased in the current period	Transfer in held for sale	Transfer-out from changes in scope of consolidation during the period	31 December 2022	Proportion of cumulative project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: Amount of interest capitalized during the period	Capitalization rate of interest in the current period (%)	Source of funds
											being debugged				
Negative electrode materials Fujian Phase II project	RMB 526 million	24,569,212.92		251,933,568.63	28,856,229.20				247,646,552.35	52.57	Equipment debugging in progress				Self-financing
Negative electrode material production capacity expansion supporting project		69,208,863.05		94,199,461.38	71,368,508.36	3,339,698.75			88,700,117.32		Machinery equipment and software systems are being installed and debugged.				Self-financing
Yunnan Anning Annual Production of 300000 tons of Lithium Ion Battery Negative Electrode Materials Integrated Base Project	RMB 9.7billion (Phase I 6 billion , Phase II 3.7 billion)			7,425,752.12					7,425,752.12	0.08	Land purchase completed, infrastructure design				Self-financing
Project of integrated base for producing 40000 tons of silicon-based negative electrode materials for lithium-ion	RMB 3.75 billion			2,801,980.64					2,801,980.64	0.06	Land purchase completed, infrastructure design				Self-financing

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Project name	Budget amount	31 December 2021	Amount increased in the current period	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other amount decreased in the current period	Transfer in held for sale	Transfer-out from changes in scope of consolidation during the period	31 December 2022	Proportion of cumulative project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: Amount of interest capitalized during the period	Capitalization rate of interest in the current period (%)	Source of funds
batteries annually															
Electrolyte supporting project	RMB 180 million	36,146,656.86		179,266,322.39	24,813,640.38	5,113,746.73	185,485,592.14								Self-financing
New energy vehicle charging station project		4,300,127.18		863,622.92	4,671,273.51			492,476.59							Self-financing
Distributed solar PV power plant	11.8 MW	44,358,126.20		7,087,384.15	41,686,228.11	9,562,019.28			197,262.96						Self-financing
Solar module production line project	RMB 128 million	453,097.34		2,639,757.52	3,092,854.86					100.00	The production line has been completed and fully transferred to fixed assets.				Self-financing
Energy storage projects		51,082.52				51,082.52									Self-financing
45,000-ton lithium salt project	RMB 700 million	480,450,465.01		55,930,743.98	591,902.64			535,789,306.35		76.63	The construction of the factory building has been basically completed, and the installation and debugging of Machinery	11,330,688.24	578,889.94	4.25	Self-financing+Borrowing

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Project name	Budget amount	31 December 2021	Amount increased in the current period	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other amount decreased in the current period	Transfer in held for sale	Transfer-out from changes in scope of consolidation during the period	31 December 2022	Proportion of cumulative project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: Amount of interest capitalized during the period	Capitalization rate of interest in the current period (%)	Source of funds
											Equipment are under way:				
Others		1,072,730.07		1,246,982.65	1,868,127.01	128,677.08			322,908.63						Self-financing
Total		2,021,989.895.40		5,692,798.18.63	2,086,056.891.29	28,221,457.89	185,485,592.14	536,281,782.94	4,878,742.289.77			40,072,168.37	29,320,370.07		

Explanation: Other decreases in construction in progress mainly transferred to intangible assets, and the carryover of improvements such as renovations and repairs to long-term deferred expense.

4. Engineering materials

Item	31 December 2022			31 December 2021		
	Book balance	Engineering materials Impairment reserve	Book value	Book balance	Engineering materials Impairment reserve	Book value
Materials for power station project	9,562,019.28		9,562,019.28	7,618,446.02	7,091,524.02	526,922.00
Materials for graphitization furnace project	58,883,098.80		58,883,098.80			
Total	68,445,118.08		68,445,118.08	7,618,446.02	7,091,524.02	526,922.00

5. Changes of provision for impairment of construction in progress

Item	Beginning Balance	Accrued amount in this reporting period	Changes of consolidation scope	Ending Balance
Construction in process	175,437.33		-175,437.33	
Engineering materials	7,091,524.02		-7,091,524.02	
Total	7,266,961.35		-7,266,961.35	

(XVII) Right of use assets

Item	House and building	Machinery equipment	Site	Transportation equipment	Others	Total
1. Original book value						
(1)Balance as of 31 December 2021	1,009,492,993.65	252,704,159.37	152,749,847.74	270,527.25	4,866,053.90	1,420,083,581.91
(2)Amount increased in the current period	92,077,979.51	288,002,831.76	6,158,152.34	49,293,070.51	844,732.30	436,376,766.42
- New lease	92,077,979.51	288,002,831.76	353,698.49	49,293,070.51	844,732.30	430,572,312.57
- Increase in business consolidation			5,804,453.85			5,804,453.85
-Revaluation adjustment						
(3)Decreased amount in the current period	44,518,673.46		28,240,527.31		154,504.11	72,913,704.88
-Assets transferred for sale	15,716,860.80					15,716,860.80
- Disposal	28,801,812.66				154,504.11	28,956,316.77
- Consolidation scope reduced			28,240,527.31			28,240,527.31
(4)Balance as of 31 December 2022	1,057,052,299.70	540,706,991.13	130,667,472.77	49,563,597.76	5,556,282.09	1,783,546,643.45
2. Accumulated depreciation						
(1)Balance as of 31 December 2021	47,173,780.02	206,686.25	13,190,639.92	224,151.15	1,208,725.70	62,003,983.04
(2)Amount increased in the current period	74,349,280.11	13,397,427.70	9,839,515.33	20,585,155.48	1,873,688.23	120,045,066.85

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Item	House and building	Machinery equipment	Site	Transportation equipment	Others	Total
-Accrual	74,349,280.11	13,397,427.70	9,839,515.33	20,585,155.48	1,873,688.23	120,045,066.85
(3)Decreased amount in the current period	20,734,275.75		2,468,178.20		154,504.11	23,356,958.06
-Assets transferred for sale	8,646,322.80					8,646,322.80
- Disposal	12,087,952.95				154,504.11	12,242,457.06
- Consolidation scope reduced			2,468,178.20			2,468,178.20
(4)31 December 2022	100,788,784.38	13,604,113.95	20,561,977.05	20,809,306.63	2,927,909.82	158,692,091.83
3. Impairment reserve						
(1)31 December 2021						
(2)Amount increased in the current period						
-Accrual						
(3)Decreased amount in the current period						
-Transfer out to fixed assets						
-Disposal						
(4)31 December 2022						
4. Book value						
(1)Book value as of 31 December 2022	956,263,515.32	527,102,877.18	110,105,495.72	28,754,291.13	2,628,372.27	1,624,854,551.62
(2)Book value as of 31 December 2021	962,319,213.63	252,497,473.12	139,559,207.82	46,376.10	3,657,328.20	1,358,079,598.87

(XVIII) Intangible assets

1. Status of intangible assets

Item	Land-use right	Patent right	Software and others	Customer relationship	Total
1. Original book value					
(1)31 December 2021	855,020,345.14	745,329,195.90	93,283,232.38	153,000,000.00	1,846,632,773.42
(2)Amount increased in the current period	386,370,662.03	22,189,124.42	70,889,297.83		479,449,084.28
- Purchase	386,370,662.03	22,189,124.42	70,105,033.27		478,664,819.72
- Increase in business consolidation			784,264.56		784,264.56
(3)Decreased amount in the current period	139,688,871.58	56,147,149.28	63,886,502.20		259,722,523.06
-Disposal		24,064,315.49	59,675,976.80		83,740,292.29
-Enterprise exit consolidation	112,150,173.58	12,621,177.47	786,525.40		125,557,876.45
-Assets transferred for sale	27,538,698.00	19,461,656.32	3,424,000.00		50,424,354.32
(4)31 December 2022	1,101,702,135.59	711,371,171.04	100,286,028.01	153,000,000.00	2,066,359,334.64
2. Accumulated amortization					
(1)31 December 2021	76,737,080.18	107,158,812.07	12,775,781.69	14,025,000.00	210,696,673.94
(2)Amount increased in the current period	16,637,787.77	67,024,374.92	37,460,939.14	15,300,000.00	136,423,101.83
-Accrual	16,637,787.77	67,024,374.92	37,460,939.14	15,300,000.00	136,423,101.83
- Increase in business consolidation					

Item	Land-use right	Patent right	Software and others	Customer relationship	Total
(3)Decreased amount in the current period	6,609,368.74	25,908,308.87	6,564,089.65		39,081,767.26
-Disposal		2,352,746.65	2,983,798.84		5,336,545.49
-Enterprise exit consolidation	3,167,031.49	12,553,905.90	156,290.81		15,877,228.20
-Assets transferred for sale	3,442,337.25	11,001,656.32	3,424,000.00		17,867,993.57
(4)31 December 2022	86,765,499.21	148,274,878.12	43,672,631.18	29,325,000.00	308,038,008.51
3. Impairment reserve					
(1)31 December 2021		8,460,000.00	384,950.81		8,844,950.81
(2)Amount increased in the current period					
-Accrual					
(3)Decreased amount in the current period		8,460,000.00			8,460,000.00
-Disposal					
- Invalid and derecognition					
-Assets transferred for sale		8,460,000.00			8,460,000.00
(4)31 December 2022			384,950.81		384,950.81
4. Book value					
(1)Book value as of 31 December 2022	1,014,936,636.38	563,096,292.92	56,228,446.02	123,675,000.00	1,757,936,375.32
(2)Book value as of 31 December 2021	778,283,264.96	629,710,383.83	80,122,499.88	138,975,000.00	1,627,091,148.67

2. Single intellectual property with significant impact

The patent rights include intellectual property related to the acquisition of LCD polarizer business in 2021, mainly including 1071 patent technology ownership and application rights, 1843 proprietary technologies Know-Now, with a original value of CNY 651 million and a net value of CNY 526 million at the end of the year.

3. Intellectual property with restricted ownership or use rights

Item	Original book value	Net Book Value
Intangible assets-Land-use right	433,446,111.05	404,323,250.65
Intangible assets-Patent right	8,600,000.00	
Total	442,046,111.05	404,323,250.65
Listed as: Assets held for sale	27,538,698.00	24,096,360.75
Listed as: Intangible assets	414,507,413.05	380,226,889.90

(XIX) Goodwill

1. Changes in goodwill

Name of investee or matters forming goodwill	31 December 2021	Increase in the current period		Decrease in the current period		31 December 2022
		Formed by business consolidation	Others	Withdraw from consolidation scope	Disposal	
Original book value						
Xi'an Lvyuan Zhongxing New Energy Vehicle	1,357,164.25			1,357,164.25		

Name of investee or matters forming goodwill	31 December 2021	Increase in the current period		Decrease in the current period		31 December 2022
		Formed by business consolidation	Others	Withdraw from consolidation scope	Disposal	
Technology Co., Ltd.						
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20					148,044,702.20
Polarizer business	786,569,420.22	92,665,729.77				879,235,149.99
Subtotal	935,971,286.67	92,665,729.77		1,357,164.25		1,027,279,852.19
Impairment reserve						
Xi'an Lvyuan Zhongxing New Energy Vehicle Technology Co., Ltd.	1,357,164.25			1,357,164.25		
Huzhou Shanshan New Energy Technology Co., Ltd.	20,000,000.00					20,000,000.00
Subtotal	21,357,164.25			1,357,164.25		20,000,000.00
Book value	914,614,122.42	92,665,729.77				1,007,279,852.19

2. Information related to the asset group or portfolio of asset groups where goodwill is located

The polarizer business formed by the acquisition of LG Chem's LCD polarizer business and related assets in mainland China, Taiwan Region of China and South Korea, and the asset group corresponding to goodwill includes fixed assets, intangible assets, construction in progress, long-term deferred expense, right-of-use assets, and lease liabilities.

Huzhou Shanshan New Energy Technology Co., Ltd. is an industrial enterprise that manufactures anode materials for lithium-ion batteries. The asset group of goodwill includes fixed assets, intangible assets and long-term deferred expense.

3. Goodwill impairment testing process

Item	Polarizer business Note 1	Huzhou Shanshan New Energy Technology Co., Ltd.
Book value of asset groups excluding goodwill	5,232,952,386.80	43,632,682.44
Goodwill (including goodwill of minority shareholders)	879,235,149.99	148,044,702.20
Book value of asset groups containing goodwill as a whole	6,112,187,536.79	191,677,384.64
Future recoverable amounts	13,137,000,000.00	172,000,000.00
Impairment loss on goodwill recognized at the beginning of the period		20,000,000.00
Impairment loss on goodwill for the period		
Impairment loss on goodwill recognized at the end of the period		20,000,000.00

Item	Polarizer business Note 1	Huzhou Shanshan New Energy Technology Co., Ltd.
Of which: goodwill impairment loss attributable to equity owners of the Company should be recognized		20,000,000.00

Note 1: The Company measured the estimated recoverable amount of the asset group of polarizer business with reference to the valuation results of the Asset Valuation Report on the Recoverable Amount of the Asset Group Containing Goodwill of ShanJin Optoelectronics (Suzhou) Co., Ltd. Involved in the Goodwill Impairment Test of Ningbo Shanshan Co., Ltd. ((2023) No. 010095) prepared by Yinxin Appraisal Co., Ltd. The recoverable amount of the asset group corresponding to goodwill is determined based on the present value of the estimated future cash flows of the asset group, and its estimated future cash flows are determined based on a five-year financial budget. The recoverable amount of the asset group containing goodwill is RMB 13,137,000,000, and there is no risk of impairment of goodwill in the current period.

Note 2: When Huzhou Shanshan New Energy Technology Co., Ltd. conducts goodwill impairment testing, the estimated recoverable amount of the asset group is calculated based on the budget approved by the Management Layer for a five-year period using the method of cash flow forecast. The Company's Management Layer determines the growth rate and gross margin based on historical experience and forecasts of market developments, and uses a pre-tax rate that reflects the specific risks of the asset group as the discount rate.

Key parameters of projected future cash flows

	Polarizer business	Huzhou Shanshan New Energy Technology Co., Ltd.
Rate of growth	The Management Layer determined the growth rates of operating income for the 5-year period to be 6.37%, 6.73%, 0.79%, 0.77%, 0.25%, and the perpetuity rate of growth is 0% based on historical experience and forecasts of market development.	The Management Layer determined the growth rates of operating income for the 5-year period to be 1.93%, 1.65%, 1.56%, 1.35%, 0% based on historical experience and forecasts of market development.
Profit rate	Calculation based on forecasts of revenue, costs, expenses, etc.	Calculation based on forecasts of revenue, costs, expenses, etc.
Discount rate	11.88%	13.00%

4. Impact of goodwill impairment testing

The Company performed impairment tests on the above goodwill at the end of the year. In performing goodwill impairment tests, the Company compares the book value of the relevant assets or a portfolio of assets asset group (including goodwill) with their recoverable amounts, and if the recoverable amount is less than the book value, the relevant difference is included into profit or loss for the current period.

During the year, the Company assessed the recoverable amount of goodwill and no additional provision for impairment of goodwill was required.

(XX) Long-term prepaid expenses

Item	31 December 2021	Amount increased in the current period	Amortization amount in the current period	Transfer-out from changes in scope of consolidation during the period	Assets transferred for sale	31 December 2022
Expenses for leased-in fixed assets improvement	89,161,658.14	35,301,719.95	29,569,492.87	319,036.76	4,090,462.71	90,484,385.75
Amortization of spare parts	5,226,506.44	40,545,494.57	19,096,898.93			26,675,102.08
Others	8,652,598.61	13,071,765.46	5,499,340.44			16,225,023.63
Total	103,040,763.19	88,918,979.98	54,165,732.24	319,036.76	4,090,462.71	133,384,511.46

(XXI) The deferred income tax assets and the deferred income tax liabilities**1. Deferred income tax assets without offsetting**

Item	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Credit impairment losses	148,881,777.63	34,902,767.29	202,325,441.82	43,752,467.23
Impairment reserves of assets	420,865,980.75	102,186,903.17	384,062,179.04	94,533,903.04
Unrealized gross profit within the consolidation scope	112,476,576.32	20,005,019.33	95,024,406.73	21,727,960.03
The income from equity transfer within the consolidation scope, recognized for tax purposes and offset by accounting	163,893,536.52	40,973,384.13	163,893,536.52	40,973,384.13
Deductible losses	10,213,765.40	1,532,064.81	10,213,765.40	1,532,064.81
Payment of fees for shares not yet exercised	78,727,547.56	14,089,478.71	8,036,934.59	2,009,233.64
Income recognized by tax, not yet recognized for accounting purposes	88,671,572.38	13,105,769.16	130,025,352.10	19,702,301.72
Expenditure recognized by accounting, not yet recognized for	425,080,902.54	102,386,317.40	79,063,334.38	16,042,952.65

Item	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
tax purposes				
Changes in fair value of other equity instruments included in other comprehensive income	204,000.00	51,000.00	204,000.00	51,000.00
Total	1,449,015,659.10	329,232,704.00	1,072,848,950.58	240,325,267.25

2. Deferred income tax liabilities without offsetting

Item	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instruments included in other comprehensive income	109,500,000.00	27,375,000.00	264,000,000.00	66,000,000.00
Changes in fair value of other non-current financial assets included in the profit and loss in the current period	1,840,000.00	460,000.00	3,790,000.00	947,500.00
Difference between accelerated depreciation tax and financial caliber of fixed assets	798,687,223.28	194,290,004.66	19,591,967.68	3,634,625.34
Long term investment fair value adjustment when the original subsidiary loses control	1,237,956,808.35	309,489,202.09	1,237,956,808.36	309,489,202.09
Total	2,147,984,031.63	531,614,206.75	1,525,338,776.04	380,071,327.43

At the end of this year, the company has the legal right to settle current income tax assets and current income tax liabilities on a net basis. At the same time, deferred income tax assets and deferred income tax liabilities are offset against income tax levied by the same tax collection and management department on the same taxpayer.

Item	31 December 2022	
	Offset amount between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	194,290,004.66	134,942,699.34
Deferred income tax liabilities	194,290,004.66	337,324,202.09

(XXII) Other non-current assets:

Item	31 December 2022			31 December 2021		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Prepayment for engineering equipment	160,353,091.56		160,353,091.56	202,053,956.06		202,053,956.06
Prepayment for equity investment	742,290.00		742,290.00			
Total	161,095,381.56		161,095,381.56	202,053,956.06		202,053,956.06

(XXIII) Short-term borrowings

1. Classification of short-term borrowings

Item	31 December 2022	31 December 2021
Credit Borrowing	930,999,666.66	787,894,430.55
Guarantee Borrowing	2,988,786,998.57	3,479,593,765.83
Pledge Borrowing	67,323,492.00	
Mortgage borrowings	70,423,815.04	48,900,000.00
Bill discounting		22,694,124.16
Total	4,057,533,972.27	4,339,082,320.54
Listed as:Liabilities held for sale	129,061,986.11	
Listed as:Short-term borrowings	3,928,471,986.16	

Mortgage and pledge borrowings:

Item	Original value of guarantee	Net value of guarantee	Beneficiary banks	Credit terms	Credit limit	Short-term borrowing balance
House, land	140,901,530.97	112,759,133.27	China Construction Bank	Mortgage	114,398,800.00	59,050,875.00

Item	Original value of guarantee	Net value of guarantee	Beneficiary banks	Credit terms	Credit limit	Short-term borrowing balance
			Qiujiang Rural and Commercial Bank			
House	55,844,052.71	52,479,523.61	Chinatrust Commercial Bank	Mortgage	27,276,000.00	11,372,940.04
Account receivable	105,706,665.70	105,431,828.37	Chinatrust Commercial Bank	Pledges	57,423,492.00	57,423,492.00
Patent right Note	8,600,000.00	-	Huzhou Wuxing Rural Commercial Bank	Pledges	31,300,000.00	9,900,000.00
Total	311,052,249.38	270,670,485.25			230,398,292.00	137,747,307.04

Note: It is a subsidiary company that borrowed money from banks by pledging four invention patents, including the preparation method of carbon anode active substance for lithium-ion battery and composite anode material for lithium-ion power battery and its preparation method, with the original book value of pledged patent rights of RMB 8,600,000.00 and the accumulated amortization amount of RMB 8,600,000.00.

