



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

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

2021

INTERIM REPORT

* For identification purpose only

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I. RESULTS HIGHLIGHTS

1. Operation results

Unit: RMB0'000

Item	The first half of 2021	The first half of 2020
Operating revenue	117,663	100,339
Including: Principal operating revenue	116,970	98,502
Other operating revenue	693	1,837
Gross profit from main business	39,282	18,515
Total profit (loss is represented by “-”)	22,389	3,542
Net profit (net loss is represented by “-”)	21,510	3,345
Including: Net profit attributable to the shareholders of the parent company	21,510	4,155
Minority interests	-	-810
Total comprehensive income (loss is represented by “-”)	31,238	4,506
Including: Total comprehensive income attributable to the shareholders of the parent company	31,238	5,316
Total comprehensive income attributable to minority interests	-	-810

2. Financial position

Unit: RMB0'000

Item	30 June 2021	31 December
		2020
Current assets	210,718	200,739
Non-current assets	305,912	297,646
Current liabilities	265,235	282,181
Non-current liabilities	45,529	41,577
Equity attributable to the shareholders of the parent company	205,867	174,628
Minority interests	–	–

3. Performance indicators

Name of indicators	The first half	The first half
	of 2021	of 2020
Gearing ratio	60.15%	93.52%
Current ratio	0.79	0.47
Trade receivable turnover (<i>days</i>)	47	88
Inventory turnover (<i>days</i>)	47	44

II. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Analysis

Solar photovoltaic glass

In the first half of 2021, the production capacity of the new kilns for solar photovoltaic glass gradually unleashed, driving the supply of photovoltaic glass to increase steadily. On the other hand, due to that the module manufacturers' production was running below capacity and the increase of downstream demand was below expectation, the price of photovoltaic glass declined significantly in the second quarter.

Looking forward, in the second half of the year, the market price of photovoltaic glass will tend to be stable in the late period of the second half of the year as the prices of silicon and other bulk materials are stabilizing and falling and the demand for modules are gradually recovering.

In the medium to long term, the photovoltaic industry has become one of the best race tracks under the dual carbon strategy, and the market prospect of photovoltaic glass remains positive. The fall in prices caused by short-term expansion of production capacity can encourage the industry participants to scale up more rationally and further strengthen the competitive advantage of the head enterprises. The installed capacity of solar photovoltaic power generation still maintains a rising trend year by year, which keeps driving the market demand for photovoltaic glass.

(II) Business Review

1. *Operation summary*

During the reporting period, benefiting from the rapid development of the global photovoltaic industry, the Group focused on its main business of solar photovoltaic glass and continuously enhanced its competitive strength by optimizing its product structure, improving its purchase and marketing strategies, strictly controlling its costs and strengthening its capital operation. Year-on-year increases were recorded in the production and sales volume and the average selling price of solar photovoltaic glass. In the first half of 2021, the Group achieved a total profit of RMB223.89 million, representing a year-on-year increase of 532.16%, and a net profit attributable to shareholders of the parent company of RMB215.10 million, representing a year-on-year increase of 417.67%.

2. ***Business Progress***

Solar photovoltaic glass

Due to the favorable factors such as the continuous recovery of the macro economy, the national policy support for strategic industries during the “14th Five-Year Plan” period and the strategic goal to achieve carbon emissions peak and carbon neutrality, in the first half of 2021, the Group focused on the development of its main business of solar photovoltaic glass with all its efforts, continued to consolidate and enhance the production and development advantages of Hefei and Yan’an photovoltaic glass bases, accelerated the strategic layout of the photovoltaic glass segment and sped up the development process of Hefei Phase III Base, Shangrao Base, Xianyang Base and other bases, and further enhanced the research and development of new photovoltaic glass products. The Group achieved a profit from the photovoltaic glass business of RMB223.89 million.

As the largest oxygen-fuel combustion photovoltaic glass production base in the world, IRICO Hefei Base has gained more significant competitive advantage as a head enterprise by way of technological innovation, benchmarking, potentiality exploitation, cost reduction and efficiency improvement, synergy between production and sale and other effective measures, and has always led the world in terms of its oxygen-fuel combustion green furnace production technology, which represents a powerful drive for technical innovation in and rapid development of the photovoltaic industry and helps achieve uniformity among economic benefits, social benefits and ecological benefits.