(XXIV) Notes payable

Category	31 December 2022	31 December 2021
Banker's acceptance bill	2,030,856,521.41	1,243,478,441.76
Commercial acceptance bill	8,902,133.20	6,584,542.30
Total	2,039,758,654.61	1,250,062,984.06

(XXV) Accounts payable

1. Presentation of accounts payable

Item	31 December 2022	31 December 2021
Payables for purchase of goods or labor services	1,743,381,969.67	1,599,022,099.35
Payables for purchase of long-term assets	1,405,890,053.76	722,315,025.63
Total	3,149,272,023.43	2,321,337,124.98

(XXVI) Advance receipts

1. Advances from customers

Item	31 December 2022	31 December 2021
Pre-paid rent and others	196,289.48	1,092,883.71
Equity in advance	100,000,000.00	
Total	100,196,289.48	1,092,883.71

(XXVII) Contract liabilities

1. Status of contract liabilities

Item	31 December 2022	31 December 2021
Sales	60,815,111.78	112,277,738.49
Total	60,815,111.78	112,277,738.49

(XXVIII) Employee benefits payable
1. Payroll payable list

Item	31 December 2021	Increase in the current period	Decrease in the current period	Changes in the consolidation scope	Assets transferred for sale	31 December 2022
Short-term compensation	185,837,228.32	1,108,529,952.35	1,116,325,049.52	-4,560,768.63	21,618,598.99	151,862,763.53
Welfare after demission - defined contribution plan	363,870.28	74,039,830.85	74,003,688.12	-25,342.80		374,670.21
Dismissal welfare	9,456,797.34	3,827,470.71	1,590,520.06	-10,563,016.00		1,130,731.99
Total	195,657,895.94	1,186,397,253.91	1,191,919,257.70	-15,149,127.43	21,618,598.99	153,368,165.73

2. Short-term compensation list

Item	31 December 2021	Increase in the current period	Decrease in the current period	Changes in the consolidation scope	Assets transferred for sale	31 December 2022
(1) Wages, bonuses, allowances and subsidies	179,343,873.85	918,212,109.79	927,599,237.10	-4,478,016.45	16,279,471.68	149,199,258.41
(2) Welfare expenses for the employees	60,314.31	101,678,716.23	101,669,196.79	-50,114.45		19,719.30
(3) Social insurance expenses	236,352.43	42,037,849.12	41,081,192.74	-17,231.66		1,175,777.15
Of which:						
Medical insurance premiums	215,428.17	37,109,944.99	36,234,605.10	-17,037.60		1,073,730.46
Industrial injury insurance premiums	20,162.41	3,444,657.66	3,452,655.82	-194.06		11,970.19
Maternity insurance premiums	761.85	1,483,246.47	1,393,931.82			90,076.50
(4) Housing accumulation fund	259,134.37	31,441,723.55	31,379,271.55	-15,051.00		306,535.37
(5) Labor union expenditure and employee education expenses	5,937,553.36	15,159,553.66	14,596,151.34	-355.07	5,339,127.31	1,161,473.30
(6) Short-term paid absence						
(7) Short-term profit sharing plan						
Total	185,837,228.32	1,108,529,952.35	1,116,325,049.52	-4,560,768.63	21,618,598.99	151,862,763.53

3. Defined contribution plan list

Item	31 December 2021	Increase in the current period	Decrease in the current period	Changes in the consolidation scope	Assets transferred for sale	31 December 2022
Basic endowment insurance	352,770.21	71,645,373.32	71,610,190.69	-24,533.12		363,419.72
Unemployment insurance premiums	11,100.07	2,394,457.53	2,393,497.43	-809.68		11,250.49
Enterprise annuity payment						
Total	363,870.28	74,039,830.85	74,003,688.12	-25,342.80		374,670.21

(XXIX) Taxes payable

Tax items	31 December 2022	31 December 2021
Value added tax	78,181,297.84	51,598,692.40
Enterprise income tax	188,321,493.52	648,774,270.12
Individual income tax	7,622,189.57	3,968,329.74
Urban maintenance and construction tax	5,338,608.12	674,687.91
House property tax	7,811,395.76	9,104,390.33
Education surcharges	2,463,844.42	1,486,956.11
Land use tax	1,855,156.20	3,977,034.45
Others	4,824,754.86	3,253,113.13
Total	296,418,740.29	722,837,474.19

(XXX) Other payables

Item	31 December 2022	31 December 2021
Interests payable		
Dividend payable	701,360.00	10,436,999.41
Other payables	752,300,127.50	579,786,506.16
Total	753,001,487.50	590,223,505.57

1. Dividend payable

Item	31 December 2022	31 December 2021
Dividends on common shares - Corporate shareholders	701,360.00	701,360.00
Dividends on common shares - subsidiaries payable to non-controlling interests		9,735,639.41
Total	701,360.00	10,436,999.41

2. Other payables**(1) By nature of payment**

Item	31 December 2022	31 December 2021
Cuurent fund		176,171.61
Security deposit	50,189,878.15	36,007,796.11
Accrued expenses	207,647,781.10	114,404,618.85

Item	31 December 2022	31 December 2021
Deposit	67,895,424.80	
Accounts payable	88,289,997.85	54,758,676.49
Temporary receipts	63,567,385.61	366,864,174.63
Final property payment payable	7,075,068.47	7,075,068.47
Equity transfer payable		500,000.00
Contingent repurchase payables of Restricted stock	267,634,591.52	
Total	752,300,127.50	579,786,506.16

(2) Other significant payables with an aging over 1 year

Item	31 December 2022	Reasons for not completing repayments or carryover
Final payment of ShanShan Plaza	7,075,068.47	Non-payment

(XXXI) Liabilities held for sale

Category	31 December 2022	31 December 2021
Shanshan New Materials (Quzhou) Co., Ltd	371,993,827.57	
Dongguan Shanshan Battery Materials Co., Ltd	28,323,578.10	
Total	400,317,405.67	

For details, see "V. (XIII) Assets Held for Sale" of this Note to Financial Statements.

(XXXII) Non-current liabilities due within one year

Item	31 December 2022	31 December 2021
Long-term borrowings due within 1 year Note 1	139,938,591.92	2,255,899,018.04
Long-term payable due within 1 year Note 2	1,327,094,250.17	1,032,542,027.19
Lease liabilities due within 1 year	437,020,313.67	335,108,695.28
Total	1,904,053,155.76	3,623,549,740.51

Note 1: The nature of the loan is detailed in "V. (XXXIV) Long-term borrowings" in this Notes to Financial Statements.

Note 2: The details of long-term payables due within one year are as follows:

Item	Ending Balance
Payable for after-sale leaseback	449,053,199.00
Payable investment funds for LG polarizer business	878,041,051.17
Total	1,327,094,250.17

(XXXIII) Other current liabilities:

Item	31 December 2022	31 December 2021
Output tax to be transferred	3,282,653.63	14,465,802.94
Payable for short term sale-and-leaseback business	110,487,065.64	138,206,761.29
Total	113,769,719.27	152,672,564.23

(XXXIV) Long-term borrowings

Classification of long-term borrowings:

Item	31 December 2022	31 December 2021
Credit Borrowing	430,000,000.00	
Guarantee Borrowing	1,161,815,013.61	461,387,745.65
Pledge Borrowing Note 1	1,571,543,590.05	2,618,208,590.19
Mortgage Borrowing Note 2	1,012,727,043.35	290,362,430.55
Total	4,176,085,647.01	3,369,958,766.39

The Company's long-term borrowings are as follows:

Project \ Ending balance	Long-term borrowings due within one year:	Long-term borrowings	Subtotal
Credit borrowings	466,430.56	430,000,000.00	430,466,430.56
Guaranteed borrowings	54,754,828.99	1,161,815,013.61	1,216,569,842.60
Pledge borrowings Note 1	34,387,355.81	1,571,543,590.05	1,605,930,945.86
Pledge borrowings Note 2	86,242,000.00	1,012,727,043.35	1,098,969,043.35
Total	175,850,615.36	4,176,085,647.01	4,351,936,262.37
List: Liabilities held for sale	35,912,023.44		35,912,023.44
List: Long-term borrowings due within one year:	139,938,591.92		139,938,591.92
List: Long-term borrowings		4,176,085,647.01	4,176,085,647.01

Note 1: Pledged borrowings

Nature of borrowings	Pledge and mortgage projects	Pledge and mortgage	Borrowing balance	
			Long-term borrowings due within one year:	Long-term borrowings
Pledged and guaranteed	Equity interest in ShanJin Optoelectronics (Suzhou) Co., Ltd. held by Ningbo Shanshan Co., Ltd.	70% of share equity	1,809,946.42	1,427,340,000.00
Pledged and guaranteed	Power sales revenue rights of rooftop photovoltaic power generation project	Installed capacity 90.14MW	32,577,409.39	144,203,590.05
Total			34,387,355.81	1,571,543,590.05

Note 2: Mortgage borrowing situation

Nature of borrowings	Mortgage projects	Amount of mortgage	Borrowing balance	
			Long-term borrowings due within one year:	Long-term borrowings
Secured and guaranteed	House, land	972,076,287.18	70,242,000.00	106,000,000.00
Secured and guaranteed	Land	48,212,218.45		28,437,314.45
Secured and guaranteed	Land	72,190,765.08		773,857,138.80

Nature of borrowings	Mortgage projects	Amount of mortgage	Borrowing balance	
			Long-term borrowings due within one year:	Long-term borrowings
Secured and guaranteed	House, land	91,099,334.74		18,224,605.38
Secured and guaranteed	House, land	168,042,887.07	16,000,000.00	86,207,984.72
Total		1,351,621,492.52	86,242,000.00	1,012,727,043.35

(XXXV) Lease liabilities

Item	31 December 2022	31 December 2021
Housing and construction	788,425,227.18	804,412,298.42
Machinery equipment	236,312,191.16	172,990,770.07
Photovoltaic power plant sites	101,322,604.59	129,609,717.04
Others	10,872,300.66	2,053,753.83
Total	1,136,932,323.59	1,109,066,539.36

(XXXVI) Long-term payables

Item	31 December 2022	31 December 2021
Long-term payable	1,816,108,761.30	2,329,233,515.94
Total	1,816,108,761.30	2,329,233,515.94

1. Long-term payables

Item	31 December 2022	31 December 2021
Sale and leaseback payable	446,802,899.34	461,603,771.62
Cooperation project money		3,914,092.46
LG polarizer business investment payment	1,369,305,861.96	1,863,715,651.86
Total	1,816,108,761.30	2,329,233,515.94

(XXXVII) Estimated liabilities

Item	31 December 2021	Increase in the current period	Decrease in the current period	31 December 2022	Cause of formation
Pending litigation	1,250,000.00			1,250,000.00	Note 1
Withholding polarizer product quality guarantee	30,065,748.16	31,390,834.05		61,456,582.21	
Total	31,315,748.16	31,390,834.05		62,706,582.21	

Note 1: This case involves Guangzhou Jingyi Automobile Air Conditioning Co., Ltd. suing its subsidiary Ningbo Qingshan Automobile Co., Ltd. for payment of supply funds and compensation for breach of contract damages. The counter party won the second judge, so a breach of contract penalty was calculated. However, the subsidiary had no executable property and was unable to make the payment. The company is still appealing against the

judge.

(XXXVIII) Deferred income

Item	31 December 2021	Increase in the current period	Decrease in the current period	Changes of Consolidation Scope	Transfer in held for sale	31 December 2022
Government subsidies	409,654,327.51	125,552,791.83	31,569,221.67	136,341,478.14	520,000.00	366,776,419.53
Total	409,654,327.51	125,552,791.83	31,569,221.67	136,341,478.14	520,000.00	366,776,419.53

Projects involving government subsidies:

Liability Items	31 December 2021	Amount of new subsidies in the current period	Amount included in profit or loss for the current period	Change in consolidation scope	Transfer in held for sale	31 December 2022	Asset-related/income-related
Government subsidies related to industrial investment projects	348,494,092.68	97,380,000.00	11,112,921.78	120,564,300.00		314,196,870.90	Asset-related
Government subsidies related to industrial support projects	55,474,094.87	24,352,191.83	12,218,149.89	15,308,588.18	520,000.00	51,779,548.63	Asset-related
High-tech enterprise subsidy	5,217,550.00	2,145,600.00	6,563,150.00			800,000.00	Income-related
Industrial support fund subsidy	468,589.96	1,375,000.00	1,375,000.00	468,589.96			Income-related
Technology project subsidy		300,000.00	300,000.00				Income-related
Total	409,654,327.51	125,552,791.83	31,569,221.67	136,341,478.14	520,000.00	366,776,419.53	

(XXXIX) Share Capital

Item	31 December 2021	Change in the current period: increase (+) / decrease (-)					31 December 2022
		Issue of new shares	Share dividend	Transfer from provident fund	Others	Subtotal	
Total number of shares	2,142,919,938.00	121,053,420.00				121,053,420.00	2,263,973,358.00

The Company's capital increase for FY 2022 is as follows:

1. The 2022 Stock Option and Restricted stock Incentive Plan of Ningbo Shanshan Co., Ltd. granted RMB 18,334,100.00 Restricted stock to 417 incentive recipients at a subscription price of 13.76 Yuan per share. As of 26 May 2022, the total amount of subscription funds for Restricted stock received is RMB 25,227,7216.00, including RMB 18,334,100.00 of capital stock and EMB 233,943,116.00 is the premium of the share capital. After the completion of this subscription and capital increase, the registered capital of the company will be changed to RMB 2,161,254,038.00. The change in the shares has been verified by the Capital Verification Report numbered X.K.S.B.Zi [2022] No. ZA14512 issued by BDO China Shu Lun Pan CPAs (Special General Partnership), and the change registration has been completed with the administration for industry and commerce authority.

The restrictions on sales of Restricted stock granted for the first time in this incentive plan are lifted four times, and the corresponding restrictions on sales are 12 months, 24 months, 36 months and 48 months from the date of completion of the registration of the first grant. For the granted Restricted stock, the company and the incentive recipients can release the restriction only if they meet the relevant conditions at the same time and reach the corresponding annual performance appraisal goal in the four accounting years during the release period. The release proportion of the restriction will be determined according to the comprehensive performance appraisal results of the individual incentive recipients. For the Restricted stock that the incentive recipients cannot release the restrictions on sales in the current period due to performance appraisal reasons, the company will repurchase and cancel them. The repurchase price is the sum of the grant price and the bank deposit interest in the same period. And hereby simultaneously confirm the treasury shares and repurchase obligation liabilities.

2. On 18 April 2022, the company held the 27th meeting of the 10th Board of Directors and reviewed and approved the relevant proposals for this issuance and listing, including the "Resolution on the Issuance of GDR by the Company and Listing on the Swiss Stock Exchange and Conversion into an Overseas Limited Liability Company". On 10 May 2022, the 2021 annual shareholders' meeting of the company reviewed and approved the "Proposal on the Issuance of GDR by the Company and Listing on the Swiss Stock Exchange and Conversion into an Overseas Limited Liability Company".

On 12 July 2022, the China Securities Regulatory Commission approved the issuance of Global Depositary Receipts (GDR) by Ningbo Shanshan Co., Ltd. on the Swiss Stock Exchange, with a maximum of 321,437,900 shares of newly increased A-share underlying stocks, in accordance with the conversion ratio determined by the company. The number of GDR issuances shall not exceed 64,287,580 Shares.

As of 29 July 2022, Ningbo Shanshan Co., Ltd. has issued 15,442,300 GDRs, with a final price of USD 20.64 per GDR. The underlying securities represented by each GDR are 77,211,500 A-share shares, with a total raised capital of USD 318,729,072.00, equivalent to RMB 2,149,413,242.85. After deducting various issuance expenses (excluding value-added tax), the total amount is equivalent to RMB 47,006,156.42. The actual net amount of raised funds is equivalent to RMB 2,102,407,086.43, including RMB 77,211,500.00 of newly increased share capital and RMB 2,025,195,586.43 of capital premium. The change in the shares has been verified by the Capital Verification Report numbered X.K.S.B.Zi [2022] No. ZA14512 issued by BDO China Shu Lun Pan CPAs (Special General Partnership), and the change registration has been completed with the administration for industry and commerce authority.

3. On 17 October 2022, After deliberation and approval by the board of directors and the supervisory board, the "Proposal on Cancelling Partial Stock Options of the 2019 Stock Option Incentive Plan of the Company" and the "Proposal on Meeting the Exercise Conditions for the Third Exercise Period of Stock Options Granted for the First Time in the 2019 Stock Option Incentive Plan of the Company" have been passed. The exercise conditions for the third exercise period of the first granted stock option have been met, and after adjustment, a total of 110 incentive recipients are exercisable, with a total of 25507820 RMB ordinary shares (A shares). with a par value of RMB 1.00 per share, an issue price of RMB 7.28 per share.

The third exercise period is divided into two exercises. In October 2022, the first batch of 102 equity incentive recipients subscribed a total of 11,950,320.00 shares at a subscription price of RMB 7.28 per share. As of October 2022, the company has received stock subscription payments of RMB 86,998,329.60 from 102 equity incentive recipients in monetary funds, including RMB 11,950,320.00 of share capital and RMB 75,048,009.60 of share premium. The change in the shares has been verified by the Capital Verification Report numbered X.K.S.B.Zi [2022] No. ZA16063 issued by BDO China Shu Lun Pan CPAs (Special General Partnership), and the change registration has been completed with the administration for industry and commerce authority.

December 2022 is the second exercise of the third exercise period, with a total of 8 equity incentive recipients subscribing 13,557,500.00 shares at a subscription price of RMB 7.28 per share. As of December 2022, the company has received a stock subscription payment of RMB 98,698,600.00 in monetary funds from 8 equity incentive recipients, of which RMB 13,557,500.00 is included in the paid in capital (share capital) and RMB 85,141,100.00 is included in the capital reserve (share capital premium). The change in the shares has been verified by the Capital Verification Report numbered X.K.S.B.Zi [2022] No. ZA16210 issued by BDO China Shu Lun Pan CPAs (Special General Partnership), and the change registration has been completed with the administration for industry and commerce authority.

(XL) Capital surplus

Item	31 December 2021	Increase in the current period	Decrease in the current period	31 December 2022
Capital premium (equity premium)	5,156,127,057.52	2,578,743,607.27		7,734,870,664.79
Others Capital reserves	1,321,663,896.45	97,337,533.49	22,551,513.34	1,396,449,916.60
Total	6,477,790,953.97	2,676,081,140.76	22,551,513.34	9,131,320,581.39

The company's changes in the capital reserve are as follows:

Item	Increase in the current period	Decrease in the current period	Remark
Capital premium (equity premium)	2,578,743,607.27		
Of which: Capital increase	2,419,327,812.03		Note 1
Equity incentives	22,551,513.34		Note 2
Non-year-over-year capital increase in subsidiaries	136,864,281.90		Note 3
Others Capital reserves	97,337,533.49	22,551,513.34	
Of which: Equity incentives	76,019,983.61	22,551,513.34	Note 4、 Note 2
Provision for investment in associates	21,317,549.88		Note 5
Total	2,676,081,140.76	22,551,513.34	

Other explanations:

Note 1: Four capital increases were made this year, with an increase of RMB 2,419,327,812.03 in capital reserve due to overpayments. Please refer to "V (XXXIX) Share Capital" of this Notes to Financial Statements for details;

Note 2: The reduction of other capital reserves is in October 2022. The third exercise period of the 2019 stock option incentive plan of the company has been assessed and confirmed for exercise. Previously, the equity incentive fee of RMB 22,551,513.34 accrued during this service period has been transferred to the share premium;

Note 3: Subsidiary Shanghai Shanshan Lithium Battery Materials Co., Ltd. introduced new investors to increase capital and expand shares non-year-on-year. The increase in the share of net assets enjoyed by the company resulted in an increase in capital reserve of RMB 136,864,281.90;

Note 4: From January 2022 to August 2022, it is the last service waiting period of the company's 2019 stock option incentive plan. At the same time, since March 2022 and May 2022, the service waiting period of the company's 2022 stock option incentive plan and Restricted stock incentive plan has been added respectively. The company makes the best estimate based on the latest changes in the number of exercisable persons and the completion of performance indicators, which is based on the fair value on the grant date, include the consideration of RMB 76,019,983.61 for services obtained in the current period in relevant costs or expenses, and increase the capital reserve accordingly for equity

incentive expenses;

Note 5: If there is a change in the capital reserve of a joint venture, the company shall recognize an increase in the capital reserve by RMB 21,317,549.88 based on its holdings.

(XLI) Treasury shares

Item	31 December 2021	Increase in the current period	Decrease in the current period	31 December 2022
Treasury shares		514,721,346.78		514,721,346.78
Total		514,721,346.78		514,721,346.78

1. At the 38th meeting of the 10th Board of Directors of the company in December 2022, the Proposal on the Plan to Repurchase Shares Through Centralized Bidding Trading was approved, and the company agreed to use its own funds to repurchase shares through centralized bidding trading for employee shareholding plans or equity incentive plans. The total amount of funds for this repurchase shall not be less than RMB 300 million (inclusive) and shall not exceed RMB 500 million (inclusive); The repurchase price shall not exceed RMB 23 per share (inclusive); The repurchase period is within 12 months from the date of approval of the repurchase plan by the board of directors. As of 31 December 2022, the company has cumulatively repurchased 13,367,600 shares of the company through the trading system of the Shanghai Stock Exchange by centralized bidding, accounting for 0.59% of the company's current total share capital (2,263,973,358 shares). The highest and lowest repurchase prices were RMB 18.70 per share and RMB 17.71 per share, with a total payment of RMB 247,010,200 and a confirmed treasury shares of RMB 247,086,755.26.

2. In this year, the Company implemented the equity incentive plan, issued 18,334,100.00 additional shares to incentive recipients, and recognized treasury shares for the repurchase obligation of Restricted stock. The company's treasury shares increased RMB 267,634,591.52 this year.

(XLII) Other comprehensive income

Item	31 December 2021	Amount incurred in the current period						31 December 2022
		Amount before income tax in the current period	Less: The profit and loss transferred in the current period but previously included in other comprehensive income	Less: The retained earnings transferred in the current period but previously included in other comprehensive income	Less: Income tax expense	That attributable to the company after tax	That attributable to non-controlling interests after tax	
1. Other comprehensive incomes that will not be reclassified into profit or loss	34,021,694.88	159,153,319.75		306,672.00	38,625,000.00	120,834,991.75		154,856,686.63
Of which:								
Changes in remeasurement of defined benefit plans								
Share of other comprehensive income accounted for using equity method that will not be reclassified to profit or loss	25,017,499.91	10,091,536.68		306,672.00		9,784,864.68		-15,232,635.23

Item	31 December 2021	Amount incurred in the current period						31 December 2022
		Amount before income tax in the current period	Less: The profit and loss transferred in the current period but previously included in other comprehensive income	Less: The retained earnings transferred in the current period but previously included in other comprehensive income	Less: Income tax expense	That attributable to the company after tax	That attributable to non-controlling interests after tax	
Changes in fair value of other equity instrument investments	-9,004,194.97	169,244,856.43 ⁻			38,625,000.00 ⁻	130,619,856.43 ⁻		139,624,051.40 ⁻
Changes in fair value attributable to the enterprise's own credit risk								
2. Other comprehensive incomes that will be reclassified into profit or loss	2,342,017.89	1,694,779.53				1,694,779.53		4,036,797.42
Of which: Share of other comprehensive income accounted for	2,342,017.89	1,410,563.30				1,410,563.30		3,752,581.19

Item	31 December 2021	Amount incurred in the current period						31 December 2022
		Amount before income tax in the current period	Less: The profit and loss transferred in the current period but previously included in other comprehensive income	Less: The retained earnings transferred in the current period but previously included in other comprehensive income	Less: Income tax expense	That attributable to the company after tax	That attributable to non-controlling interests after tax	
using equity method that will be reclassified to profit or loss								
Changes in fair value of other debt investments								
Profit and loss from changes in fair value of available-for-sale financial assets								
Provision for credit impairment of other debt investments								
Cash flow hedging reserve (effective part of								

Item	31 December 2021	Amount incurred in the current period						31 December 2022
		Amount before income tax in the current period	Less: The profit and loss transferred in the current period but previously included in other comprehensive income	Less: The retained earnings transferred in the current period but previously included in other comprehensive income	Less: Income tax expense	That attributable to the company after tax	That attributable to non-controlling interests after tax	
cash flow hedging profit and loss)								
The balance arisen from the translation of foreign currency financial statements		284,216.23				284,216.23		284,216.23
Total other comprehensive income	31,679,676.99	157,458,540.22		306,672.00	38,625,000.00	119,140,212.22		150,819,889.21

(XLIII) Special reserve

Item	31 December 2021	Increase in the current period	Decrease in the current period	Withdraw from consolidation scope	31 December 2022
Safety production fund	2,307,702.27	6,573,041.08	6,632,745.34	107,051.21	2,140,946.80
Total	2,307,702.27	6,573,041.08	6,632,745.34	107,051.21	2,140,946.80

(XLIV) Surplus reserves

Item	31 December 2021	Increase in the current period	Decrease in the current period	31 December 2022
Statutory surplus reserve	253,716,196.59	39,085,721.96		292,801,918.55
Total	253,716,196.59	39,085,721.96		292,801,918.55

(XLV) Retained earnings

Item	31 December 2022	31 December 2021
Retained earnings at the end of the previous year before adjustment	10,083,326,361.95	6,248,274,179.78
Adjustment to total retained earnings at the beginning of the year (increase +, decrease -)		-34,684,761.15
Retained earnings at the beginning of the year after adjustment	10,083,326,361.95	6,213,589,418.63
Plus: Net profits attributable to equity owners the Company's owners in the current period	2,691,262,599.60	3,339,696,517.63
Less: Withdrawal of legal surplus reserve	39,085,721.96	
Withdrawal of discretionary surplus reserve		
Withdrawal of common risk provision		
Common share dividends payable	707,163,579.54	146,520,830.61
Common share dividends converted to share capital		
Plus: Financial assets designated at fair value through other	306,672.00	676,561,256.30

Item	31 December 2022	31 December 2021
comprehensive income are disposed of in the current period, and the disposal previously recorded in other comprehensive income is transferred to retained earnings		
Retained earnings at the end of the period	12,028,646,332.05	10,083,326,361.95

(XLVI) Operating income and operating cost**1. Operating income and operating costs**

Item	Year 2022		Year 2021	
	Income	Cost	Income	Cost
Main operations	21,348,465,802.78	16,322,569,921.75	20,363,499,549.58	15,318,416,678.82
Other operations	353,151,465.54	164,823,344.07	335,883,074.70	200,612,136.56
Total	21,701,617,268.32	16,487,393,265.82	20,699,382,624.28	15,519,028,815.38

Breakdown of operating income:

Item	Year 2022	Year 2021
Main operations	21,348,465,802.78	20,363,499,549.58
Of which: Commodities for sale	21,140,578,084.09	20,102,493,682.77
New energy service revenue	207,887,718.69	261,005,866.81
Other operations	353,151,465.54	335,883,074.70
Of which: Material sales	254,665,075.27	212,785,195.40
Entrusted processing	34,389,625.63	23,718,133.29
Rent and utilities, property fee income	55,191,435.38	86,828,634.15
Technical service revenue		780,000.00
Others	8,905,329.26	11,771,111.86
Total	21,701,617,268.32	20,699,382,624.28

2. Operating income generated from contracts

The operating income of FY 2022 is disaggregated as follows:

Contract classification	Shanjin Polarizer Segment	Lithium Battery Material Segment	New Energy Vehicle Segment	Energy Management Segment	Others	Inter-segment offset	Total
Commodity type:							
Revenue from commodity sales	10,447,349,772.75	9,308,479,797.69		1,639,413,588.92			21,395,243,159.36
Revenue from photovoltaic power generation				176,411,521.51			176,411,521.51
Revenue from entrusted processing	34,389,625.63						34,389,625.63
Revenue from charging service			29,062,276.37	2,413,920.81			31,476,197.18
Revenue from service and other sales	2,429,536.67	4,610,453.02	12,165,504.37		141,221,032.27	96,329,761.69	64,096,764.64
Total	10,484,168,935.05	9,313,090,250.71	41,227,780.74	1,818,239,031.24	141,221,032.27	96,329,761.69	21,701,617,268.32
Classification by region of operation:							
Domestic China sales	9,961,184,466.00	7,861,527,250.55	41,227,780.74	728,166,400.90	141,221,032.27	96,329,761.69	18,636,997,168.77
China Taiwan sales	193,063,468.65						193,063,468.65
Overseas sales	329,921,000.40	1,451,563,000.16		1,090,072,630.34			2,871,556,630.90
Total	10,484,168,935.05	9,313,090,250.71	41,227,780.74	1,818,239,031.24	141,221,032.27	96,329,761.69	21,701,617,268.32
Classification by timing of commodity transfer:							
Confirmation at a point of time	10,466,843,318.21	9,313,090,250.71	12,165,504.37	1,639,413,588.92	95,816,593.70	88,791,141.66	21,438,538,114.25
Confirmation	17,325,616.84		29,062,276.37	178,825,442.32	45,404,438.57	7,538,620.03	263,079,154.07

Contract classification within a certain period of time	Shanjin Polarizer Segment	Lithium Battery Material Segment	New Energy Vehicle Segment	Energy Management Segment	Others	Inter-segment offset	Total
Total	10,484,168,935.05	9,313,090,250.71	41,227,780.74	1,818,239,031.24	141,221,032.27	96,329,761.69	21,701,617,268.32

(XLVII) Taxes and surcharges

Item	Year 2022	Year 2021
Urban maintenance and construction tax	15,469,850.12	5,110,300.48
Education surcharges	9,161,242.95	5,862,497.48
Other taxes such as property tax and land use tax	55,549,832.28	60,765,859.35
Total	80,180,925.35	71,738,657.31

(XLVIII) Selling expenses

Item	Year 2022	Year 2021
Material consumption	81,528,121.65	47,315,659.36
Employee compensation costs	41,247,640.52	44,257,329.33
Depreciation and amortization expense	16,938,643.67	15,300,230.19
Transportation costs, vehicle costs and others	1,611,407.10	1,903,967.91
Consulting fees and expenses of external service institutions	5,235,154.64	5,239,584.44
Marketing fees	34,940,477.32	20,824,903.16
Office fees, business travel and easy rent	43,509,115.64	21,486,798.02
Business entertainment fee	10,623,031.44	11,585,031.20
Sales compensation	40,900,951.74	35,010,631.02
Others	2,071,600.05	1,697,487.98
Share-based payment fee	2,782,353.60	
Total	281,388,497.37	204,621,622.61

(XLIX) General and administrative expenses

Item	Year 2022	Year 2021
Material consumption	3,512,548.18	5,777,039.65
Employee compensation costs	227,192,839.98	228,427,109.22
Depreciation and amortization expense	109,141,536.68	159,801,282.67
Transportation costs, vehicle costs and others	4,614,147.88	3,482,325.09
Consulting fees, expenses of external intermediary agencies	109,964,146.16	120,785,749.25
Conference fees and others	1,506,878.17	5,414,895.64
Office fees, business travel and easy rent	56,090,176.95	66,649,161.36
Business entertainment fee	23,264,844.42	19,139,431.80
Share-based payment fee	64,959,475.21	8,050,375.94
Information technology costs	99,620,321.76	19,357,742.23
Utilities	8,312,659.06	12,834,045.47
Others	4,784,246.34	4,403,429.42
Total	712,963,820.79	654,122,587.74

(L) Research and development expenses

Item	Year 2022	Year 2021
Material consumption	637,207,662.34	401,400,966.38
Employee compensation costs	196,759,214.85	219,311,579.59
Depreciation and amortization expense	49,505,286.64	56,849,721.28
Office fees, business travel and easy rent	3,947,901.17	7,890,329.89
Utilities	39,721,396.96	15,355,570.92
Consulting fees, expenses of external intermediary agencies	8,277,169.22	13,458,493.35
Share-based payment fee	14,961,399.48	
Others	2,192,239.40	1,365,408.53
Total	952,572,270.06	715,632,069.94

(LI) Financial expenses

Item	Year 2022	Year 2021
Interest expenses	634,219,099.55	634,339,574.55
Of which: Lease liabilities interest expenses	90,487,801.73	72,752,190.28
Less: Interest income	119,549,790.72	46,929,544.05
Exchange gains and losses	174,708,097.91	19,685,667.99
Others	6,629,267.45	47,035,195.38
Total	696,006,674.19	654,130,893.87

(LII) Other income

Item	Year 2022	Year 2021	Asset-related/income-related
Government subsidies related to industrial investment projects	11,112,921.78	7,493,954.51	Asset-related
Government subsidies related to supporting industrial projects	12,218,149.89	35,809,269.37	Asset-related
High-tech enterprise subsidy	16,652,850.00	2,158,100.00	Income-related
Industrial support fund subsidy	44,575,016.59	29,193,471.66	Income-related
Technology project subsidy	29,348,936.82	15,454,833.63	Income-related
Tax expenses refund	57,876,668.99		Income-related
Other subsidies	2,006,801.81	14,423,233.95	Income-related
Total	173,791,345.88	104,532,863.12	

(LIII) Investment income

Item	Year 2022	Year 2021
Long-term equity investment incomes accounted by the equity method	640,283,254.92	279,945,900.13
Investment incomes generated from disposal of long-term equity investment Note	184,464,477.65	864,737,414.41
Investment income on trading financial assets		222.00
Investment income from disposal of trading financial assets	51,535,335.90	-4,336,192.17
Interest income earned during the holding period of debt investments		
Investment income from disposal of debt investments		
Interest income earned during the holding period of other debt investments		
Investment income from disposal of other debt investments		
Dividend income earned during the holding period of investments in other equity instruments	12,041,083.00	9,025,000.00
Investment income on other non-current financial assets during the holding period		1,820,640.18
Investment income from disposal of other non-current financial assets		
The gains of remaining equity re-measured at fair value after the control right is lost		1,237,956,808.35
Investment income arising on disposal of disposal groups that constitute operations		
Investment income from debt restructuring		

Item	Year 2022	Year 2021
Income of securities borrowings and wealth management products	7,293.53	183,891.57
Total	888,331,445.00	2,389,333,684.47

(LIV) Gains from changes in fair value

Sources of gains from changes in fair value	Year 2022	Year 2021
Held-for-sale-trading financial assets		4,719,477.23
Of which: Gain on fair value changes arising from derivative financial instruments		
Other non-current financial assets	-1,950,000.00	-1,080,000.00
Total	-1,950,000.00	3,639,477.23

(LV) Credit impairment losses

Item	Year 2022	Year 2021
Bad debt losses on notes receivable	-2,964,379.14	15,688,607.15
Bad debt losses on accounts receivable	-14,599,427.88	226,947,445.18
Impairment losses on receivables financing		-202,816.04
Bad debt losses on other receivables	33,240,827.02	25,862,939.60
Bad debt losses on long-term receivables		2,039,226.34
Bad debt losses on long-term receivables due within one year	-5,629,738.00	-3,823,478.51
Total	10,047,282.00	266,511,923.72

(LVI) Assets impairment losses

Item	Year 2022	Year 2021
Decline in the value of inventories and impairment loss on contract fulfillment costs impairment losses	67,453,170.48	29,299,896.85
Impairment losses of long-term equity investment		57,050,000.00
Impairment losses of fixed assets	63,892,869.30	294,449,075.39
Impairment losses of engineering materials		7,091,524.02
Impairment losses of project under construction		175,437.33
Other current assets impairment reserve	6,393,984.30	
Total	137,740,024.08	388,065,933.59

(LVII) Gain on disposal of assets

Item	Year 2022	Year 2021	Amounts included into the current nonrecurring profit and loss
Fixed assets	593,824.34	-24,391,064.01	593,824.34
Intangible assets	-7,220,094.33		-7,220,094.33
Right of use assets	493,465.86		493,465.86
Total	-6,132,804.13	-24,391,064.01	-6,132,804.13

(LVIII) Non-operating income

Item	Year 2022	Year 2021	Amounts included into the current nonrecurring profit and loss
Income from fines and confiscations	2,457,346.88	1,441,973.79	2,457,346.88
Income from liquidated damages	699,648.01	1,139,089.10	699,648.01
Insurance compensation	6,797,201.68		6,797,201.68
Others	5,038,948.98	4,821,934.31	5,038,948.98
Loss on scrapping non current assets	118,352.80	556,131.76	118,352.80
Total	15,111,498.35	7,959,128.96	15,111,498.35

(LIX) Non-operating expenses

Item	Year 2022	Year 2021	Amounts included into the current nonrecurring profit and loss
Loss of assets scrapped and destroyed	12,700,084.99	24,837,116.42	12,700,084.99
Debt restructuring		132,837.28	
Public donation	1,260,000.00	30,000.00	1,260,000.00
Payment of liquidated damages	3,281,790.64	5,652,770.14	3,281,790.64
Others	155,960.09	1,738,153.57	155,960.09
Total	17,397,835.72	32,390,877.41	17,397,835.72

(LX) Income tax expenses**1. Income tax expenses form**

Item	Year 2022	Year 2021
Income tax expenses in the current period	486,922,845.40	931,207,952.70
Deferred income tax expense	82,754,412.65	172,678,936.63
Total	569,677,258.05	1,103,886,889.33

2. The reconciliation from total profit presented in the consolidated financial statements to the income tax expenses

Item	Year 2022
Total profit	3,395,078,158.04
Profit and loss of subsidiaries cannot be offset against each other	3,628,031,607.44
Income tax expense at statutory [or applicable] tax rates	907,007,901.88
Effect of different tax rates applied to subsidiaries	-125,509,064.56
Effect of adjustments to income taxes of prior periods	-4,652,155.21
Effect of non-taxable income	-173,984,127.13
Additional deductible expenses under the tax law	-110,809,455.13
Effect of non-deductible costs, expenses and losses	40,617,841.68
Effect of deductible losses on the use of deferred tax assets not recognized in prior periods	-16,623,535.98
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period	53,629,852.50
Income tax expense	569,677,258.05

(LXI) Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net income attributable to ordinary shareholders of the company by the weighted average number of ordinary shares of the Company outstanding:

Item	Year 2022	Year 2021
Consolidated net profit attributable to common shareholders of the company	2,691,262,599.60	3,339,696,517.63
Weighted average number of common shares of the Company issued	2,187,778,008.00	1,636,845,210.00
Basic earnings per share	1.23	2.04
Of which: Basic earnings per share from continuing operations	1.23	2.04
Basic earnings per share from discontinued operations		

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net income (diluted) attributable to ordinary shareholders of the Company by the weighted average number (diluted) of ordinary shares of the Company outstanding:

Item	Year 2022	Year 2021
Consolidated net profit (diluted) attributable to common shareholders of the company	2,691,262,599.60	3,339,696,517.63
Weighted average number (diluted) of common shares of the Company issued	2,189,243,575.33	1,636,845,210.00
Diluted earnings per share	1.23	2.04

Item	Year 2022	Year 2021
Of which: Diluted earnings per share from continuing operations	1.23	2.04
Diluted earnings per share from discontinued operations		

Diluted earnings per share= Current net income ÷(weighted average number of ordinary shares+ Increased and adjusted weighted average number of ordinary shares= Current net income ÷[weighted average number of ordinary shares+(Number of Restricted stock-Exercise price×Number of Restricted stock÷Average market price of common stock in the current period)]

(LXII) Cash flow statement items

1. Other cash received related to operating activities

Item	Year 2022	Year 2021
Net inflows of restricted cash balances that are operating deposits and security deposits	20,001,797.95	8,296,468.05
Interest income	119,549,790.72	42,436,441.52
Government subsidies received	283,345,964.89	176,645,805.71
Non-operating income received related to business activities	15,014,412.10	7,404,025.32
Received operational deposit or current temporary loan	49,662,113.37	122,326,339.62
Received refunded prepaid enterprise income tax	53,038,419.64	
Frozen bank deposits recovered	3,824,198.43	44,069,458.51
Others		3,993,049.99
Total	544,436,697.10	405,171,588.72

2. Other cash paid related to operating activities

Item	Year 2022	Year 2021
Daily operating expenses	914,233,882.62	695,551,104.89
Non-operating expenses paid related to operating activities	4,697,750.73	44,697,387.53
Payment of operational deposits or current temporary loan	49,321,245.40	33,138,656.55
The outflow of operating margin and deposit in restricted monetary funds	100,246,372.58	63,283,122.33
Frozen bank deposits	15,083,743.24	414,297.63
Others		766,517.35
Total	1,083,582,994.57	837,851,086.28

3. Other cash received related to investing activities

Item	Year 2022	Year 2021
Purchase of LG Polarizer Business Phase 2 Payment - LG Chem Deposit Refund	472,262,241.00	
Received the deposit paid by the engineering equipment supplier or recovered the deposit originally	25,590,337.11	30,722,066.00

Item	Year 2022	Year 2021
paid by the company		
Intention payment for equity	20,000,000.00	
Amount transferred from prior years' equity		22,754,932.72
Investment compensation received from the controlling shareholders		81,662,022.30
Transaction margin returned by LG China for polarizer delivery		1,004,634,400.00
Total	517,852,578.11	1,139,773,421.02

4. Other cash paid related to investing activities

Item	Year 2022	Year 2021
Pay the surplus from Taiwan Shanjin Equity Acquisition Note 1	74,501,121.55	
Purchase of LG Polarizer Business Phase 2 Payment - LG Chem Deposit Note 2	472,262,241.00	
Prepaid equity investment funds	20,000,000.00	
Refund of equity transfer intention fee	20,000,000.00	
The originally paid deposit or security deposit returned to the engineering equipment supplier	11,137,046.00	31,866,041.01
Refund of electric pile cooperation project money		1,198,399.50
Entrusted investment funds to Chuanghui		30,000,000.00
Consulting fees and brokerage fees paid related to investment projects		29,003,888.58
Total	597,900,408.55	92,068,329.09

Explanation on other cash paid related to investment activities:

Note 1: In this year's acquisition of Taiwan Shanjin, paid an initial prepayment of RMB 330,303,220.00 (\$49.4 million) to LG Chem. Based on the review of the transaction accountant, it was determined that the adjusted transaction price for the delivered assets was RMB 255,802,098.45 (\$38.2576 million). The overpayment of RMB 74,501,121.55 has been recovered after the reporting period.

Note 2: When paying the second instalment of 5% equity deposit for LG polarizer business, it shall be paid to LG Chemical's designated subsidiary in China in the form of RMB deposit at the contracted time. After the Korean side completes the relevant receiving procedures, the domestic company shall return the relevant deposit to the Company in its original form, and at the same time, purchase foreign exchange to make formal payment to LG Chemical in Korea.

5. Other cash received related to financing activities

Item	Year 2022	Year 2021
Receipt of sale and leaseback borrowings	110,000,000.00	117,300,000.00
Equity incentive repurchase of stocks	152,913,244.74	
Recovery of deposits on bills and letters of credit used for financing	154,638,655.17	185,663,684.22
Received individual tax for employee equity incentive		210,656,121.75
The 30% of the equity capital received by Suzhou Shanjin from LGchem		2,121,339,000.00
Total	417,551,899.91	2,634,958,805.97

6. Other cash paid related to financing activities

Item	Year 2022	Year 2021
Payment of deposits on bills and letters of credit used for financing	405,092,636.52	443,307,801.18
Share issuance related expenses	20,282,009.60	7,000,000.00
Payment of finance leasing fees and deposits	184,710,157.95	68,349,993.05
Payment of rent	379,049,304.88	56,218,371.13
Payment of individual income tax on behalf of employees	210,650,870.57	
Cash paid for stock repurchase	400,000,000.00	
Total	1,599,784,979.52	574,876,165.36

(LXIII) Supplementary materials of cash flow statement

1. Supplementary materials of cash flow statement

Supplement materials	Year 2022	Year 2021
1. Cash flow for adjusting net profits to operating activities		
Net profit	2,825,400,899.99	3,570,326,443.15
Plus: Credit impairment losses	10,047,282.00	266,511,923.72
Impairment reserves of assets	137,740,024.08	388,065,933.59
Depreciation of fixed assets	940,059,812.75	871,092,806.88
Depreciation of oil and gas assets		
Depreciation of right-to-use assets	120,045,066.85	62,200,021.31
Amortization of intangible assets	134,125,505.88	101,517,684.51
Amortization of long-term deferred expenses	50,976,671.60	40,316,116.95
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	6,132,804.13	24,391,064.01
Losses on scrapping of fixed	12,700,084.99	24,280,984.66

Supplement materials	Year 2022	Year 2021
assets (gains expressed with “-”)		
Losses on changes in fair value (gain expressed with “-”)	1,950,000.00	-3,639,477.23
Financial expenses (income expressed with “-”)	807,325,903.98	690,274,027.17
Investment losses (income expressed with “-”)	-888,331,445.00	-2,389,333,684.47
Decrease of deferred income tax assets (increase expressed with “-”)	-107,413,466.67	-134,002,678.94
Increase of deferred income tax liabilities (decrease expressed with “-”)	190,167,879.32	306,681,615.57
Decrease in inventories (increase expressed with “-”)	-2,249,191,262.55	-2,633,886,630.08
Decrease in operating receivable items (increase expressed with “-”)	-3,157,649,494.76	-5,800,153,911.84
Increase in operating payable items (decrease expressed with “-”)	1,589,767,737.92	4,226,292,877.82
Others Note 1	82,643,690.28	24,569,816.07
Net cash flow from operating activities	506,497,694.79	-364,495,067.15
2. Major investment and financing activities irrelevant to cash income and expenditure		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents		
Closing balance of cash Note 2	3,911,177,960.18	8,678,782,091.61
Less: Opening balance of cash	8,678,782,091.61	2,563,203,640.10
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-4,767,604,131.43	6,115,578,451.51

Note 1: Other expenses mainly include equity incentive expenses

Note 2: The ending balance of cash includes cash held by the Company classified as assets held for sale

2. Net cash paid for acquiring subsidiaries in the reporting period

	Amount
Cash or cash equivalents paid in the current period for the business consolidation that occurred in the current period	255,802,098.45
Less: Cash and cash equivalents held by the subsidiaries on the acquisition date	974,872.62
Plus: Cash or cash equivalents paid in the current period for business combinations that occurred in previous periods	

	Amount
Net cash paid for acquisition of subsidiaries	254,827,225.83

3. Net cash received from disposal of subsidiaries in the reporting period

	Amount
Cash or cash equivalents received in the current period from disposal of subsidiaries in the current period	564,730,000.00
Less: Cash and cash equivalents held by the subsidiaries on the date of loss of control	154,906,693.64
Plus: Cash or cash equivalents received in the current period from disposal of subsidiaries during the previous periods	31,940,960.00
Net cash received from disposal of subsidiaries	441,764,266.36

4. Composition of cash and cash equivalents

Item	31 December 2022	31 December 2021
I. Cash	3,911,177,960.18	8,678,782,091.61
Of which: Cash on hand	273,307.05	220,489.88
Digital monetary available for payment at any time		
Bank deposit available for payment at any time	3,910,824,106.69	8,678,333,813.09
Other monetary capitals available for payment at any time	80,546.44	227,788.64
Deposits in the Central Bank for payment		
Deposit of interbank funds		
Deposit and lending of interbank funds		
II. Cash equivalents		
Of which: Bond investment due within 3 months		
III. Cash and cash equivalents balance at the end of the period	3,911,177,960.18	8,678,782,091.61
Note		
Of which: Cash and cash equivalents with restricted use in the company or subsidiaries of the Group		

Note: The ending balance of cash includes cash held by the Company classified as assets held for sale

(LXIV) Assets with restricted ownership or use rights

Item	Book value as of 31 December 2022 Total	Of which: Listed as Assets held for sale	Of which: Listed in the corresponding asset subject	Reasons for restrictions
Cash at bank and on hand	903,391,349.63		903,391,349.63	Deposit
Cash at bank and on hand	15,100,432.46		15,100,432.46	Frozen