In order to accelerate the expansion of production capacity, increase market share and give full play to the advantages from photovoltaic glass industrialization, the Hefei phase III ultra-thin and high-transmissivity photoelectric glass project was ignited successfully on 23 July 2021 and will further enhance the Group's scale effect and cost advantage upon reaching its target output.

The project on construction of a smart plant for solar photovoltaic glass manufacture of Yan'an Base passed acceptance check during the reporting period, with key manufacture process and plant management meeting national standards for smart manufacture. The production speed of the intelligent production line of Yan'an Base was increased in an all-round way, with the yield of accepted products leading the industry and the production and sales volume increased by approximately 50% as compared to the same period of last year.

In order to further expand the geographic layout of its business and remain global top three in terms of market share, during the reporting period, the Group reached a cooperation intention with the Shangrao Municipal Government in respect of the investment in construction of the IRICO Shangrao ultra-thin and high-transmissivity photovoltaic glass base, which will be implemented in three phases. Ten ultra-thin and high-transmissivity photovoltaic glass furnaces and supporting processing production lines will be constructed, three kilns and supporting production lines of which will be constructed in the first phase and construction work has now officially commenced.

As to the IRICO Xianyang ultra-thin and high-transmissivity photovoltaic glass base which is invested for construction by the Group, a total of five deep-processing production lines for ultra-thin, double-film, high-transmissivity and large-size photoelectric glass will be constructed, which will mainly produce glass used for double-sided and double-glass photovoltaic modules, large-size photovoltaic modules and differentiated photovoltaic modules. The project is in progress with all efforts.

In addition, the Group has closely followed the market demand for continuous iteration of technology in the photovoltaic glass industry, leveraged its advantages in wide format processing of the existing wide-body calenders and production lines, focused on thin, large-size, double-sided coated and BIPV glass products with high technology, high value added and high profit, increased investment in scientific research, accelerated production line innovation and strengthened introduction of talents. The Group has taken multiple measures to promote the optimization and upgrading of the photovoltaic glass production lines and has always maintained an obvious advantage in the industry in terms of its thin photovoltaic glass production capacity, which has become a new highlight of profit growth.

In the future, the Group will seize tightly the great opportunity of carbon emissions peak and carbon neutrality and continuously expand its photovoltaic glass business. With the successful achievement of target output of the Hefei photovoltaic glass phase III project and the rapid progression of the Jiangxi Shangrao photovoltaic glass project, the Group will surely remain global top three in terms of market share.

(III) Financial Review

1. Overall performance

During the reporting period, the Group recorded operating revenue of RMB1,176.63 million, representing a year-on-year increase of RMB173.23 million or 17.26%; total profit of RMB223.89 million, representing a year-on-year increase of RMB188.47 million or 532.16%.

2. Results

(1) Unaudited profit and loss

Unit: RMB0'000

Item	The first half of 2021	The first half of 2020
Operating revenue	117,663	100,339
Including: Principal operating revenue	116,970	98,502
Other operating revenue	693	1,837
Operating costs	77,870	81,284
Including: Principal operating costs	77,687	79,987
Other operating costs	183	1,297
Gross profit from main business	39,282	18,515
Taxes and surcharges	1,180	592
Selling expenses	3,856	3,587
Administrative expenses	6,791	6,592
Research and development expenses	2,801	3,071
Finance costs	3,743	4,916
Impairment losses on assets (loss is represented by "-")	-347	
Credit impairment losses (loss is represented by "-")	-33	-90
Other income	1,900	2,345
Investment income (loss is represented by "-")	-421	-863
Gains from changes in fair value (loss is represented by "-")	-4	-13
Gains from disposal of assets (loss is represented by "-")	4	917
Non-operating income	1	948
Non-operating expenses	135	1
Total profit (loss is represented by "-")	22,389	3,542
Income tax	878	197
Net profit (net loss is represented by "-")	21,510	3,345
Including: Net profit attributable to the shareholders of the parent company	21,510	4,155
Minority interests		-810

(2) *Turnover by product**Unit: RMB0'000*

Item	The first half of 2021	The first half of 2020
Operating revenue	117,663	100,339
Including: Solar photovoltaic business	116,970	69,562
New materials business		28,940
Others	693	1,837

3. Analysis on profit and loss(1) *Principal operating revenue and profit*

During the reporting period, the Group recorded operating revenue from its principal business of RMB1,169.70 million, representing a year-on-year increase of RMB184.67 million or 18.75%, which was mainly due to the following reasons: the revenue from solar photovoltaic business was RMB1,169.70 million, representing a year-on-year increase of RMB474.07 million; the revenue from new materials business was nil, representing a year-on-year decrease of RMB289.40 million.