Item	Book value as of 31 December 2022 Total	Of which: Listed as Assets held for sale	Of which: Listed in the corresponding asset subject	Reasons for restrictions
Accounts receivable	105,431,828.37		105,431,828.37	Pledge Financing
Fixed assets	2,569,704,626.89	124,100,452.09	2,445,604,174.80	Financing leases, Mortgage Financing
Construction in progress	195,436,918.03		195,436,918.03	Mortgage Financing
Intangible assets	404,323,250.65	24,096,360.75	380,226,889.90	Mortgage Financing, Pledge Financing
Long-term equity investment	6,824,336,885.19		6,824,336,885.19	Pledge Financing
Total	11,017,725,291.22	148,196,812.84	10,869,528,478.38	

(LXV) Foreign currency monetary items**1. Foreign currency monetary items**

Item	Foreign currency balance as of 31 December 2022	Exchange rate	Converted RMB balance
Cash at bank and on hand			152,207,288.31
Of which: USD	15,039,983.21	6.9646	104,747,467.06
HKD	18,135,477.72	0.8933	16,199,878.18
Euro	2,309,109.58	7.4229	17,140,289.50
Pound	26.04	8.3941	218.58
Japanese yen	212,436,150.00	0.0524	11,122,731.94
Australian dollar	2.09	4.7138	9.85
New Taiwan dollar	13,183,868.00	0.2273	2,996,693.20
Investment in other equity instruments			29,998,127.24
Of which: Canadian dollar	35,574.33	5.1385	182,798.70
Australian dollar	6,325,115.31	4.7138	29,815,328.54
Accounts receivable			456,295,384.51
Of which: USD	45,165,442.76	6.9646	314,559,242.65
Euro	18,938,161.75	7.4229	140,576,080.85
New Taiwan dollar	5,103,656.00	0.2273	1,160,061.01
Other receivables			395,466.31

Item	Foreign currency balance as of 31 December 2022	Exchange rate	Converted RMB balance
Of which: Japanese yen	5,280,819.00	0.0524	276,493.12
New Taiwan dollar	523,419.23	0.2273	118,973.19
Short-term borrowings			21,430,073.30
Of which: Euro	1,354,879.26	7.4229	10,057,133.26
New Taiwan dollar	50,034,932.00	0.2273	11,372,940.04
Accounts payable			480,816,106.72
Of which: USD	50,604,055.33	6.9646	352,437,003.75
Japanese yen	2,298,335,483.00	0.0524	120,336,249.22
South Korean won	1,456,239,100.00	0.0055	8,042,853.75
Other payables			7,797,936.03
Of which: Japanese yen	22,382,605.00	0.0524	1,171,908.43
New Taiwan dollar	29,151,023.32	0.2273	6,626,027.60
Non-current liabilities due within one year			878,041,051.17
Of which: USD	126,072,000.00	6.9646	878,041,051.17
Long-term payable			1,369,305,861.96
Of which: USD	196,609,404.99	6.9646	1,369,305,861.96

(LXVI) Government subsidies**1. Government subsidies related to assets**

Category	Amounts included in profit or loss for the current period or written off against related costs and expenses losses		Items included in profit or loss for the current period or written off against related costs and expenses losses
	Year 2022	Year 2021	
Government subsidies related to industrial investment projects	11,112,921.78	7,493,954.51	Other income
Government subsidies related to supporting industrial projects	12,218,149.89	35,809,269.37	Other income
Total	23,331,071.67	43,303,223.88	

2. Government subsidies related to income

Category	Amounts included in profit or loss for the current period or written off against related costs and expenses losses		Items included in profit or loss for the current period or written off against related costs and expenses losses
	Year 2022	Year 2021	
High-tech enterprise subsidy	16,652,850.00	2,158,100.00	Other income
Industrial support fund subsidy	44,575,016.59	29,193,471.66	Other income
Technology project subsidy	29,348,936.82	15,454,833.63	Other income
Tax expenses refund	57,876,668.99		Other income
Other subsidies	2,006,801.81	36,523,233.95	Other income
Total	150,460,274.21	83,329,639.24	

(LXVII) Leases**1. As the lessee**

Item	Year 2022	Year 2021
Interest expense on lease liabilities	100,497,304.48	72,752,190.28
Short-term lease expenses included in the cost of the related assets or in profit or loss for the current period for simplified treatment	22,217,154.03	41,750,464.89
Lease expenses for low-value assets included in the cost of the related assets or in profit or loss for the current period for simplified treatment (except short-term lease expenses for low-value assets)		75,344.91
Variable lease payments not included in the measurement of the lease liability that are included in the cost of the related assets or in profit or loss for the current period		
Of which: The part arising from sale-and-leaseback transactions		
Income from sublease of right-to-use assets		
Total cash outflows related to leases	403,266,002.77	101,726,377.86
Profit and loss related to sale-and-leaseback transactions		
Cash inflow from sale-and-leaseback transactions		
Cash outflow from sale-and-leaseback transactions		

The expected future annual cash outflows for leases to which the Company is committed but which have not yet commenced are as follows:

Remaining lease term	Undiscounted lease payments
Within 1 year	14,681,082.58
1-2 years	

Remaining lease term	Undiscounted lease payments
2-3 years	
Above 3 years	
Total	14,681,082.58

2. As the lessor
Operating lease

	Year 2022	Year 2021
Operating lease income	50,123,779.46	40,504,119.77
Of which: Income related to variable lease payments not included in lease payments		

The undiscounted lease receives to be received after the balance sheet date are as follows:

Remaining lease term	Year 2022	Year 2021
Within 1 year	45,386,655.10	45,461,725.79
1-2 years	35,829,121.61	40,463,205.84
2-3 years	25,948,190.78	31,231,328.32
3-4 years	21,429,506.79	21,587,805.41
4-5 years	21,165,985.91	17,042,479.53
Above 5 years	230,129,967.03	230,089,103.18
Total	379,889,427.22	385,875,648.07

VI. Change in scope of consolidation

(I) Business combination not under the same control

1. Business combination not under the same control that occurred during the reporting period

Name of the acquiree	Time point of acquisition of equity	Cost of equity acquisition	Share acquisition ratio (%)	Method of equity acquisition	Acquisition date	Basis for determining the acquisition date	Operationg income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Taiwan Shanjin Optoelectronics Co., Ltd.	2022.07.01	255,802,098.45	100	Purchase from outside	2022.7.1	Asset delivery	97,284,438.44	-16,443,692.42

Explanation: The delivery of Taiwan assets in the original acquisition of polarizer business was not completed within the agreed period of the original framework agreement. Taiwan Shanjin Optoelectronics Co., Ltd. purchased by the Company this time, is a new company established by LG Chemical specifically for sale to Shanshan Co., Ltd., and the originally agreed delivery assets are injected.

2. Consolidation costs and goodwill

	Taiwan Shanjin Optoelectronics Co., Ltd.	Remark
Consolidation cost		
- Cash	255,802,098.45	Note 1
- Fair value of non-cash assets		
- Fair value of debt issued or assumed		
- Fair value of equity securities issued		
- Fair value of contingent consideration		
- Fair value of equity held before the purchase date on the purchase date		
-Others		
Total consolidation cost	255,802,098.45	
Less: Share of fair value of identifiable net assets acquired	163,136,368.68	

	Taiwan Shanjin Optoelectronics Co., Ltd.	Remark
Amount by which goodwill/consolidation cost is less than the share of fair value of identifiable net assets acquired	92,665,729.77	

Note 1: According to the acquisition agreement, the company paid Taiwan Shanjin an equity transfer fee of \$49,400,000.00. The equity transfer price is \$38,257,646.00. The excess equity transfer payment paid by the company for purchasing the share equity of Taiwan Shanjin has not been refunded, equivalent to CNY 255,802,098.45.

This merger is actually a part of the overall business acquisition of LG Chem Polarizers in 2021. Due to the failure of the Taiwan assets delivery to be completed within the agreed period according to the original delivery method and time, this transaction has been changed to directly purchase all the equity of the newly established Taiwan Company after injecting the originally planned to be delivered Taiwan assets. The essence and pricing of the transaction have not changed. Therefore, the newly added goodwill in this transaction is a part of the overall goodwill of the Polarizers business purchase. The goodwill impairment test will be included in the overall goodwill of the polarizer business.

3. Identifiable assets and liabilities of the acquiree at the date of acquisition

	Polarizer business
	Fair value at the date of acquisition
Assets:	169,351,767.88
Cash at bank and on hand	1,899,765.42
Receivables	
Inventories	35,100,048.40
Subtotal of other assets	8,416.85
Fixed assets	112,376,661.28
Construction in progress	13,439,029.98
Intangible assets	777,018.82
Right of use assets	5,750,827.13
Liabilities:	6,215,399.20
Account payable	
Other liabilities	6,215,399.20

	Polarizer business
	Fair value at the date of acquisition
Net assets	163,136,368.68
Less: Equity of non-controlling interests	
Net assets acquired	163,136,368.68

(II) No business combination under the same control during the reporting period**(III) Disposal of subsidiaries****1. Loss of control upon a single disposal of an investment in a subsidiary**

Name of subsidiary	Equity disposal price	Equity disposal ratio (%)	Equity disposal method	The time point of loss of control	Basis for determining the time point at which control is lost	The difference between the disposal price and the share of the net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal of the investment	Ratio of the remaining equity at the date of loss of control	Book value of the remaining equity at the date of loss of control	Fair value of the remaining equity at the date of loss of control	Gains or losses on remeasurement of remaining equity at fair value	Methods and key assumptions for determining the fair value of the remaining equity at the date of loss of control	Amount transferred from other comprehensive income related to equity investment in former subsidiaries to investment profit and loss
Hunan Yongshan Lithium Industry Co., Ltd.	480,000,000.00	100.00	Transfer of shares	January 2022	Control over production and operation decisions had transferred	184,338,536.55						

Name of subsidiary	Equity disposal price	Equity disposal ratio (%)	Equity disposal method	The time point of loss of control	Basis for determining the time point at which control is lost	The difference between the disposal price and the share of the net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal of the investment	Ratio of the remaining equity at the date of loss of control	Book value of the remaining equity at the date of loss of control	Fair value of the remaining equity at the date of loss of control	Gains or losses on remeasurement of remaining equity at fair value	Methods and key assumptions for determining the fair value of the remaining equity at the date of loss of control	Amount transferred from other comprehensive income related to equity investment in former subsidiaries to investment profit and loss
Beijing Shanshan Venture Capital Investment Co., Ltd.	1,730,000.00	100.00	Transfer of shares	June 2022	Control over business decisions has been transferred	-3,605.77						
Winsky Smart New Energy Technology Co., Ltd.	39,642,840.00	100.00	Transfer of shares	May 2022	Control over business decisions has been transferred	7,271,913.27						
Ningbo Shanshan Contract Energy Management Co., Ltd.	8,000,000.00	100.00	Transfer of shares	July 2022	Control over business decisions has been transferred	-14,421,020.18						

(IV) Change in scope of consolidation for other reasons**1. Newly established subsidiaries during the reporting period**

Name of subsidiary	Main Business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
ShanJin Tokyo Co., Ltd.	Tokyo	Tokyo	Industry	100		Newly established
Yunnan Shanshan New Material Co., Ltd.	Yunnan	Kunming	Industry		100	Newly established
Ningbo Shanxin Photovoltaic Energy Management Co., Ltd.	Zhejiang	Ningbo	Industry	90.035		Newly established
Ningbo Haoheng Trading Co., Ltd.	Zhejiang	Ningbo	Industry	100		Newly established

2. Closed and cancelled subsidiaries during the reporting period

Name of subsidiary	Explanation:
Ningbo Weihang Trading Co., Ltd.	Cancel

VII. Interests in other subjects**(I) Interests in subsidiaries****1. Composition of enterprise groups**

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Shanjin Optoelectronics (Suzhou) Co., Ltd. Note 1	Suzhou, Jiangsu	Suzhou, Jiangsu	Industry	75.00		Newly established
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Industry		100.00	Newly established
Shanjin Optoelectronics (Nanjing) Co., Ltd.	Nanjing, Jiangsu	Nanjing, Jiangsu	Industry		100.00	Newly established
Shanjin Optoelectronics (Beijing) Co., Ltd.	Beijing	Beijing	Industry		100.00	Newly established
Shanjin Optoelectronics Technology (Zhangjiagan) Co., Ltd.	Zhangjiagan, Jiangsu	Zhangjiagan, Jiangsu	Industry		100.00	Newly established
Shanjin Optoelectronics	Mianyang, Sichuan	Mianyang, Sichuan	Industry		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
(Mianyang) Co., Ltd.						
Taiwan Shanjin Optoelectronics Co., Ltd.	Taiwan, China	Taiwan, China	Industry		100.00	Consolidation not under same control
Shanjin Tokyo Co., Ltd.	Tokyo, Japan	Tokyo, Japan	Trade	100.00		Newly established
Ningbo Shanshan New Energy Technology Developemnt Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment	98.00	2.00	Newly established
Shanghai Shanshan New Energy Technology Developemnt Co., Ltd.	Shanghai	Shanghai	Industry	100.00		Newly established
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment		87.077	Newly established
Ningbo Shanshan New Material Technology Co., Ltd	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Shanghai Shanshan Technology Co., Ltd.	Shanghai	Shanghai	Industry		100.00	Consolidation under same control
Shanghai Shanshan New Material Co., Ltd.	Shanghai	Shanghai	Industry		100.00	Newly established
Chenzhou Shanshan New Material Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	Industry		100.00	Newly established
Fujian Shanshan Technology Co., Ltd.	Ningde, Fujian	Ningde, Fujian	Industry		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Inner Mongolia Shanshan Technology Co., Ltd.	Baotou, Inner Mongolia	Baotou, Inner Mongolia	Industry		100.00	Newly established
Inner Mongolia Shanshan New Material Co., Ltd.	Baotou, Inner Mongolia	Baotou, Inner Mongolia	Industry		100.00	Newly established
Baotou Graphene Material Research Institute Co., Ltd. Note 2	Baotou, Inner Mongolia	Baotou, Inner Mongolia	Industry		50.00	Newly established
Huzhou Shanshan New Energy Technology Co., Ltd.	Huzhou, Zhejiang	Huzhou, Zhejiang	Industry		100.00	Consolidation not under same control
Inner Mongolia Shanshan Material Technology Co., Ltd.	Ulanqab, Inner Mongolia	Ulanqab, Inner Mongolia	Industry		100.00	Newly established
Sichuan Shanshan New Material Co., Ltd.	Meishan, Sichuan	Meishan, Sichuan	Industry		100.00	Newly established
Yunnan Shanshan New Material Co., Ltd.	Kunming, Yunnan	Kunming, Yunnan	Industry		100.00	Newly established
Ningbo Shanshan Silicon Based Materials Co., Ltd	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Ningbo Yongxiang Investment Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment		100.00	Newly established
Ningbo Yongquan Investment Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Shanshan New Materials (Quzhou) Co., Ltd	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		82.25	Consolidation not under same control
Dongguan Shanshan Battery Materials Co., Ltd	Dongguan, Guangdong	Dongguan, Guangdong	Industry		100.00	Newly established
Langfang Shanshan Battery Material Co., Ltd.	Langfang, Hebei	Langfang, Hebei	Industry		100.00	Newly established
Ningbo Shanshan Venture Capital Investment Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment	100.00		Newly established
Ningbo Shanshan Electric Vehicle Technology Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment	90.00	10.00	Newly established
Inner Mongolia Qingshan Automobile Co., Ltd.	Baotou, Inner Mongolia	Baotou, Inner Mongolia	Industry		94.43	Newly established
Shanghai Zhanxiao New Energy Technology Co., Ltd.	Shanghai	Shanghai	Industry		60.98	Newly established
Ningbo Shanshan Bada Power Assembly Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		70.00	Newly established
Ningbo Shanshan Automobile Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Ningbo Qingshan Automobile Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment		100.00	Newly established
Ningbo Shanpeng	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Investment Co., Ltd.						
Ningbo Ulica Solar Energy Technology Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry	90.04		Consolidation under same control
Ningbo Shanneng Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Consolidation under same control
Taizhou Shanhe Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Consolidation under same control
Taizhou Shanda Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Taizhou Shantai Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Wuyi Shansheng Photovoltaic Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Yongkang Shanlong Photovoltaic Power Generation Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Ningbo Shanhua Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Shaoxing Shandian Photovoltaic Power Generation Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Industry		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Ningbo Shanhui Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Ningbo Shanjie Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Sanmen Shanyuan Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Shaoxing Shanzi Photovoltaic Power Generation Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Industry		100.00	Newly established
Ningbo Shanlun Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Taizhou Shanyan New Energy Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Quzhou Shanhai Photovoltaic Power Generation Co., Ltd.	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		100.00	Newly established
Quzhou Qujiang Henglei Energy Technology Co., Ltd.	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		100.00	Consolidation not under same control
Ningbo Shanwen Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Quzhou Shanke	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Photovoltaic Power Generation Co., Ltd.						
Quzhou Shanyu New Energy Development Co., Ltd.	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		100.00	Newly established
Quzhou Qujiang Shanzhen New Energy Technology Co., Ltd.	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		100.00	Newly established
Sanmen Shangang Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Jinhua Shanbao Photovoltaic Power Generation Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Hangzhou Shanqiu Photovoltaic Power Generation Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Industry		100.00	Newly established
Jinhua Puzhong Photovoltaic Power Generation Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Taizhou Shanlin Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Quzhou Shantao Photovoltaic Power Generation Co., Ltd.	Quzhou, Zhejiang	Quzhou, Zhejiang	Industry		100.00	Newly established
Ningbo Shanshan Sunshine	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
New Energy Co., Ltd.						
Ningbo Shanheng Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Shaoxing Shansheng Photovoltaic Power Generation Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Industry		100.00	Newly established
Lanxi Shanrui New Energy Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Ningbo Ciguang New Energy Technology Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Consolidation not under same control
Wuyi Shanrun New Energy Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Taizhou Shantian Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Cixi Shante Photovoltaic Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Shaoxing Shanchang New Energy Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Industry		100.00	Newly established
Yuyao Shankai Photovoltaic Power Generation Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Jinhua Shangong Photovoltaic Power Generation Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Ningbo Xinquante New Energy Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Consolidation not under same control
Ningbo Haobo New Energy Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Consolidation not under same control
Jinhua Zhichao New Energy Technology Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Consolidation not under same control
Ningbo Shanteng New Energy Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Nanchang Shan'ao New Energy Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Industry		100.00	Newly established
Ningbo Yuyao Xiangtai Power Engineering Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Consolidation not under same control
Ningbo Taihui Photovoltaic Technology Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry		100.00	Newly established
Taizhou Shanxian Photovoltaic Power Generation Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Industry		100.00	Newly established
Xinchang Juheng New Energy Development Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Industry		100.00	Newly established
Zhejiang Guangliang New Energy Technology Co., Ltd.	Jinhua, Zhejiang	Jinhua, Zhejiang	Industry		100.00	Newly established
Ningbo Shanxin Photovoltaic Energy	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry	90.04		Newly established

Name of subsidiary	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Management Co., Ltd.						
Shanghai Shanshan Garment Co., Ltd.	Shanghai	Shanghai	Industry	90.00	10.00	Newly established
Shanghai Tunheng Trading Co., Ltd.	Shanghai	Shanghai	Industry	95.00	5.00	Newly established
Ningbo Shanshan Tongda Trading Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry	100.00		Newly established
Ningbo Haoheng Trading Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry	100.00		Newly established
Hong Kong Shanshan Resources Co., Ltd.	Hong Kong, China	Hong Kong, China	Investment	100.00		Newly established
Shanghai Nafei Clothing Co., Ltd.	Shanghai	Shanghai	Industry		90.00	Newly established
Shanghai Feihe Clothing Co., Ltd.	Shanghai	Shanghai	Industry		90.00	Newly established
Ningbo Yunling Zhichuang Park Operation Management Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Investment	100.00		Newly established
Shanshan Fashion Industrial Park Suqian Co., Ltd.	Suqian, Jiangsu	Suqian, Jiangsu	Industry	66.67	33.33	Newly established
Ningbo Yongshan Lithium Industry Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Industry	100.00		Newly established
Yongshan International Co., Ltd.	Hong Kong, China	Hong Kong, China	Industry		100.00	Newly established

Description of the percentage of shareholding in subsidiaries different from the percentage of voting rights:

Note 1: Description of the percentage of shareholding in subsidiaries different from the percentage of voting rights:

Shanshan Co., Ltd. acquired 70% of Suzhou Shanjin's share equity on 1 February 2021. According to the agreement, Shanshan Co., Ltd. will continue to purchase the remaining 30% of Suzhou Shanjin's share equity held by LG Chem in stages over the next three years to achieve 100% control of Suzhou Shanjin. As of 31 December 2022, Shanshan Co., Ltd.'s shareholding ratio has increased to 75%. Due to the fact that all variable income from the polarizer business of the three years belongs to Shanshan Shares, the subsequent transaction price of LG Chemical's equity has been determined and irrevocable. Therefore, 100% of the equity in the polarizer film business belongs to Shanshan Co., Ltd., and the equity held by LG Chem is reflected as liabilities. The Company has already paid the acquisition funds of 10% share equity in the second phase as agreed in February 2023.

Note 2: Holding half or less of the voting rights but still controlling the investee:

Baotou Graphene Material Research Institute Co., Ltd. is 50% owned by the Company, and the Company sends a majority of its directors and appoints all key management personnel.

2. Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio of non-controlling interests	Profit and loss attributable to non-controlling interests in the current period	Dividends declared to non-controlling interests in the current period	Balance of non-controlling interests' equity at the end of the period
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.(lithium anode material)	12.9230%	107,818,432.70		893,164,546.98

The minority shareholder Shanghai Shanhao (employee shareholding) has subscribed RMB 112 million to Shanshan Lithium Battery. As of the end of 2022, the first 10% payment of RMB 11.2 million has been completed, and the outstanding subscribed amount is RMB 100.8 million. The shareholders of all parties agree that during the period when the subscribed amount of in-service employees' shares has not been fully paid, they shall still enjoy the shareholder's equity in proportion to the subscribed amount.

3. Key financial information of significant non-wholly owned subsidiaries

Name of subsidiary	31 December 2022						31 December 2021					
	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 Shanshan Lithium Battery Material Technology Co., Ltd.(lithium anode material)	9,224,771,852.73	7,802,570,047.40	17,027,341,900.13	7,368,342,794.86	2,052,695,054.35	9,421,037,849.21	6,289,418,173.15	3,913,704,194.84	10,203,122,367.99	5,981,278,729.02	641,795,193.20	6,623,073,922.22

Name of subsidiary	Year 2022				Year 2021			
	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 Shanshan Lithium Battery Material Technology Co., Ltd.(lithium anode material)	8,201,095,924.35	920,331,523.33	920,331,523.33	-2,877,525,185.31	4,181,023,410.00	600,559,602.91	600,559,602.91	-45,799,933.24

(II) Transactions in which the share of ownership interest in a subsidiary changes but the subsidiary is still under control

1. Explanation of changes in the share of ownership interests in subsidiaries

In May 2022, Ningbo Shanshan New Energy Technology Developemnt Co., Ltd., Ningbo Meishan Bonded Port Zone Wending Investment Co., Ltd., BYD Co., Ltd., Ningde New Energy Technology Co., Ltd., and China Petroleum Group Kunlun Capital Co., Ltd. increased their capital contribution to Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. (hereinafter referred to as "Shanghai Shanshan Lithium Battery"), a subsidiary of the Company. The total amount of capital increase was RMB 3.05 billion, and the subscribed newly registered capital of Shanghai Shanshan Lithium Battery is RMB 305 million.

After the completion of this capital increase, the registered capital of Shanghai Shanshan Lithium Battery was changed from RMB 877 million to RMB 1.182 billion, and the Company's shareholding ratio in Shanghai Shanshan Lithium Battery was changed from 89.99% to 87.08%. Shanghai Shanshan Lithium Battery remains a controlling subsidiary of the company.

2. Effect of the transactions on minority interests and owners' equity attributable to equity owners of the Company

	Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.	
Item	Non-year-over-year capital increase	
Change proportion of equity held by the company (%)	2.9173%	
Adjustment to capital reserve for changes in share of net assets attributable to the company due to capital increase	49,240,837.14	

(III) Interest in joint venture arrangements or associates

1. Significant joint ventures or associates

Name of joint venture or associate	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		The accounting method for investments in joint ventures or associates
				Direct	Indirect	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Zhejiang	Yiwu	Commercial bank	7.06		Equity method
BASF Shanshan Battery Materials Co., Ltd	Hunan	Changsha	Industry		49.00	Equity method

2. Key financial information of important associates

	31 December 2022/Year 2022		31 December 2021/Year 2021	
	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd
Current assets	302,611,714,252.4 ₈	5,797,080,453.30	274,797,589,971.3 ₀	5,118,867,809.08
Non-current assets	24,409,649,762.92	3,348,725,578.14	21,248,176,771.50	2,976,570,323.65
Total assets	327,021,364,015.4 ₀	9,145,806,031.44	296,045,766,742.8 ₀	8,095,438,132.73
Current liabilities	259,041,789,100.0 ₅	2,563,855,032.38	230,575,217,312.7 ₄	3,483,280,589.95
Non-current liabilities	43,094,800,331.52	973,036,344.42	42,163,213,117.44	93,970,167.80
Total liabilities	302,136,589,431.5 ₇	3,536,891,376.80	272,738,430,430.1 ₈	3,577,250,757.75
Equity of non-controlling interests	23,555,057,347.2 ₀	5,608,914,654.6 ₄	22,143,473,442.4 ₃	4,518,187,374.9 ₈
Equity attributable to shareholders of the company	1,349,360,248.71	3,986,324,989.1 ₃	1,386,765,225.03	2,213,911,813.7 ₄
Share of net assets based on percentage of shareholding	137,136,237.39		137,136,237.39	1,237,956,808.3 ₅
Adjustment matters				
-Goodwill				
- Unrealized profit on internal transactions	137,136,237.39		137,136,237.39	1,237,956,808.3 ₅
-Others	1,486,496,486.10	3,986,324,989.1 ₃	1,523,901,462.42	3,451,868,622.0 ₉
Book value of equity investment in associates				
Fair value of equity investments in associates for which publicly quoted prices exist	23,555,057,347.2 ₀	5,608,914,654.6 ₄	22,143,473,442.4 ₃	4,518,187,374.9 ₈
Operating income	8,435,945,773.90	8,285,013,951.3 ₇	7,598,402,112.64	6,222,753,461.4 ₉

	31 December 2022/Year 2022		31 December 2021/Year 2021	
	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd
Net profit	1,919,216,774.40	1,056,277,673.28	1,847,371,546.22	495,653,881.45
Net profit from discontinued operations	1,780,125,009.86	1,056,277,673.28	1,738,345,028.18	495,653,881.45
Other comprehensive incomes	-10,426,567.13	33,454,449.04	10,685,779.07	
Total comprehensive income	1,908,790,207.27	1,089,732,122.32	1,858,057,325.29	495,653,881.45
Dividends received from associates during the period	19,780,800.00		24,726,000.00	

3. Aggregated financial information of immaterial joint ventures and associates

	31 December 2022/Year 2022	31 December 2021/Year 2021
Joint ventures:		
Ningbo Liweineng Energy Storage System Co., Ltd.	145,799,892.81	158,564,080.55
Associates:		
Ningbo Airport Logistics Development Co., Ltd.	170,201,585.77	163,682,370.27
Ningbo Shanqi Property Services Co., Ltd.	38,181,724.89	38,809,284.23
Suiyong Holdings Co., Ltd.	914,162,081.51	946,579,005.24
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	12,852,883.17	9,959,638.21
Ningbo Shantai Photovoltaic Power Generation Co., Ltd.		2,588,661.68
Anhui Shanyue Technology Co., Ltd.	4,156,627.26	4,650,251.96
Shanshan Brand Management Co., Ltd.	44,067,823.68	40,967,397.77
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	5,219,577.82	4,936,082.35
Jiangxi Zhanxiao New Energy Technology Co., Ltd	16,633,698.51	
Inner Mongolia Mengji New Carbon Materials Co., Ltd	93,011,322.95	62,615,398.43
Inner Mongolia Hengsheng New Energy Technology Co., Ltd		53,316,666.67

	31 December 2022/Year 2022	31 December 2021/Year 2021
Total book value of investments	1,444,287,218.37	1,486,668,837.36
Total of the following in proportion to shareholdings		
-Net profit	289,854.16	59,830,220.92
-Other comprehensive incomes	-4,154,464.41	12,636,932.66
-Total comprehensive income	-3,864,610.25	72,467,153.58

4. Excess losses incurred by joint ventures or associates

Name of joint venture or associate	Accumulated losses in the previous periods that are accumulated and unrecognized	Unrecognized loss in the current period (or net profit shared in the current period)	Accumulated unrecognized losses at the end of the period
Winsky Gaoke Group Co., Ltd.	-4,609,459.21	-7,635,789.08	-12,245,248.29

VIII. Risks associated with financial instruments

The Company is exposed to various financial risks in the course of its business: Credit risk, market risk and liquidity risk. The Company's Board of Directors has overall responsibility for the determination of risk management objectives and policies and is ultimately accountable for them, but the Board has delegated to the Company's internal control department the authority to design and implement procedures that will ensure that risk management objectives and policies are effectively implemented. The Company's internal auditors also audit risk management policies and procedures, and report findings to the Audit Committee.

The goal of corporate risk management is to get a balance between risk and return, to minimize the negative impact of risk on daily operating performance, and to maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of corporate risk management is to identify and analyze the various risks faced by the Company, establish an appropriate risk tolerance floor and manage the risks, and develop a risk management policy that minimizes risks without unduly affecting the company's competitiveness and resilience.

Based on the current scope and effectiveness of the Company's business operations and the Company's assets and liabilities, mainly financial instruments such as accounts receivable and investments in other equity instruments are exposed to certain risks.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur financial losses. The Company's credit risk mainly arises from cash at bank and on hand and receivables. In order to control the above related risks, the Company has taken the following measures respectively:

(1) Cash at bank and on hand

The Company places its bank deposits and other cash balances with financial institutions with high credit ratings, so its credit risk is low.

(2) Accounts receivable

It mainly refers to receivables resulting from credit sales by customers, and the main control measures adopted are as follows: Prepare and continuously revise and improve sales and credit management systems and processes related to customer information collection, customer development, customer maintenance, customer credit investigation, credit

assessment, credit limit management, customer blacklist management, bad debt assessment and recovery, customer file management, etc.; At the same time, the internal risk management mechanism of risk identification, response, tracking and control has been established with the risk asset management team as the responsible institution, which regularly organizes risk asset management meetings, evaluates the performance of credit-granting customers, defines the risk level based on the credit information and statistical data analysis of customers, and takes risk control measures such as key monitoring, letter issuance, collection, control, stopping delivery, lawyer's letter, filing lawsuits, as well as adopts information notification mechanisms for customers with different risk levels.

On the basis of strengthening the above-mentioned internal management, the Company has prepared a sales and credit risk evaluation system around customer fundamentals and different risk levels for customer's accounts receivable management, while conducting biannual internal control evaluation activities and corresponding control measures rectification activities on a regular basis.

As of 31 December 2022, the book value of accounts receivable within the scope of consolidated statements was RMB 4,694,974,423.38, accounting for 10.45% of the total assets at the end of the period, representing an increase of 18.58% year-over-year. The control of credit risk faces certain challenges, but under the implementation of the Company's strict risk management policy, the credit risk is still under control and the provision for impairment of accounts receivable already made is sufficient to cover its credit risk.

(II) Liquidity risk

Liquidity risk is the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets. It is the Company's policy to ensure that it has sufficient cash to pay its debts as they fall due. Liquidity risk is centrally controlled by the Company's Finance and Capital Department. The Finance and Capital Department ensures that the Company has sufficient funds to service its debt with all reasonable projections by monitoring cash balances, readily realizable marketable securities and rolling projections of cash flows for the next 12 months. As of 31 December 2022, the Company's current ratio of 1.47 and quick ratio of 0.97 were within a reasonable range, while the Company had other tools and strategies to protect against liquidity risk: First, as of 31 December, 2022, the Company and the consolidated subsidiaries had obtained bank credit facilities totalling RMB 27.443 billion, with RMB 17.405 billion in unused credit lines. Based on the Company's credit capacity and the bank's cooperative relationship, the Company can obtain bank financing in a short term. Second, the Company also has assets with good liquid such as the equity in Luoyang Molybdenum. Third, the Finance and Capital Department will make monthly statistics on the plan for the use of funds in the coming month and arrange a reasonable allocation of funds to improve the efficiency of the use of funds and reduce the flow risk.

(III) Market risk

Market risk of financial instruments is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing liabilities such as bank borrowings. As of 31 December 2022, the Company's bank borrowings totalled approximately RMB 8.392 billion, mainly bank borrowings with the benchmark interest rate (LPR) denominated in RMB floating up and down by a certain percentage; The Company has obtained 3.033 billion of medium- and long-term bank borrowings at the company level, and the maturity and interest rate structure of the financing is reasonable overall.

The Company's Finance and Capital Department continuously monitors interest rate levels.

An increase in interest rates will increase the cost of new interest-bearing debt and interest expense on the Company's outstanding interest-bearing debt with floating interest rates and adversely affect the Company's financial results. The Management Layer will make timely adjustments based on the latest market conditions, such as appropriate arrangements to increase the fixed interest rate ratio to address the risks associated with financial instruments.

2. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate changes is mainly related to the Company's foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, if there is a short-term imbalance, the company will adopt various foreign exchange tools such as buying and selling foreign currencies at market rates to control the exchange rate risk when necessary to ensure that the net exposure is maintained at an acceptable level.

At present, the company's main net exposure to US dollar liabilities is the payment of two subsequent equity acquisitions for the polarizer acquisition business. For details, please refer to this Note XII (I) 5. Agreed expenditure.

3. Other price risk

The Company holds equity investments in other listed companies and the Management Layer believes that the market price risk to which these investment activities are exposed is acceptable.

Item	Ending Balance (Yuan)	BOY Balance (Yuan)
Investments in other equity instruments - - Investments in listed equity instruments	712,498,127.25	881,742,983.68
Total	712,498,127.25	881,742,983.68

As of 31 December 2022, with all other variables held constant, if the value of the Company's financial instruments held rose or fell by 10%, the net assets at the end of the reporting period would rise or fall by 0.30% accordingly, with little impact on the Company's net assets in the long run.

IX. Disclosure of fair value

The input value used in the fair value measurement is divided into three levels:

The first level input value is the quotation not adjusted in the active market for the same assets or liabilities that can be obtained on the measurement date.

The second level input value is the direct or indirect observable input value of related assets or liabilities except for the first level input value.

The third level input value is the unobservable input value of related assets or liabilities.

The level of the fair value measurement results shall be decided according to the minimum level of input value that is of great significance to the overall fair value measurement.

(I) Ending fair value of assets and liabilities measured at fair value

Item	Fair value as of 31 December 2022			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
I. Continuous fair value measurement				
◆ Held-for-trading financial assets				
1. Financial assets at fair value				

Item	Fair value as of 31 December 2022			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
through profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets				
(4) Others				
2. Financial assets designated at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Others				
◆ Receivables financing			512,249,842.96	512,249,842.96
◆ Other debt investment				
◆ Investment in other equity instruments	712,498,127.25		36,916,462.76	749,414,590.01
(1) Investments in listed equity instruments	712,498,127.25			712,498,127.25
(2) Investments in unlisted equity instruments			36,916,462.76	36,916,462.76
◆ Other non-current financial assets		23,640,000.00	174,514,599.78	198,154,599.78
1. Financial assets measured at fair value through profit or loss		23,640,000.00	174,514,599.78	198,154,599.78
(1) Investment in debt instruments				
(2) Investment in equity instruments		23,640,000.00	174,514,599.78	198,154,599.78
(3) Derivative financial assets				
(4) Others				
2. Financial assets designated at fair value				

Item	Fair value as of 31 December 2022			Total
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	
through profit or loss				
(1) Investment in debt instruments				
(2) Others				
◆ Investment properties				
1. Land-use right for lease				
2. Leased buildings				
3. The land-use right which is held and prepared for transfer after appreciation				
Total assets continuously measured at fair value	712,498,127.25	23,640,000.00	723,680,905.50	1,459,819,032.75

(II) Basis for determining the market value of continuing and discontinuing Level-1 fair value measurement items

The closing price of the company's shares held on the balance sheet date is used as the market price.

(III) Continuing and discontinuing Level-2 fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

Item	Fair value as of 31 December 2022	Valuation technology
LP shares held in limited partnerships	23,640,000.00	The quoted prices of the shares of the companies in which the fund invests after the penetration exist in an active market and are recognized according to the shares of the fund held

(IV) Continuing and discontinuing Level-3 fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

The Company's Level-3 fair value measurement items are investments in other equity instruments, which are the "Three Nil" equity investments in which the Company has no control, joint control or significant influence, including the following:

- (1) The Company measured the investment at cost as a reasonable estimate of fair value because there were no significant changes in the business environment and operating conditions and financial position of the investee;
- (2) The Company measured the investee at 0 as a reasonable estimate of fair value because of the deterioration of the business environment and operating conditions and financial position of the investee;
- (3) The business environment and operating conditions and financial position of the investee have improved significantly, and there are comparable listed companies with

sufficient reliable access to operating and financial data of comparable companies, so the market approach and the PB of comparable companies are averaged and liquidity discount is considered to measure the fair value of the equity in the investee.

X. Related parties and related transactions

(I) Information about the parent company of the Company

Parent company name	Place of registration	Business nature	Registered capital (RMB million)	Parent company's shareholding ratio in the Company (%)	Parent company's voting right ratio in the Company (%)
Shanshan Group Co., Ltd.	26F, No. 777, Rili Middle Road, Shouan Street, Yinzhou District, Ningbo City, Zhejiang Province	Investment	279.9704	34.55	34.55

Controlling shareholder of the Company: Shanshan Holdings Co., Ltd. and Shanshan Group Co., Ltd., In addition to the shares held by Shanshan Group Co., Ltd., Shanshan Holdings Co., Ltd. directly holds RMB 72.2122 million of shares in the company, accounting for 3.19%. Ningbo Pengze Trading Co., Ltd. directly holds RMB 20.52648 million of shares in the company, accounting for 9.07%. Ningbo Zhoujielun Investment Co., Ltd. directly holds RMB 77.8733 million of shares in the company, accounting for 3.44%.

(II) Information about the subsidiaries of the Company

For details of the Company's subsidiaries, see "VII. Interests in Other Entities" of this Notes to Financial Statements.

(III) Information on the Company's joint ventures and associates

For details of the Company's significant joint ventures or associates, see "VII. Interests in Other Entities" of this Notes to Financial Statements.

Other joint ventures or associates with which the Company had related party transactions during the reporting period, or with which the Company had related party transactions forming the balance in prior periods, are as follows:

Name of joint venture or associate	Relationship with the Company	Explanation
Shanshan Brand Management Co., Ltd.	An associate	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	An associate	
Ningbo Airport Logistics Development Co., Ltd.	An associate	Note 1
Ningbo Liweineng Energy Storage System Co., Ltd.	A joint venture	
Anhui Liweineng Power Battery Co., Ltd.	A joint venture	
Winsky Gaoke Group Co., Ltd.	An associate	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	An associate	
Anhui Shanyue Technology Co., Ltd.	An associate	
Ningbo Shanqi Property Services Co., Ltd.	An associate	
BASF Shanshan Battery Materials Co., Ltd	An associate	
BASF Shanshan Battery Materials (Ningxiang) Co., Ltd.	An associate	

Name of joint venture or associate	Relationship with the Company	Explanation
BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	An associate	
Inner Mongolia Mengji New Carbon Materials Co., Ltd	An associate	
Inner Mongolia Hengsheng New Energy Technology Co., Ltd	An associate	Note 2
Suiyong Holdings Co., Ltd. .	An associate	

Note 1: Ningbo New Airport International Logistics Co., Ltd., which provides some logistics and transportation services for the Company, is a subsidiary of the Company.

Note 2: Our company transferred the equity of Inner Mongolia Hengsheng New Energy Technology Co., Ltd. in May 2022, and the transaction amount reported is for the period from January to April of this year when Hengsheng was still a joint venture.

(IV) Information on other related parties

Names of other related parties	Relationship between other related parties and the Company
Beiben Heavy Duty Automobile Group Co., Ltd.	Non-controlling interests of subsidiaries
Jiangsu Shanyuan Technology Co., Ltd.	Participating company
Jiangxi Zhanxiao New Energy Technology Co., Ltd	Associate of subsidiaries
Jinzhou Jixiang Molybdenum Industry Co., Ltd.	Affiliated enterprises of the ultimate controller
Ningbo Ligang Technology Service Co., Ltd.	Affiliated enterprises of the ultimate controller
Ningbo Shanju Industrial Co., Ltd.	Affiliated enterprises of the ultimate controller
Ningbo Shanshan Technology Venture Service Co., Ltd	Affiliated enterprises of the ultimate controller
Ningbo Shanshan Energy & Chemical Co., Ltd.	Affiliated enterprises of the ultimate controller
Ningbo Shanshan Senhuo Commercial Management Co., Ltd.	Affiliated enterprises of the ultimate controller
Ningbo Shanshan Products Co., Ltd	Affiliated enterprises of the ultimate controller
Ningbo Shanxin Commercial Real Estate Management Co., Ltd	Affiliated enterprises of the ultimate controller
Ningbo Shunnuo Trading Co., Ltd.	Affiliated enterprises of the ultimate controller
Shanshan Group Co., Ltd.	Ultimate controller
Shanshan Holdings Co., Ltd.	Ultimate controller
Shanshan Products Group Co., Ltd.	Affiliated enterprises of the ultimate controller
Shanghai Hongbao Business Consulting Co., Ltd.	Affiliated enterprises of the ultimate controller
Shanghai Guju Business Consulting Co., Ltd	Affiliated enterprises of the ultimate controller
Shanghai Mingxu Import & Export Co., Ltd.	Affiliated enterprises of the ultimate controller
Shanghai Shanshan Trading Co., Ltd.	Affiliated enterprises of the ultimate controller

Names of other related parties	Relationship between other related parties and the Company
Shanghai Shanshan Industrial Co., Ltd.	Affiliated enterprises of the ultimate controller
Shanghai Yinkai Business Consulting Co., Ltd.	Affiliated enterprises of the ultimate controller
Shanghai Zhiwei Industry and Trade Co., Ltd.	Affiliated enterprises of the ultimate controller

(V) Related transactions (Unless otherwise specified, the amount in this paragraph is RMB thousand)

1. Related transactions for the purchase and sale of goods, provision and receipt of services

Information of commodities purchased / labor services accepted

Related party	Contents of related transaction	Year 2022	Year 2021	Explanation
Jiangsu Shanyuan Technology Co., Ltd.	Purchase goods	23.52		
BASF Shanshan Battery Materials Co., Ltd	Purchase goods		3.41	
Fujian Evergreen New Energy Technology Co., Ltd.	Purchase goods		331,350.76	Note 1
Inner Mongolia Mengji New Carbon Materials Co., Ltd	Purchase goods	492,540.60	303,187.26	
Inner Mongolia Hengsheng New Energy Technology Co., Ltd	Purchase goods	149,150.71	136,887.83	Note 2
Shanshan Brand Management Co., Ltd.	Purchase goods	5,339.65		
Ningbo New Airport International Logistics Co., Ltd.	Transportation expenses	13,476.43	3,046.99	
Ningbo Ligang Technology Service Co., Ltd.	Utilities, property fee	360.21	267.83	
Ningbo Shanshan Technology Venture Service Co., Ltd	Property fee	1,233.83		
Ningbo Shunnuo Trading Co., Ltd.	Property fee	0.75		
iangxi Zhanxiao New Energy Technology Co., Ltd	Purchase goods	6,808.63		
Jinzhou Jixiang Molybdenum Industry Co., Ltd.	Purchase vehicle	1,500.00		
Winsky Gaoke Group Co., Ltd.	Charging car service fee	3,089.87	8,724.14	
Total		673,524.20	783,468.22	

Note 1: The purchase transaction from Fujian Changqing New Energy Technology Co., Ltd. in the previous period was made by the original subsidiary BASF Shanshan Battery Materials Co., Ltd. In August 2021, the company withdrew from the consolidation scope.

Note 2: Our company transferred the equity of Inner Mongolia Hengsheng New Energy Technology Co., Ltd. in May 2022, and the transaction amount reported is for the period from January to April of this year when Hengsheng was still a joint venture.

Information of commodities sold / labor services provided

Related party	Contents of related transaction	Year 2022	Year 2021
Winsky Gaoke Group Co., Ltd.	Charging car service fee	213.45	454.32
Anhui Liweineng Power Battery Co., Ltd.	Sales of goods	10,184.19	9,269.89
Ningbo Ligang Technology Service Co., Ltd.	Photovoltaic power sales	383.65	368.80
BASF Shanshan Battery Materials Co., Ltd	Sales of goods	39.06	29.20
BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	Sales of goods	0.52	-
BASF Shanshan Battery Materials Co., Ltd	Guarantee services	6,645.18	-
BASF Shanshan Battery Materials (Ningxiang) Co., Ltd.	Guarantee services	1,597.04	-
BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	Guarantee services	154.92	-
Fujian Evergreen New Energy Technology Co., Ltd.	Sales of goods	-	12,933.34
iangxi Zhanxiao New Energy Technology Co., Ltd	Sales of goods	792.89	-
Ningbo Shanjing Clothing Co., Ltd.	Utilities		1,187.69
Shanshan Brand Management Co., Ltd.	Utilities	543.64	1,116.94
iangxi Zhanxiao New Energy Technology Co., Ltd	Utilities	3.49	-
Jiangsu Shanyuan Technology Co., Ltd.	Utilities	0.54	-
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Utilities	106.04	-
Ningbo Shanshan Products Co., Ltd	Utilities	0.07	-
Ningbo Liweineng Energy Storage System Co., Ltd.	Utilities	108.64	153.77
Total		20,773.32	25,513.95

2. Related leases

The Company as the lessor:

Name of lessee	Types of leased assets	Lease income recognized in current period	Lease income recognized in last period
Ningbo Xinmingda Knitting Co., Ltd.	House and building		1,225.97
Ningbo New Airport International Logistics Co., Ltd.	House and building		308.85
Ningbo Shanjing Clothing Co., Ltd.	House and building		41.14
Shanshan Brand Management Co., Ltd.	House and building	2,973.64	1,778.03
Ningbo Liweineng Energy Storage System Co., Ltd.	House and building	1,105.92	565.94
Shanghai Shanshan Industrial Co., Ltd.	House and building	346.75	346.75
Ningbo Shanshan Products Co., Ltd.	House and building	695.14	746.88
Ningbo Shanxin Commercial Real Estate Management Co., Ltd.	House and building	825.40	-
Shanshan Products Group Co., Ltd.	House and building	295.48	286.79
Ningbo Shanshan Energy & Chemical Co., Ltd.	House and building	882.08	658.78
Shanghai Shanshan Trading Co., Ltd.	House and building		551.04
Shanghai Zhiwei Industry and Trade Co., Ltd.	House and building		183.69
Shanghai Mingxu Import & Export Co., Ltd.	House and building		106.79
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	House and building	731.43	-
iangxi Zhanxiao New Energy Technology Co., Ltd.	House and building	35.76	-
Ningbo Shanju Industrial Co., Ltd.	House and building	109.62	-
Total		8,001.22	6,800.65

The Company as the lessee:

Name of lessor	Types of leased assets	Year 2022					Year 2021				
		Rental costs for short-term leases and leases of low-value assets that are streamlined	And variable lease payments that are not included in the measurement of the lease liability	Rent paid	Interest expense on lease liabilities assumed	Increased right-to-use assets	Rental costs for short-term leases and leases of low-value assets that are streamlined	And variable lease payments that are not included in the measurement of the lease liability	Rent paid	Interest expense on lease liabilities assumed	Increased right-to-use assets
Ningbo Ligang Technology Service Co., Ltd.	House and building			3,237.32	196.94	6,472.37	-	-	1,519.66	14.86	1,504.80
Beijing Longding Huayuan Real Estate Development Co., Ltd.	House and building						82.31	-	-	-	-
Ningbo Shunnuo Trading Co., Ltd.	House and building	40.00		742.00	21.77	1,002.07	40.00	-	-	-	-
Shanshan Holdings Co., Ltd.	House and building			3,196.50	588.20	26,910.10	-	-	4,794.75	625.24	26,910.10
Shanshan Group Co., Ltd.	House and building			451.74	45.68	1,278.30	-	-	-	-	-

Name of lessor	Types of leased assets	Year 2022					Year 2021				
		Rental costs for short-term leases and leases of low-value assets that are streamlined	And variable lease payments that are not included in the measurement of the lease liability	Rent paid	Interest expense on lease liabilities assumed	Increased right-to-use assets	Rental costs for short-term leases and leases of low-value assets that are streamlined	And variable lease payments that are not included in the measurement of the lease liability	Rent paid	Interest expense on lease liabilities assumed	Increased right-to-use assets
Shanghai Guju Business Consulting Co., Ltd	House and building			2,236.90	330.56	8,198.81	-	-	-	-	-
Shanghai Hongbao Business Consulting Co., Ltd.	House and building			2,236.90	330.56	8,198.81	-	-	-	-	-
Shanghai Yinkai Business Consulting Co., Ltd.	House and building			1,518.57	224.41	5,565.94	-	-	-	-	-
Total		40.00	-	13,619.93	1,738.12	3,806.20	122.31	-	6,314.41	640.11	28,414.89

Explanation of related leases: The prices of related leases are consistent with the leasing prices of other non related parties in the same period.

Note: The company leased Shanghai Junkang Financial Plaza from Shanshan Holdings as an office space from 2021. Due to the lawsuit of the developer of Shanghai Junkang Financial Plaza this year, Shanghai Junkang Financial Plaza was auctioned by the court as collateral. From September 2022, the company began to lease from Shanghai Junsheng Tongda Real Estate Co., Ltd., the buyer of the auctioned property. The original lease contract was terminated, and the lease price of the new contract remains unchanged.

3. Related guarantees

The Company as the guarantor:

Guaranteed party	Guarantee amount	Guarantee start date	Guarantee expiration date	Amount used as of the end of the period	Whether the guarantee has been fulfilled
BASF Shanshan Battery Materials Co., Ltd	210,000.00	2022/10/8	2025/10/10	143,025.00	No
BASF Shanshan Battery Materials Co., Ltd	220,000.00	2022/10/8	2025/10/10		No
Shanshan Brand Management Co., Ltd.	80,000.00	2020/3/24	2023/4/7	70,000.00	No
Shanshan Brand Management Co., Ltd.	20,000.00	2022/10/8	2023/2/21	20,000.00	No
Total:	530,000.00			233,025.00	

The Company as the guaranteed party:

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiration date	Guaranteed borrowings balance (with margin deducted, excluding accrued interest at the end of the period)	Amount used as of the end of the period	Whether the guarantee has been fulfilled
Shanshan Group Co., Ltd.	300,000.00	2022/1/4	2024/1/3	100,000.00	100,000.00	No
Shanshan Holdings Co., Ltd.	200,000.00	2022/3/31	2025/3/31	200,000.00	200,000.00	No
Shanshan Holdings Co., Ltd.	3,000,000.00	2021/1/19	2026/1/19	1,427,340.00	1,427,340.00	No
Shanshan Group Co., Ltd.	500,000.00	2022/6/28	2024/2/27	300,000.00	300,000.00	No
Shanshan Group Co., Ltd.	200,000.00	2021/9/3	2024/9/3	200,000.00	200,000.00	No
Shanshan Group Co., Ltd.	100,000.00	2022/3/24	2028/3/11	100,000.00	100,000.00	No
Shanshan Group Co., Ltd.	400,000.00	2022/12/14	2025/12/14			No
Total:	470,000.00			2,327,340.00	2,327,340.00	

4. Inter-bank lending of related parties

Related party	Amount of inter-bank lending	Start date	Due date	Remarks
Inter-bank offered				
Winsky Gaoke Group Co., Ltd.	21,218.16	2018/1/1	2023/12/31	No longer exist at the

Related party	Amount of inter-bank lending	Start date	Due date	Remarks
				cloding time
Shanghai Shenshan New Energy Vehicle Service Co., Ltd.	15,966.37	2018/1/1	2023/12/31	No longer exist at the cloding time
Total	37,184.53			

Note: The above two companies are currently joint ventures and borrowed money from another subsidiary, Winsky Smart Technology Co., Ltd., during the subsidiary period. This year, Winsky Smart Technology Co., Ltd. withdrew from the consolidation scope due to equity disposal, and related receivables were also transferred out. There are no longer any funds borrowed within the consolidation scope.

5. Assets transfer and debt restructuring of related parties

Related party	Contents of related transaction	Year 2022	Year 2021
Jinzhou Jixiang Molybdenum Industry Co., Ltd. Note 1	Transfer of shares	480,000.00	
Ningbo Shanshan Senhuo Commercial Management Co., Ltd. Note 2	Transfer of shares	1,730.00	

Note 1: In January 2022, with the approval of the 24th meeting of the 10th Board of Directors of the company, Ningbo Shanshan Co., Ltd. agreed to transfer 100% of its equity in Hunan Yongshan Lithium Industry Co., Ltd. to its related party Jinzhou Jixiang Molybdenum Industry Co., Ltd., a wholly-owned subsidiary of the Company, the transaction price is based on the "Asset Evaluation Report on the Total Equity Value of Hunan Yongshan Lithium Industry Co., Ltd. Shareholders Involved in the Proposed Equity Change of Hunan Yongshan Lithium Industry Co., Ltd." issued by Yinxin Asset Evaluation Co., Ltd. After mutual agreement, it is determined to be RMB 480 million. As of January 2022, both parties have completed the equity delivery.

Note 2: Ningbo Shanshan Co., Ltd. agrees that its wholly-owned subsidiary Ningbo Shanshan Venture Capital Investment Co., Ltd. transferred its 100% equity of Beijing Shanshan Venture Capital Investment Co., Ltd. at a price of 1.73 million yuan to its affiliated party Ningbo Shanshan Senhuo Commercial Management Co., Ltd. As of June 2022, both parties have completed the share equity delivery process.

6. Other related transactions

(1) In 2022, the company and its subsidiaries have no bank loans in Zhejiang Chouzhou Commercial Bank Co., Ltd. As of December 31, 2022, the deposit balance of the company and its subsidiaries in Zhejiang Chouzhou Commercial Bank Co., Ltd. was 45.107 million yuan, and the interest income in 2022 was 4.6773 million yuan.

(2) During the period when Hunan Yongshan Lithium Industry Co., Ltd. withdrew from the scope of consolidation in 2022, it incurred a transaction of RMB 245,771.87 in social security funds withheld and paid on behalf of personnel.

(VI) Receivables and payables of associated parties

1. Receivable items

Project name	Related party	31 December 2022		31 December 2021	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable					
	Anhui Liweineng Power Battery Co., Ltd.	5,697.97	284.90	-	-
	BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	0.58	0.03	-	-
	Jiangsu Shanyuan Technology Co., Ltd.	261.16	26.12	-	-
	Jiangxi Zhanxiao New Energy Technology Co., Ltd	776.70	38.84	-	-
	Ningbo Liweineng Energy Storage System Co., Ltd.	3,814.13	190.71	2,103.33	108.92
	Ningbo Ligang Technology Service Co., Ltd.	9.85	0.49	-	-
	Ningbo Shanxin Commercial Real Estate Management Co., Ltd	623.31	31.17	-	-
	Shanshan Brand Management Co., Ltd.	227.32	11.37	243.54	12.18
	Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	-	-	381.50	19.08
Other receivables					
	Beiben Heavy Duty Automobile Group Co., Ltd.	55,980.47	27,990.23	56,032.10	11,206.40

Project name	Related party	31 December 2022		31 December 2021	
		Book balance	Bad debt provision	Book balance	Bad debt provision
	Jinzhou Jixiang Molybdenum Industry Co., Ltd.	130,000.00	6,500.00	-	-
	Ningbo Liweineng Energy Storage System Co., Ltd.	1,771.95	88.60	3,034.37	1,517.19
	Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	-	-	40,000.00	2,000.00
	Winsky Gaoke Group Co., Ltd.			22.00	1.10
	Suiyong Holdings Co., Ltd.	4500.00			
Long-term receivables and long-term receivables due within one year					
	Winsky Gaoke Group Co., Ltd.			21,218.16	8,487.26
	Shanghai Shenshan New Energy Vehicle Service Co., Ltd.			15,966.37	6,386.55

2. Payable items

Project name	Related party	31 December 2022	31 December 2021	Ex[lanation
Accounts payable				
	Jiangsu Shanyuan Technology Co., Ltd.	6.84		
	Jiangxi Winsky Intelligent Technology Co., Ltd.	-	7,458.38	
	Inner Mongolia Hengsheng New Energy Technology Co., Ltd		28,160.11	Note 1
	Inner Mongolia Mengji New Carbon Materials Co., Ltd	5,235.65	37,680.04	
	Ningbo Liweineng Energy Storage System Co., Ltd.	748.02	1,028.02	

Project name	Related party	31 December 2022	31 December 2021	Ex[planation
	Ningbo New Airport International Logistics Co., Ltd.	2,062.34	1,093.38	
	Shanshan Brand Management Co., Ltd.	1,325.67	-	
	Shanghai Huanbai Car Rental Co., Ltd.		80.00	
	Shanghai Shenshan New Energy Vehicle Service Co., Ltd.		1,332.86	
Other payables				
	Anhui Shanyue Technology Co., Ltd.	18.17	18.17	
	Jiangsu Shanyuan Technology Co., Ltd.	6.54	-	
	Jiangxi Zhanxiao New Energy Technology Co., Ltd	13.53	-	
	Ningbo Airport Logistics Development Co., Ltd.	-	20.00	
	Ningbo Liweineng Energy Storage System Co., Ltd.	85.86	299.89	
	Ningbo Shanqi Property Services Co., Ltd.	7,075.07	7,075.07	
	Ningbo Shanshan Energy & Chemical Co., Ltd.	154.36	-	
	Ningbo Shanshan Products Co., Ltd	88.23	96.15	
	Ningbo Shanxin Commercial Real Estate Management Co., Ltd	164.91	-	
	Ningbo New Airport International Logistics Co., Ltd.	730.00	-	
	Shanshan Brand Management Co., Ltd.	607.13	-	
	Shanshan Products Group Co., Ltd.	40.00	40.00	
	Shanghai Mingxu Import & Export Co., Ltd.	22.07	22.07	
	Shanghai Shanhui Financial Consulting Co., Ltd.	76.88	76.88	
	Shanghai Shanshan Industrial Co., Ltd.	146.30	146.30	
	Shanghai Zhiwei Industry and Trade Co., Ltd.	-	38.61	
Advances from customers				
	Ningbo Liweineng Energy Storage System Co., Ltd.		3.76	
	BASF Shanshan Battery Materials Co., Ltd.	0.06		

Project name	Related party	31 December 2022	31 December 2021	Ex[planation
	Jiangxi Winsky Intelligent Technology Co., Ltd. Shenzhen Branch		30.66	

Note 1: Our company transferred out the equity of Inner Mongolia Hengsheng New Energy Technology Co., Ltd. in May 2022, and there is no longer any related relationship. The ending balance is no longer reported as related party transactions.

XI. Share-based payment

(I) Share payment in general

1. 2019 Stock Option Incentives

The 2019 First Extraordinary General Meeting of Ningbo Shanshan Co., Ltd. was held on 12 August 2019, and the Thirty-fourth Meeting of the Ninth Session of the Board of Directors was held on 2 September 2019 to consider and adopt the Proposal on the *First Grant of Stock options to the Incentive Recipients under the Company's 2019 Share Option Incentive Plan*.

- Grant date: 2 September 2019
- Quantity granted: 59.4 million (additional 6.6 million reserved)
- Number of people granted: 128 persons
- Exercise price: RMB 11.29 per share
- Share sources: Issuance of A ordinary shares of the Company to the incentive recipients
- Validity period: The validity period of the 2019 Share Option Incentive Plan shall be calculated from the date of initial grant of stock options to the date of exercise or cancellation of all stock options granted to the incentive recipients, and shall not exceed a maximum of 60 months.
- Waiting period: The stock options granted are exercised in three exercises, and the corresponding waiting periods are from the date of the initial grant
12 months, 24 months, 36 months. The stock options granted to the incentive recipients can be exercised after the expiration of the waiting period.
- Exercise conditions:

Exercise period	Company performance assessment objectives
The first exercise period for initial grant of stock options	1. With the average operating income of the Company from 2016 to 2018 as the base, the compound growth rate of the operating income of the Company in 2019 shall not be less than 10%;
	2. With the average consolidated operating income of lithium business from 2016 to 2019 as the base, the compound growth rate of consolidated operating income of lithium business in 2019 shall not be no less than 20%.
The second exercise period for initial share option grant	1. With the average operating income of the Company from 2016 to 2018 as the base, the compound growth rate of the operating income of the Company in 2020 shall not be less than 10%;
	2. With the average consolidated operating income of lithium business from 2016 to 2020 as the base, the compound growth rate of consolidated operating income of lithium business in 2020 shall not be no less than 20%.

Exercise period	Company performance assessment objectives
The third exercise period for initial share option grant	<p>1. With the average operating income of the Company from 2016 to 2018 as the base, the compound growth rate of the operating income of the Company in 2021 shall not be less than 10%;</p> <p>2. With the average consolidated operating income of lithium business from 2016 to 2018 as the base, the compound growth rate of consolidated operating income of lithium business in 2021 shall not be no less than 20%.</p>

As considered and approved by the Sixth Extraordinary General Meeting of Shareholders on 12 November 2021, the *Proposal on Adjusting Part of the Performance Appraisal Targets of the Company's 2019 Share Option Incentive Plan and Amending Relevant Documents*, if matters affecting the scope of consolidation of the Company's operating income such as asset/equity acquisition or asset/equity transfer occur in the appraisal year, and such matters have a significant impact on the Company's core business, the appraisal targets for the current year and subsequent years shall be calculated by deducting the operating income consolidated as a result of such matters and adding back the operating income reduced as a result of such matters.

Accordingly, the operating income of the polarizer business acquired in the current year was deducted, and the operating income of the anode business from September to December, which was withdrawn from the scope of consolidation due to the transfer of equity, was added back as the basis of calculation.

9. Exercise arrangements:

Exercise of rights	Exercise time	Number of exercisable rights as a percentage of the number of interests granted
The third exercise period	Trading days during the period from 2 September 2022 to 1 September 2023	34%

3. On 17 October 2022, the company held the 34th meeting of the 10th Board of Directors and the 22nd meeting of the 10th Board of Supervisors, deliberation and approval the *"Proposal on Cancelling Partial Stock Options of the 2019 Stock Option Incentive Plan of the Company"* and the *"Proposal on Meeting the Exercise Conditions for the Third Exercise Period of Stock Options Granted for the First Time in the 2019 Stock Option Incentive Plan of the Company"*. The independent directors of the company have expressed their independent opinion in agreement with this. The exercise conditions for the third exercise period of the first granted stock option have been met, and after adjustment, a total of 110 incentive recipients are exercisable, with a total of 25507820 shares of RMB ordinary shares (A shares). With a par value of RMB 1.00 per share, an issue price of RMB 7.28 per share.

The third exercise period is divided into two exercises, with the first batch of 102 people exercised in October 2022, and the number of exercised shares is 11,950,320.00 shares; In December 2022, the third phase of the second exercise was conducted with 8 people and 13,557,500.00 shares were exercised.

2. 2022 Stock Option and Restricted stock Incentive Plan

On 14 March 2022, the Company held the first extraordinary general meeting of 2022, the 26th meeting of the 10th Board of Directors and the 17th meeting of the 10th Board of Supervisors were held, deliberation and approval the *Proposal on the 2022 Incentive Plan for Stock Options and Restricted Stock of Ningbo Shanshan Co., Ltd. (Draft) and its Abstract* were reviewed and *Proposal on the Management Measures for the Implementation and Assessment of Incentive Plan of Stock Option and Restricted stock of Ningbo Shanshan Co., Ltd. in 2022*.

1. Grant date: 26 May 2022
3. Quantity and number of people granted: The incentive recipients for stock options is 435 people, with a grant quantity of 45.01 million shares; The incentive recipients of Restricted stock are 417 people; The number of shares granted is 18,334,100.
3. Grant Price: The exercise price of the stock options granted for the first time in this incentive plan is RMB 28.18 per share; The grant price of Restricted stock is RMB 14.09 per share
4. Share sources: Issuance of A ordinary shares of the Company to the incentive recipients.
5. Validity period: The validity period of the Share Option Incentive Plan shall be calculated from the date of initial grant of stock options to the date of exercise or cancellation of all stock options granted to the incentive recipients, and shall not exceed a maximum of 72 months. Restricted stock shall be calculated from the date of initial grant of restricted stock to the date of exercise or cancellation of all restricted stock granted to the incentive recipients, and shall not exceed a maximum of 72 months ;
6. Waiting period and restricted period: The stock options granted for the first time are exercised in four exercises, and the corresponding waiting periods are 12 months, 24 months, 36 months and 48 months from the date of the initial grant The restrictions on sales of Restricted stock granted for the first time in this incentive plan are lifted four times, and the corresponding restrictions on sales are 12 months, 24 months, 36 months and 48 months from the date of completion of the registration of the first grant.
8. Exercise conditions:
The Company's performance conditions, departmental performance assessment and individual performance assessment of stock options and Restricted stock under this incentive plan are as follows:

- (1) The Company's performance conditions for the exercise of the first granted stock options and Restricted stock/the lifting of restrictions on sales are as follows:

Exercise/ Lifting of Restriction Period	Performance assessment objectives
First exercise/lifting of restriction period of the First Grant	With the comparison operating income of the Company in 2021 as the base, the growth rate of the operating income of the Company in 2022 shall not be less than 30%;
Second exercise/lifting of restriction period of the First Grant	With the comparison operating income of the Company in 2021 as the base, the growth rate of the operating income of the Company in 2023 shall not be less than 75%;
Third exercise/lifting of restriction period of the First Grant	With the comparison operating income of the Company in 2021 as the base, the growth rate of the operating income of the Company in 2024 shall not be less than 130%;
Fourth exercise/lifting of restriction period of the First Grant	With the comparable operating income of the Company in 2021 as the base, the growth rate of the operating income of the Company in 2025 shall not be less than 165%;

Note 1: Due to business adjustments of the company, Hunan Shanshan Energy Technology Co., Ltd. (now known as "BASF Shanshan Battery Materials Co., Ltd."), a subsidiary of the positive electrode materials business, will no longer be included in the company's consolidation scope from

September 2021. To ensure comparability of assessment indicators between years, the above comparability refers to the fact that the operating income generated by the positive electrode materials business in the consolidated financial statements of the same year needs to be excluded from the operating income generated by the positive electrode materials business in 2021 as the base.

Note 2: If the Company occurs asset/equity transfer or other matters that affect the scope of consolidation during the assessment year, in order to ensure comparability of the assessment indicators between years, the impact of such matters should be excluded when calculating the actual growth rate of the assessment year

If the Company fails to meet the above performance assessment objectives, all stock options corresponding to the planned exercise of the corresponding assessment year for the incentive recipients shall not be exercised and shall be cancelled by the company; All incentive recipients shall not lift the restrictions on sales of Restricted stock that can be lifted in the assessment year, and the company shall repurchase and cancel them. The repurchase price is the sum of the grant price and the bank deposit interest in the same period.

(2) The conditions for departmental performance assessment are as follows:

During the implementation of this incentive plan, when the performance assessment indicators at the company level are achieved, each department will determine the department assessment coefficient corresponding to the lifting of restrictions on sales of Restricted stock of the department in the current year according to the department performance assessment scheme of each assessment year.

The performance evaluation results of each department level of the company and their corresponding department evaluation standard coefficients are divided into four levels according to the table below: A, B, C, and D. The required score (S) and the calculation method for score (S) for each level are as follows:

Score from operating income(S ₁)	$S_1 = \text{Min} [0.5, (\text{Actual completion growth rate of operating income} \div \text{expected growth rate of operating income}) * 0.5]$			
Score from net income (S ₂)	$S_2 = \text{Min} [0.5, (\text{Actual completion growth rate of net income} \div \text{expected growth rate of net income}) * 0.5]$			
Level Assessment	Level A	Level B	Level C	Level D
Total Scores (S=S ₁ +S ₂)	$0.9 \leq S \leq 1$	$0.8 \leq S \leq 0.9$	$0.7 \leq S \leq 0.8$	$S < 0.7$
Assessment standard coefficient of the department	100%	90%	80%	0

The recipients of this incentive are all from the polarizer business department or negative electrode material business department, and their corresponding annual expected growth rates of departmental performance are shown in the table below:

Exercise of rights/ Lifting restricted sales period	Expected growth rate of performance indicators for polarizer business department		Expected growth rate of performance indicators for negative electrode material business department	
	First exercise/lifting of restriction period the First Grant	Operating income	Based on the operating income of the polarizer business in 2021, the expected growth rate of the operating income of the polarizer business in 2022 is 17%	Operating income
Net profit		Based on the net income of the polarizer business in 2021, the expected growth rate of the net	Net profit	Based on the net income of the negative electrode material business in 2021, the expected growth rate of the net income of the

Exercise of rights/ Lifting restricted sales period	Expected growth rate of performance indicators for polarizer business department		Expected growth rate of performance indicators for negative electrode material business department	
		income of the polarizer business in 2022 is 14%		negative electrode material business in 2022 is 65%
Second exercise/lifting of restriction period the First Grant	Operating income	Based on the operating income of the polarizer business in 2021, the expected growth rate of the operating income of the polarizer business in 2023 is 44%	Operating income	Based on the operating income of the negative electrode material business in 2021, the expected growth rate of the operating income of the negative electrode material business in 2023 is 170%
	Net profit	Based on the net income of the polarizer business in 2021, the expected growth rate of the net income of the polarizer business in 2023 is 30%	Net profit	Based on the net income of the negative electrode material business in 2021, the expected growth rate of the net income of the negative electrode material business in 2023 is 165%
Third exercise/lifting of restriction period the First Grant	Operating income	Based on the operating income of the polarizer business in 2021, the expected growth rate of the operating income of the polarizer business in 2024 is 72%	Operating income	Based on the operating income of the negative electrode material business in 2021, the expected growth rate of the operating income of the negative electrode material business in 2024 is 300%
	Net income	Based on the net income of the polarizer business in 2021, the expected growth rate of the net income of the polarizer business in 2024 is 50%	Net income	Based on the net income of the negative electrode material business in 2021, the expected growth rate of the net income of the negative electrode material business in 2024 is 300%
Fourth exercise/lifting of restriction period the First Grant	Operating income	Based on the operating income of the polarizer business in 2021, the expected growth rate of the operating income of the polarizer business in 2025 is 84%	Operating income	Based on the operating income of the negative electrode material business in 2021, the expected growth rate of the operating income of the negative electrode material business in 2025 is 390%
	Net income	Based on the net income of the polarizer business in 2021, the expected growth rate of the net income of the polarizer business in 2025 is 67%	Net income	Based on the net income of the negative electrode material business in 2021, the expected growth rate of the net income of the negative electrode material business in 2025 is 450%

Note 1: The above "operating income of polarizer business", "net income of polarizer business", "operating income of negative electrode material business", and "net income of negative electrode material business" refer to the relevant financial information reported in the audited financial reports of the listed company's segments.

For the Restricted stock that the incentive recipients cannot lift the restrictions on sales in the current period due to performance appraisal reasons, the company will repurchase and cancel them. The repurchase price is the sum of the grant price and the bank deposit interest in the same period.

(3) The personal performance assessment conditions of the incentive recipients are as follows:

During the implementation of this incentive plan, the Company will conduct annual performance assessment on individual incentive recipients every year in accordance with the *Administrative Measures of Ningbo Shanshan Co., Ltd. on the Implementation and Assessment of Incentive Plan for 2022 Stock Option and Restricted Stock* and relevant provisions, and determine the exercise and lifting of restrictions corresponding to the performance assessment level of individual incentive objects according to the results of comprehensive performance assessment.

If the performance assessment at the company level meets the standards for each year, the actual limit of sales lifted by an individual in the current year = the planned limit of sales lifted by the individual in the current year × Coefficient of assessment standards for their department × Individual assessment standard coefficient.

The individual performance assessment results of the incentive recipients and their corresponding individual assessment standard coefficients are divided into four levels: A, B, C, and D according to the following table:

Individual performance assessment result	A.	B	C	D
Assessment standard coefficient of the individual	1.0	0.8	0.6	0

For the Restricted stock that the incentive recipients cannot release the restrictions on sales in the current period due to performance assessment reasons, the company will repurchase and cancel them. The repurchase price is the sum of the grant price and the bank deposit interest in the same period.

9. Exercise arrangements:

The the exercise arrangement of the first granted stock options and Restricted stock/the lifting of restrictions on sales are as follows:

Exercise/ Lifting of Restriction Arrangement	Exercise/ Lifting of Restriction Time	Number of can be exercised rights/ lifted restricted for sale stock quantity as a percentage of the number of interests granted
The first exercise/lifting of restriction period	From the first trading day 12 months after the completion of the first grant registration to the last trading day within 24 months after the completion of the first grant registration	25%
The second exercise/lifting of restriction period	From the first trading day 24 months after the completion of the first grant registration to the last trading day within 36 months after the completion of the first grant registration	25%
The third exercise/lifting of restriction period	From the first trading day 36 months after the completion of the first grant registration to the last trading day within 48 months after the completion of the first grant registration	25%
The fourth exercise/lifting of restriction period	From the first trading day 48 months after the completion of the first grant registration to the last trading day within 60 months after the completion of the first grant registration	25%

(II) Equity-settled share-based payments

At the balance sheet date, the Company revises the number of stock options expected to be exercisable based on the latest acquired subsequent information such as changes in the number of exercisable options and the achievement of performance targets, and includes the services acquired in the current period in the related cost or expense and capital reserves based on the fair value of the stock options at the date of grant.

The Company selected the Black-Scholes model to calculate the fair value of the options and used the closing price on 23 February 2022 as the base price to measure the 45.08

million stock options for the initial grant.

On the balance sheet date, the Company will revise the number of Restricted stock expected to be lifted according to the latest information on the number of people who can be lifted from restrictions, the completion of performance indicators and other follow-up information, and record the services obtained in the current period into relevant assets, costs or expenses and capital reserves according to the fair value of Restricted stock on the grant date.

Reasons for material differences between estimates for this period and last estimates: No such case.

(III) Modification and termination of share-based payment

1. 2019 Stock Option Incentive Plan

On 26 May 2022, the company held the 30th meeting of the 10th Board of Directors and the 20th meeting of the 10th Board of Supervisors, deliberation and approval the *Proposal on Adjusting the Exercise Price of the 2019 Stock Option Incentive Plan*. Considering that the company had completed the 2021 equity distribution on 10 May 2022, it was agreed to adjust the exercise price of stock options granted but not yet exercised in this incentive plan to RMB 7.28 per share.

3. On 17 October 2022, the company held the 34th meeting of the 10th Board of Directors and the 22nd meeting of the 10th Board of Supervisors, deliberation and approval the *"Proposal on Cancelling Partial Stock Options of the 2019 Stock Option Incentive Plan of the Company"* and the *"Proposal on Meeting the Exercise Conditions for the Third Exercise Period of Stock Options Granted for the First Time in the 2019 Stock Option Incentive Plan of the Company"*. The independent directors of the company have expressed their independent opinion in agreement with this. The exercise conditions for the third exercise period of the first granted stock option have been met, and after adjustment, a total of 110 incentive recipients are exercisable, with a total of 25,507,820 shares of RMB ordinary shares (A shares). With a par value of RMB 1.00 per share, an issue price of RMB 7.28 per share.

The third exercise period is divided into two exercises, with the first batch of 102 people exercised in October 2022, and the number of exercised shares is 11,950,320.00 shares; In December 2022, the third phase of the second exercise was conducted with 8 people and 13,557,500.00 shares were exercised.

2. 2022 Stock Option and Restricted stock Incentive Plan

On 26 May 2022, the company held the 30th meeting of the 10th Board of Directors and the 20th meeting of the 10th Board of Supervisors, deliberation and approval the *Proposal on Adjusting the Exercise Price of Stock Options in the Company's 2022 Stock Option and Restricted Stock Incentive Plan and Cancelling Some Stock Options* was reviewed and passed, and the *Proposal on Adjusting the List of Incentive Objects, Grant Price and Grant Quantity of Restricted stock in the Company's 2022 Stock Option and Restricted Stock Incentive Plan*. Whereas the completion of equity distribution in 2021 by the Company on 25 May 2022, the Board of Directors of the Company agreed to adjust the exercise price of stock options in this incentive plan from RMB 28.18 /share to RMB 27.85 /share, and the grant price of Restricted stock in this incentive plan from RMB 14.09 /share to RMB 13.76 /share. Whereas the fact that 7 of the first granted incentive recipients determined in the Company's equity incentive plan no longer meet the incentive recipients qualification due to resignation from the Company, 13 incentive recipients gave up subscription for personal reasons, and some incentive recipients voluntarily gave up part of their rights and interests, the Board of Directors of the Company agreed to adjust the list of incentive recipients and the number of grants of Restricted stock granted for the first time accordingly. After this adjustment, the incentive recipients granted to Restricted stock for the first time in this incentive plan have been adjusted from 437 to 417; The number of Restricted stock granted for the first time was adjusted from 19,320,000 shares to 18,334,100 shares.

XII. Commitments and contingencies**(I) Important commitments****1. Mortgaged and pledged assets**

Item	Original value of collateral	Net value of collateral	
Intangible assets - borrowings mortgage and pledge	442,046,111.05	404,323,250.65	Note 1
Intangible assets - borrowings mortgage	1,009,852,988.74	917,099,980.72	Note 1
Construction in process- borrowings mortgage	195,436,918.03	195,436,918.03	Note 1
Fixed assets- After sale leaseback	2,307,248,840.65	1,652,604,646.17	Note 2
Account receivable- Pledge financing	105,706,665.70	105,431,828.37	
Total	4,060,291,524.17	3,274,896,623.93	
In which: held for sale			
Intangible assets - borrowings mortgage and pledge	27,538,698.00	24,096,360.75	
Intangible assets - borrowings mortgage	113,362,832.97	88,662,772.52	
Fixed assets- leaseback	79,681,706.66	35,437,679.57	

Note 1: The specific situation of bank credit by using assets to mortgage is as follows:

Item	Net value of collateral	Beneficiary Bank	Credit terms	Credit limit	Short-term borrowing balance	Balance of long-term borrowings due within one year	Long-term borrowing balance	Credit used total amount
House, land	112,759,133.27	Qiujiang Rural and Commercial Bank, Nanhu Sub-branch	Mortgage	78,835,800.00	38,050,875.00			59,050,875.00
		CCB Quzhou Branch		35,563,000.00	21,000,000.00			
Patent right	0.00	South Taihu New District Sub-branch of Huzhou Wuxing Rural Commercial Bank Co., Ltd.	Pledges	31,300,000.00	9,900,000.00			9,900,000.00
House	52,479,523.61	Chinatrust Commercial Bank	Mortgage	27,276,000.00	11,372,940.04			11,372,940.04
House, land	972,076,287.18	Export-Import Bank	Mortgage	400,000,000.00		70,242,000.00	106,000,000.00	176,242,000.00
Land	48,212,218.45	Bank of Jiangsu	Secured and guaranteed	200,000,000.00			28,437,314.45	28,437,314.45
Land	72,190,765.08	Industrial Bank Co., Ltd. Chengdu Branch	Secured and guaranteed	2,200,000,000.00			773,857,138.80	773,857,138.80
House, land	91,099,334.74	Shanghai Rural Commercial Bank Lingang New Area Sub-branch	Secured and guaranteed	95,000,000.00			18,224,605.38	18,224,605.38
House, land	168,042,887.07	Bank of Xiamen Co.,	Secured and guaranteed	250,000,000.00		16,000,000.00	86,207,984.72	102,207,984.72

Item	Net value of collateral	Beneficiary Bank	Credit terms	Credit limit	Short-term borrowing balance	Balance of long-term borrowings due within one year	Long-term borrowing balance	Credit used total amount
		Ltd. Ningde Branch						
	1,516,860,149.40			3,317,974,800.00	80,323,815.04	86,242,000.00	1,012,727,043.35	1,179,292,858.39

Note 2: The subsidiaries of Ningbo Shanxin Photovoltaic Energy Management Co., Ltd., Inner Mongolia Shanshan New Material Co., Ltd., Inner Mongolia Shanshan Technology Co., Ltd., Fujian Shanshan Technology Co., Ltd., Shanghai Shanshan Technology Co., Ltd., Ningbo Shanshan New Material Technology Co., Ltd. and Shanshan New Material (Quzhou) Co., Ltd. rented the equipment in the form of financial lease. By the end of the period, the situation is as follows:

Company	Net value of fixed assets	Balance of long-term accounts payable due within one year	Balance of long-term account payable	Other current liabilities:
The subsidiaries of Ningbo Shanxin Photovoltaic Energy Management Co., Ltd.	604,718,919.76	95,443,115.18	128,972,183.07	
Shanshan New Material (Quzhou) Co., Ltd.	35,437,679.57	5,028,690.00		
Inner Mongolia Shanshan New Material Co., Ltd.	222,274,444.78	103,242,590.69	76,677,800.14	
Inner Mongolia Shanshan Technology Co., Ltd.	386,015,307.28	155,858,717.37	93,821,631.05	
Fujian Shanshan Technology Co., Ltd.	126,442,621.21	46,666,666.68	47,039,666.64	
Shanghai Shanshan Technology Co., Ltd.	15,860,540.52	17,075,641.85	-	
Ningbo Shanshan New Material Technology Co., Ltd.	102,739,057.04	-	-	110,487,065.64
Chenzhou Shanshan New Material Co., Ltd.	159,116,076.01	30,766,467.23	100,291,618.44	
Total	1,652,604,646.17	454,081,889.00	446,802,899.34	110,487,065.64

Company	Net value of fixed assets	Balance of long-term accounts payable due within one year	Balance of long-term account payable	Other current liabilities:
In which: held for sale	35,437,679.57	5,028,690.00		

2. Assets Pledge

Pledged assets	Carrying amount	Contents of guaranteed debts
Other cash balances - bank acceptance deposit	740,152,177.46	Bank acceptance bill issued
Other cash balances - letter of credit deposit	128,905,140.63	Letter of credit issued
Other cash balances - guarantee deposit	30,411,993.79	Guarantee issued
Other cash balances - other deposits	3,922,037.75	Foreign exchange settlement and procurement
Account receivable	105,706,665.70	Pledged borrowings
Long term equity investment - Suzhou Shanjin equity	6,824,336,885.19	Borrowing
Subtotal	7,833,434,900.52	

Note 1: In this year, Ningbo Shanshan Co., Ltd. pledged 75% of its equity in Shanjin Optoelectronics (Suzhou) Co., Ltd. to obtain the loan. As of 31 December 2022, the situation is as follows:

Limited project	Creditor	Amount of pledged property	Long-term borrowings	Non-current liabilities due within one year
Long term equity investment - Suzhou Shanjin equity	China Merchants Bank Ningbo Branch, China Construction Bank Ningbo Branch, Shanghai Rural and Commercial Bank Zhangjiang Technology Park Branch	6,824,336,885.19	1,427,340,000.00	1,809,946.42

Note 2: In addition, the subsidiaries of the company's engaged in distributed photovoltaic power plants borrowed from banks by pledging the future usufructs of the power sales contracts signed with the State Grid to the banks, with Ningbo Shanshan Co., Ltd. as the guarantor.

Borrowing entity	Pledge and mortgage	Scale of relevant power stations	Borrowing balance	
	Item		Long-term borrowings due within one year:	Long-term borrowings
The subsidiaries of Ningbo Shanxin Photovoltaic Energy Management Co., Ltd.	Beneficial right of distributed solar photovoltaic power stations	The total installed capacity is 90.14MW	32,577,409.39	144,203,590.05

3. Outstanding letters of credit

Currency	Amount in original currency
Japanese yen	6,251,625,660.00
USD	2,000,000.00

4. Outstanding letters of guarantee

Category	Currency	Amount in original currency
Aggregate taxation guarantee	CNY	90,000,000.00
Quality guarantee	CNY	3,070,000.00
Quality guarantee	EUR	46,072.80

5. Agreed expenditure

The main expenditure items agreed in the contract signed by the company are as follows:

Item	Content	Amount
Main Construction Projects		
Shanjin Mianyang project	Construction in process	124,670,451.23
Shanjin Zhangjiagang project	Construction in process	970,037,828.84
Yunnan Anning integrated base project for annual production of 300000 tons of Lithium Ion Battery negative electrode materials	Construction in process	1,317,780,611.05
Sichuan Phase I integrated base project for annual production of 200000 tons of Lithium Ion Battery negative electrode materials	Construction in process	851,163,555.75
Subtotal		3,263,652,446.87
Polarizer acquisition and subsequent purchase of 25% equity held by LG Chem	Purchase 10% in 2023	USD 126,072,000.00
	Purchase 15% in 2024	USD 204,867,000.00
Subtotal		USD 330,939,000.00

(II) Contingency**1. Important contingencies existing on Balance Sheet date**

Guaranteed unit	Total guarantee	Balance of guaranteed borrowings (with margin deducted)	Balance of guarantee for issuing bank acceptance bill (with bill margin deducted)	Letter of credit (with margin deducted) and others	Leases	Actual use limit at the end of the period
Subsidiaries within the consolidation scope guaranteed by the company	14,215,452,411.44	3,612,932,275.96	1,453,527,149.54	621,669,250.31	1,338,477,814.10	7,026,606,489.91
Subsidiaries within the consolidation scope guaranteed mutually	348,635,665.38	93,568,850.02	37,505,000.00		80,471,841.67	211,545,691.69
Company guaranteed by subsidiaries within the consolidation scope	675,000,000.00	300,364,222.22				300,364,222.22
Company guaranteed by non-consolidated related parties	4,700,000,000.00	2,327,340,000.00				2,327,340,000.00
Non-consolidated related parties guaranteed by the company	530,000,000.00	225,525,000.00	7,500,000.00			233,025,000.00

2. Pending litigation**Litigation with the company as the plaintiff**

Plaintiff	Defendant	Prosecution time	Amount of litigation	Book amount receivable at the end of the period	Proportion of accrued bad debt reserves (%)	Case progress
Ningbo Ulica Solar Energy Technology Development Co., Ltd.	ZJ Co., Ltd.	Year 2020	Pay for the balance payment of goods, interest, guarantee fee and lawyer's fee, totalling RMB1,106,974.02	995,490.63	100	Still in arbitration

Plaintiff	Defendant	Prosecution time	Amount of litigation	Book prepaid amount at the end of the period	Case progress
Ningbo Ulica Solar Energy Technology Development Co., Ltd.	SH New Materials Co., Ltd.	Year 2022	Pay for the balance payment of goods, interest,	109,469.44	On January 16, 2023, the case was judged and won, and on

Plaintiff	Defendant	Prosecution time	Amount of litigation	Book prepaid amount at the end of the period	Case progress
			guarantee fee and lawyer's fee, totalling RMB 202,263.33		March 20, 2023, it entered the enforcement stage

Litigation with the company as the defendant

Plaintiff	Defendant	Prosecution time	Litigation request	Estimated liabilities	Case progress
GT Company Limited	Ningbo Ulica Solar Energy Technology Development Co., Ltd.	Year 2020	Compensate for economic losses, estimated losses, appraisal fee and lawyer's fee, totalling RMB 7,889,079.58 元	It is still in arbitration and the result cannot be predicted	Still in arbitration
HL Company Limited	Chenzhou Shanshan New Material Co., Ltd.	Year 2022	Compensation for the outstanding equipment payment of RMB 8,352,000	It is still in arbitration and the result cannot be predicted	Still in arbitration, bank deposits of RMB 9.5 million have been frozen.

3. Major litigation cases that have been closed or settled but have not been completed

Plaintiff	Defendant	Amount of litigation	Carrying amount at the end of the period	Proportion of accrued provision for asset impairment (%)	Case progress
Shanghai Shanshan Technology Co., Ltd.	Customer ZX	10,938,575.00	4,627,840.70	100	Settlement reached but not repaid according to schedule

XIII. Matters after the balance sheet date

(I) Important non-adjustment matters

1、Sale of equity interest in subsidiary

(1) On 8 December 2022, after deliberation by the General Manager's office meeting, it was agreed that the wholly-owned subsidiary Ningbo Yongquan Investment Co., Ltd. would transfer 51% of its equity in Shanshan New Materials (Quzhou) Co., Ltd. (hereinafter

referred to as "Quzhou Shanshan") to Xinya Electronic Process (Guangdong) Co., Ltd. or its designated subsidiary holding subsidiary established to execute this transaction (hereinafter referred to as "Xinya Process"). On 17 February 2023, all parties involved in this transaction signed the "Delivery Memorandum", and Xinya Process has paid RMB 358.938 million (including the intention fee of RMB 70 million already paid for the acquisition) for the equity transfer, which is 51% of the equity transfer price. After confirmation by all parties, the delivery of this transaction will be completed on the signing date of this "Delivery Memorandum" (i.e. 17 February 2023). Since 18 February 2023, the company's shareholding in Quzhou Shanshan has decreased from 82.25% to 31.25%. The company no longer controls Quzhou Shanshan, and Quzhou Shanshan is no longer included in the company's consolidated financial statements.

(2) On April 11, 2023, after deliberation by the company management level by level, it was agreed to transfer all 90.035% of the equity of Ningbo Shanxin Photovoltaic Energy Management Co., Ltd. (hereinafter referred to as Ningbo Shanxin) held by the company to Shanghai Ronghe Green Energy New Energy Development Co., Ltd. and State Power Investment Corporation Zhejiang New Energy Co., Ltd. The two parties to the transaction have formally signed the Ningbo Shanxin Equity Transfer Agreement on April 14, 2023. As of December 31, 2022, Ningbo Shanxin has consolidated total assets of RMB 1,416,337,900 and net assets of RMB 280,577,700. After the completion of the transaction, it is expected to generate income of RMB 2 million. The final transaction price will be determined by both parties after the delivery audit. Ningbo Shanxin is the operating platform of the company's distributed photovoltaic power station. After the equity transfer of Ningbo Shanxin is completed, the company will no longer operate the distributed photovoltaic power station business.

2、The actual controller died

On February 10, 2023, Mr. Zheng Yonggang, the actual controller of the company, died of a sudden heart attack at the age of 65. Mr. Zheng Yonggang served as the chairman of the company before his death. At present, the company has completed the work of adding directors and re-electing the chairman in accordance with the "Articles of Association" and other relevant regulations. The company's board of directors, board of supervisors and senior management team members perform their duties normally, and the company's business operations are carried out normally, his death will not have a major impact on the company's production and operation.

(II) Profit distribution

Profit or dividends to be distributed	671,354,367.30
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According to the resolution of the 41st meeting of the 10th board of directors of the company on April 18, 2023, the company intends to distribute a cash dividend of RMB 3.00 per 10 shares to all shareholders based on the total share capital registered on the registration date of equity distribution in 2022 (tax included). As of December 31, 2022, the company should allocate 2,237,847,891 shares this time (total share capital 2,263,973,358 shares, and the number of shares in the company's special account for repurchase is 26,125,467 shares), based on which the total cash dividend of 671,354,367.30 (tax included). There is no plan for converting capital reserve into share capital this year. The above plan still needs to be submitted to the company's 2022 annual general meeting of shareholders for consideration and approval.

XIV. Other important matters

(I) Segment information

1. Basis of determination of report segments and accounting policies

Each of the Company's report segments provides different products or services, or operates in different geographic areas. Because each segment requires a different technology or market strategy, the Company's Management Layer manages the

operating activities of each report segment separately and periodically evaluates the operating results of these report segments to determine the allocation of resources to them and to evaluate their performance.

Inter-segment transfer prices are determined on the basis of actual transaction prices, and costs indirectly attributable to each segment are allocated among the segments on an inter-segment basis. Assets are allocated based on the operations of the segment and the location of the assets. Segment liabilities include liabilities attributable to the segment resulting from the segment's operating activities. If the costs associated with liabilities shared by multiple operating segments are allocated to those operating segments, the shared liability is also allocated to those operating segments.

2. Financial information for report segments

Item	Polarizer segment	Cathode material	Electrolyte material	Lithium salt material	New energy vehicle	Energy management	Investment	Others	Inter-segment offset	Total
	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount
I. External transaction income	10,484,168,935.05	8,201,095,924.35	1,111,994,326.36		41,227,780.74	1,818,239,031.24		141,221,032.27		21,797,947,030.01
II. Operating income from inter-segment transactions									-96,329,761.69	-96,329,761.69
III. External transaction cost	7,661,408,960.59	6,327,052,758.93	822,738,800.04		39,319,954.60	1,626,424,597.49		16,823,617.36		16,493,768,689.01
IV. Inter-segment transaction cost									-6,375,423.19	-6,375,423.19
V. Investment profit of associates and joint ventures		35,975,919.12			-21,201,783.88		9,412,460.46	616,060,659.22	36,000.00	640,283,254.92
VI. Credit impairment losses	2,488,412.24	-2,602,844.79	-12,727,471.82		12,989,250.76	-970,263.95		-2,150,782.57	13,020,982.13	10,047,282.00
VII. Assets impairment losses	33,002,944.24	59,834,268.76	5,241,039.60		8,465,877.51	31,195,893.97		0.00	-	137,740,024.08
VII. Depreciation and amortization expenses	599,700,584.35	316,643,794.73	51,464,172.17	221,603.01	11,752,781.65	89,164,511.20	10,490.38	14,262,118.41	-3,006,988.58	1,080,213,067.32
VIII. Total profit (total loss)	1,835,825,956.61	1,015,826,747.37	184,137,113.99	183,118,180.52	-243,465,037.74	6,810,888.22	68,039,618.15	359,769,905.42	-14,985,214.50	3,395,078,158.04
IX. Income tax expense	441,683,772.82	95,495,224.04	24,550,376.80		461,086.13	-1,700,916.11	10,198,171.85	-1,045,009.58	34,552.10	569,677,258.05
X. Net profit (net loss)	1,394,142,183.79	920,331,523.33	159,586,737.19	183,118,180.52	-243,926,123.87	8,511,804.33	57,841,446.30	360,814,915.00	-15,019,766.60	2,825,400,899.99
XI. Total assets	13,444,352,943.47	17,027,341,900.13	1,200,221,869.87	652,787,694.78	363,860,903.62	2,113,536,956.76	1,177,863,859.11	17,274,798,606.66	-	44,925,491,219.31
XII. Total liabilities	3,724,625,250.34	9,421,037,849.21	671,069,305.67		1,014,238,248.21	1,649,265,975.99	28,645,067.47	12,764,587,521.80	8,478,092,543.28	20,795,376,675.41
Long-term equity investments in associates and joint ventures		93,011,322.95			167,010,218.58		185,607,137.41	6,471,900,014.66	-420,000.00	6,917,108,693.60
Increase in non-current assets other than long-	1,466,956,552.53	3,911,786,594.71	101,921,153.20	638,234,678.45	-120,965,620.51	-153,566,744.36	-58,940,100.60	-528,595,268.71	99,673,030.24	4,080,034,918.05

Item	Polarizer segment	Cathode material	Electrolyte material	Lithium salt material	New energy vehicle	Energy management	Investment	Others	Inter-segment offset	Total
	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount	Current Amount
term equity investments										

XV. Notes to the principal items of the company's financial statements**(I) Account receivable****1. Accounts receivable disclosed by account age**

Account age	31 December 2022	31 December 2021
Within 1 year	5,544,383.91	1,385,752.34
1-2 years		926,476.84
2-3 years	323,520.41	
3-4 years		
4-5 years		40,118.46
Above 5 years	1,175,435.91	1,135,317.45
Subtotal	7,043,340.23	3,487,665.09
Less: Bad debt provision	1,599,610.89	1,401,527.92
Total	5,443,729.34	2,086,137.17

2. Accounts receivable disclosed by bad debt provision method

Category	31 December 2022					31 December 2021				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)		Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
Provision for bad debts made on an individual basis						596,791.98	17.11	596,791.98	100.00	
Of which: Accounts receivable whose amounts are						596,791.98	17.11	596,791.98	100.00	

Category	31 December 2022					31 December 2021				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)		Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
not considered individually significant but whose bad debt provision shall be withdrawn individually										
Provision for bad debts made on a portfolio basis	7,043,340.23	100.00	1,599,610.89	22.71	5,443,729.34	2,890,873.11	82.89	804,735.94	27.84	2,086,137.17
Of which:										
Combination of related parties	1,966,312.53	27.92	627,988.28	31.94	1,338,324.25	1,655,303.41	47.46	623,064.51	37.64	1,032,238.90
Account age portfolio	5,077,027.70	72.08	971,622.61	19.14	4,105,405.09	1,235,569.70	35.43	181,671.43	14.70	1,053,898.27
Total	7,043,340.23	100.00	1,599,610.89		5,443,729.34	3,487,665.09	100.00	1,401,527.92		2,086,137.17

Provision for bad debts is made on a account age portfolio basis:

Name	31 December 2022		
	Accounts receivable	Bad debt provision	Withdrawal ratio (%)
Within 1 year	4,135,621.54	206,781.08	5.00
1-2 years			
2-3 years	252,235.18	75,670.55	30.00
3-4 years			
4-5 years			
Above 5 years	689,170.98	689,170.98	100.00
Total	5,077,027.70	971,622.61	

3. Provision, reversal or recovery for bad debts during the reporting period

Category	31 December 2021	Amount of change in the current period			31 December 2022
		Accrual	Recovery or reversal	Transfer or write-off	
Bad debt provision	1,401,527.92	198,082.97			1,599,610.89
Total	1,401,527.92	198,082.97			1,599,610.89

4. Accounts receivable ranking the top five in the ending balance summarized by the debtors

Unit Name	31 December 2022		
	Accounts receivable	Proportion in total accounts receivable (%)	Bad debt provision
Ningbo Liweineng Energy Storage System Co., Ltd.	1,710,807.16	24.29	85,540.36
Shanghai Shanshan New Energy Technology Developemnt Co., Ltd.	750,249.97	10.65	37,512.50
Ningbo Shanshan Fashion Co., Ltd.	643,087.08	9.13	32,154.35
Ningbo Shanxin Commercial Real Estate Management Co., Ltd	623,312.29	8.85	31,165.61
Ningbo Shanshan Automobile Co., Ltd.	557,550.16	7.92	557,550.16
Total	4,285,006.66	60.84	743,922.99

(II) Other receivables

Item	31 December 2022	31 December 2021
Interest receivable		
Dividend receivable	4,500,000.00	
Other receivables	6,520,585,599.39	5,428,005,807.30
Total	6,525,085,599.39	5,428,005,807.30

1. Dividend receivable

Item (or Invested unit)	31 December 2022	31 December 2021
Suiyong Holdings Co., Ltd.	4,500,000.00	
Subtotal	4,500,000.00	

Item (or Invested unit)	31 December 2022	31 December 2021
Less: Bad debt provision		
Total	4,500,000.00	

2. Other receivables
Disclosure by account age

Account age	31 December 2022	31 December 2021
Within 1 year	6,659,562,012.38	5,548,723,277.45
1-2 years	198,317.14	69,902,400.00
2-3 years	49,911,440.00	7,166,701.64
3-4 years	7,100,000.00	3,034,374.50
4-5 years	1,771,945.70	4,800.00
Above 5 years	24,213,392.42	24,208,592.42
Subtotal	6,742,757,107.64	5,653,040,146.01
Less: Bad debt provision	222,171,508.25	225,034,338.71
Total	6,520,585,599.39	5,428,005,807.30

Disclosure by bad debt provision method

Category	31 December 2022					31 December 2021				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)		Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
Provision for bad debts made on an individual basis	82,996,778.12	1.23	56,555,085.27	68.14	26,441,692.85	104,200,166.92	1.84	46,801,059.67	44.91	57,399,107.25
Of which:										
Individually insignificant but separately accrued	82,996,778.12	1.23	56,555,085.27	68.14	26,441,692.85	104,200,166.92	1.84	46,801,059.67	44.91	57,399,107.25
Provision for bad debts made on a portfolio basis	6,659,760,329.52	98.77	165,616,422.98	2.49	6,494,143,906.54	5,548,839,979.09	98.16	178,233,279.04	3.21	5,370,606,700.05
Total	6,742,757,107.64	100.00	222,171,508.25		6,520,585,599.39	5,653,040,146.01	100.00	225,034,338.71		5,428,005,807.30

Provision for bad debts made on an individual basis

Name	31 December 2022			
	Book balance	Bad debt provision	Withdrawal ratio (%)	Withdrawal reason
Beijing Shanshan Kaili New Energy Technology Co., Ltd.	7,100,000.00	7,100,000.00	100.00	The possibility of recovery is expected to be small
Ningbo Modun Clothing Co., Ltd.	13,404,518.87	13,404,518.87	100.00	The possibility of recovery is expected to be small
Ningbo Liweineng Energy Storage System Co., Ltd.	1,771,945.70	885,972.85	50.00	Current accounts, formed before withdrawal the consolidation, not returned on schedule
Ningbo Liankangcai Brand Management Co., Ltd.	47,911,440.00	23,955,720.00	50.00	Received equity transfer funds last payment, overdue, with significant risk of recovery
Li Xinghua	2,000,000.00	400,000.00	20.00	Received equity transfer funds, with a high proportion of payments received this year, but overdue, there is a certain risk of recovery
Ningbo Shanshan Suyu Clothing Co., Ltd.	10,162,742.46	10,162,742.46	100.00	The possibility of recovery is expected to be small
Other sporadic customers	646,131.09	646,131.09	100.00	The possibility of recovery is expected to be small
Total	82,996,778.12	56,555,085.27		

Provision for bad debts is made on a portfolio basis:

Portfolio provision items:

Name	31 December 2022		Withdrawal ratio (%)
	Other receivables	Bad debt provision	
Combination of related parties	6,648,446,236.10	165,060,423.45	2.48
Portfolio of security deposit and deposit	372,498.90	18,624.94	5.00
Collection and payment of personal social security in advances	194,102.62		
Portfolio of other advances exclude social insurance	747,491.90	37,374.59	5.00
Portfolio of petty cash and personal loans			
Portfolio of normal transactions within one year	10,000,000.00	500,000.00	5.00
Total	6,659,760,329.52	165,616,422.98	

(3) Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance as of 31 December 2021	178,233,279.04	15,487,667.25	31,313,392.42	225,034,338.71
Balance as of 31 December 2021 in the current period	178,233,279.04	15,487,667.25	31,313,392.42	225,034,338.71
– Transferred to Phase II				
– Transferred to Phase III				
– Transferred back to Phase II				
– Transferred back to Phase I				
Current provision		13,994,703.36		13,994,703.36
Current reversal				
Current reselling	-12,616,856.06	-4,240,677.76		-16,857,533.82
Current write-off				
Other changes				
31 December 2022	165,616,422.98	25,241,692.85	31,313,392.42	222,171,508.25

(4) Provision, reversal or recovery for bad debts during the reporting period

Category	31 December 2021	Amount of change in the current period		31 December 2022
		Accrual	Transfer or write-off	
Bad debt provision	225,034,338.71	13,994,703.36	16,857,533.82	222,171,508.25
Total	225,034,338.71	13,994,703.36	16,857,533.82	222,171,508.25

(6) Breakdown by nature of payments

Nature of funds	Book balance as of 31 December 2022	Book balance as of 31 December 2021
Consolidated current accounts of related parties	6,648,446,236.10	5,547,041,876.67
Borrowings of atomic companies exiting the scope of consolidation	32,276,464.57	23,538,893.37
Equity transfer receivables	60,074,182.46	80,015,142.46
Security deposit, deposit	372,498.90	244,185.70
Petty cash		34,000.00
Advances	1,587,725.61	2,166,047.81
Total	6,742,757,107.64	5,653,040,146.01

(7) Other accounts receivable ranking the top five in the ending balance summarized by the debtors

Unit Name	Nature of funds	31 December 2022	Account age	Percentage of the total ending balance of other receivables (%)	Bad debt provision 31 December 2022
Ningbo Shanshan New Energy Technology Development Co., Ltd.	Consolidated current accounts of related parties	3,724,655,592.74	Within 1 year	55.24	
Ningbo Shanshan Electric Vehicle Technology Development Co., Ltd.	Consolidated current accounts of related parties	602,182,584.73	Within 1 year	8.93	

Unit Name	Nature of funds	31 December 2022	Account age	Percentage of the total ending balance of other receivables (%)	Bad debt provision 31 December 2022
Inner Mongolia Shanshan New Material Co., Ltd.	Consolidated current accounts of related parties	545,648,932.04	Within 1 year	8.09	
Shanghai Shanshan New Material Co., Ltd.	Consolidated current accounts of related parties	384,726,179.10	Within 1 year	5.71	
Inner Mongolia Qingshan Automobile Co., Ltd.	Consolidated current accounts of related parties	275,810,846.89	Within 1 year	4.09	137,905,423.45
Total		5,533,024,135.50		82.06	137,905,423.45

(III) Long-term equity investment

Item	31 December 2022			31 December 2021		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	10,747,508,357.82		10,747,508,357.82	10,392,959,188.31		10,392,959,188.31
Investment in associates and joint ventures	2,625,177,694.00	137,050,000.00	2,488,127,694.00	2,555,193,232.01	137,050,000.00	2,418,143,232.01
Total	13,372,686,051.82	137,050,000.00	13,235,636,051.82	12,948,152,420.32	137,050,000.00	12,811,102,420.32

1. Investment in subsidiaries

Invested unit	31 December 2021	Increase in the current period	Decrease in the current period	31 December 2022	Current provision Impairment reserve	Ending balance of impairment provision
Shanshan Tongda Trading Co., Ltd.	2,000,000.00			2,000,000.00		
Ningbo Shanshan Electric Vehicle Technology Development Co., Ltd.	486,918,700.00			486,918,700.00		
Shanghai Tunheng Trading Co., Ltd.	47,500,000.00			47,500,000.00		
Shanghai Shanshan Garment Co., Ltd.	72,000,000.00			72,000,000.00		
Ningbo Shanshan New Energy Technology Developemnt Co., Ltd.	497,262,110.45	55,924,081.82		553,186,192.27		
Ningbo Shanshan Venture Capital Investment Co., Ltd.	1,000,000,000.00			1,000,000,000.00		

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Invested unit	31 December 2021	Increase in the current period	Decrease in the current period	31 December 2022	Current provision Impairment reserve	Ending balance of impairment provision
Hong Kong Shanshan Resources Co., Ltd.	314,542,830.00			314,542,830.00		
Ningbo Ulica Solar Energy Technology Development Co., Ltd.	198,440,453.92		49,610,113.48	148,830,340.44		
Ningbo Weihang Trading Co., Ltd.	5,000,000.00		5,000,000.00			
Ningbo Yunling Zhichuang Park Operation Management Co., Ltd.	1,500,000.00	500,000.00		2,000,000.00		
Shanshan Fashion Industrial Park Suqian Co., Ltd.	59,941,524.23			59,941,524.23		
ShanJin Optoelectronics (Suzhou) Co., Ltd.	7,105,225,600.00	243,287,087.69		7,348,512,687.69		
Shanghai Shanshan New Energy Technology Developemnt Co., Ltd.	102,627,969.71			102,627,969.71		
Ningbo Yongshan Lithium Industry Co., Ltd.	500,000,000.00			500,000,000.00		
Ningbo Shanxin Optoelectronics Energy Management Co., Ltd		49,610,113.48		49,610,113.48		
Ningbo Haoheng Trading Co., Ltd.		50,000,000.00		50,000,000.00		
Shanjin Tokyo Co., Ltd.		9,838,000.00		9,838,000.00		
Total	10,392,959,188.31	409,159,282.99	54,610,113.48	10,747,508,357.82		

2. Investment in associates and joint ventures

Invested unit	31 December 2021	Increase and decrease in the current period								31 December 2022	Ending balance of impairment provision
		Additional investment	Decreased investment	Profit and loss on investments confirmed under the equity method	Adjustment of other comprehensive incomes	Change in other equities	Cash dividends or profits declared to be issued	Provision for impairment	Others		
An associate											
Ningbo Shanqi Property Services Co., Ltd.	38,809,284.23			-627,559.34						38,181,724.89	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	1,386,851,462.42			119,322,825.70	-736,115.64	839,113.62	-19,780,800.00			1,486,496,486.10	137,050,000.00
Shanshan Brand Management Co., Ltd.	40,967,397.77			3,100,425.91						44,067,823.68	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	4,936,082.35			424,379.54		140,884.07				5,219,577.82	
Suiyong Holdings Co., Ltd.	946,579,005.24			-23,735,472.50	-4,154,464.41	-26,986.82	-4,500,000.00			914,162,081.51	
Subtotal	2,418,143,232.01			98,484,599.31	-4,890,580.05	671,242.73	-24,280,800.00			2,488,127,694.00	137,050,000.00
Total	2,418,143,232.01			98,484,599.31	-4,890,580.05	671,242.73	-24,280,800.00			2,488,127,694.00	137,050,000.00

(IV) Operating income and operating cost
1. Operating income and operating costs

Item	Year 2022		Year 2021	
	Income	Cost	Income	Cost
Main business				
OthersBusiness	129,829,189.24	15,207,355.86	125,513,082.95	14,308,686.64
Total	129,829,189.24	15,207,355.86	125,513,082.95	14,308,686.64

Breakdown of operating income:

Item	Year 2022	Year 2021
Main business income		
Of which: Commodities for sale		
Other operating income	129,829,189.24	125,513,082.95
Of which: Subsidiaries and associates' financing services revenue Note	84,424,750.67	88,663,122.05
Housing rental income	45,404,438.57	36,849,960.90
Total	129,829,189.24	125,513,082.95

Note: Interest, guarantee fees, and financing service fees collected from subsidiaries and affiliated companies within the scope of consolidation

(V) Investment income

Item	Year 2022	Year 2021
Long-term equity investment incomes accounted by the cost method	720,000,000.00	
Long-term equity investment incomes accounted by the equity method	98,484,599.31	176,046,623.74
Investment incomes generated from disposal of long-term equity investment	316,553.68	758,726.02
Investment income on trading financial assets		
Investment income from disposal of trading financial assets	51,535,335.90	
Interest income earned during the holding period of debt investments		
Investment income from disposal of debt investments		
Interest income earned during the holding period of other debt investments		
Investment income from disposal of other debt investments		
Dividend income earned during the holding period of investments in other equity instruments		
Investment income on other non-current financial assets during the holding period		246.17
Investment income from disposal of other non-current financial assets	1,353,583.00	
The gains of remaining equity re-measured at fair value after the control right is lost		
Investment income arising on disposal of disposal groups that constitute operations		
Investment income from debt restructuring		
Others		3,988,974.67

Item	Year 2022	Year 2021
Total	871,690,071.89	180,794,570.60

XVI. Supplementary Materials
(I) Breakdown of non-recurring gains and losses

Item	Amount	Explanation
Profit and loss on disposal of non-current assets	165,749,941.33	
Tax rebates and exemptions that are approved beyond authority or without official approval documents		
Government subsidies recognized in profit or loss for the current period (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount according to the national uniform standard)	173,791,345.88	
Capital utilization fee charged from non-financial enterprises and included in profit or loss for the current period		
The revenue generated because the investment costs in the subsidiaries, associates and joint ventures acquired by the enterprise is less than the fair value of the identifiable net assets of the investees at the time the investment is acquired		
Profit or loss on exchange of non-monetary assets		
Profit or loss from entrusting others to invest or manage assets		
Provision for impairment of various assets due to force majeure factors, such as natural disasters		
Profit and loss on debt restructuring		
Business restructuring costs, such as expenses for relocating employees, integrating costs, etc.		
Profit and loss beyond fair value arising from transactions where the transaction price is clearly unfair		
Net profit and loss in the current period from the beginning of the period to the date of consolidation of a subsidiary resulting from a business consolidation under the same control		
Profit and loss arising from contingencies unrelated to the Company's normal operating business		
Profit and loss from changes in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative	42,133,153.64	

Item	Amount	Explanation
financial liabilities, and other debt investments, except for effective hedging operations related to the Company's normal business operations		
Receivables subject to separate impairment test, reversal of provision for impairment of contract assets		
Profit and loss on external entrusted borrowings		
Profit and loss arising from changes in fair value of investment properties subsequently measured using the fair value model		
Impact of one-time adjustment to profit or loss for the current period in accordance with tax, accounting and other laws and regulations on profit or loss for the current period		
Custodian fee income earned from entrusted operations		
Non-operating income and expenses other than those mentioned above	10,295,394.82	
Other profit and loss items that meet the definition of non-recurring profit and loss		
Subtotal	391,969,835.67	
Amount impacted by income tax	-19,786,071.03	
Amount impacted by non-controlling interests' equity (after tax)	-9,816,010.83	
Total	362,367,753.82	

(II) Return on net assets and earnings per share

Profit of this reporting period	Weighted average return on net assets (%)	Earnings per share (RMB Yuan)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	12.93	1.23	1.23
Net profit attributable to common shareholders of the Company after deducting extraordinary profit and loss	11.19	1.06	1.06

Chairman: Zheng Ju

Board of Directors approved filing date: 18 April, 2023

Revision Information Applicable Not applicable