During the reporting period, the Group recorded total profit of RMB223.89 million, representing a year-on-year increase of RMB188.47 million or 532.16%, which was mainly due to the increase in sales volume of photovoltaic glass and the overall increases in product prices and gross profit margin.

(2) *Administrative expenses*

During the reporting period, the Group's administrative expenses was RMB67.91 million (the first half of 2020: RMB65.92 million), representing a year-on-year increase of RMB2.00 million or 3.03%, which was basically the same as that of the corresponding period of last year.

(3) *Finance costs*

During the reporting period, the Group's finance costs included in profit and loss was RMB37.43 million (the first half of 2020: RMB49.16 million), representing a year-on-year decrease of RMB11.72 million or 23.85%, which was mainly due to the decrease in borrowings and interest rate.

(4) *Selling expenses*

During the reporting period, the Group's selling expenses was RMB38.56 million (the first half of 2020: RMB35.87 million), representing a year-on-year increase of RMB2.69 million or 7.5%, which was mainly due to the increase in the sales volume of photovoltaic glass.

(5) *Research and development expenses*

During the reporting period, the Group's research and development expenses was RMB28.01 million (the first half of 2020: RMB30.71 million), representing a year-on-year decrease of RMB2.70 million or 8.8%, which was mainly due to the decrease in research and development expenses of RMB6.48 million resulting from the de-consolidation of the results of Shaanxi IRICO New Material Co., Ltd.* (陝西彩虹新材料有限公司) and Jiangsu IRICO Yongneng New Energy Company Limited* (江蘇彩虹永能新能源有限公司) from the balance sheet of the Group, and the increase in research and development expenses of photovoltaic glass of RMB3.78 million.

4. Capital structure

As at 30 June 2021, the Group will continue to maintain a suitable ratio of share capital to liabilities to ensure an effective capital structure.

As at 30 June 2021, the total assets of the Group amounted to RMB5,166.30 million (31 December 2020: RMB4,983.86 million), including cash and bank balances of RMB623.45 million (31 December 2020: RMB717.91 million).

As at 30 June 2021, the total liabilities of the Group were RMB3,107.63 million (31 December 2020: RMB3,237.57 million), including bank and other borrowings of RMB1,464.40 million in total (31 December 2020: RMB1,318.04 million).

As at 30 June 2021, the total owners' equity of the Group was RMB2,058.67 million (31 December 2020: RMB1,746.28 million).

As at 30 June 2021, the gearing ratio of the Group was 60.15% (31 December 2020: 64.96%).

During the reporting period, the turnover days for accounts receivable of the Group was 47 days, representing a decrease of 41 days as compared with the corresponding period of last year. The change in turnover days for accounts receivable was mainly due to the enhanced management and control over the accounts receivable of the Company.

During the reporting period, the inventory turnover days of the Group was 47 days, representing a year-on-year increase of 3 days, which was basically the same as that of the corresponding period of last year.

5. Cash flow

For the six months ended 30 June 2021, the Group's net cash outflow from operating activities amounted to RMB307.79 million (the first half of 2020: net inflow of RMB127.69 million); net cash inflow from financing activities was RMB113.32 million (the first half of 2020: RMB38.78 million); net cash inflow from investing activities was RMB87.32 million (the first half of 2020: net outflow of RMB9.84 million). The Group's capital expenditures amounted to RMB31.97 million in total (the first half of 2020: RMB26.60 million).

6. Interim dividend

As there was no accumulated surplus in the first half of 2021, the Board resolved not to distribute any interim dividend for the six months ended 30 June 2021.

7. Foreign exchange risk

The Group's income and most of its expenses were denominated in Renminbi and US dollar. For the six months ended 30 June 2021, the Group recorded net losses from foreign exchange of RMB0.22 million (the first half of 2020: net gains from foreign exchange of RMB0.69 million) as a result of exchange rate fluctuations. Exchange rate fluctuations had no material effect on the Group's working capital or liquidity.

8. Commitments

As at 30 June 2021, the capital expenditure commitments of the Group amounted to RMB3,441.06 million (31 December 2020: RMB223.32 million).

9. Contingent liabilities

As at 30 June 2021, the Group had no material contingent liability.

10. Pledged assets

As at 30 June 2021, the bank and other borrowings of the Group amounted to approximately RMB324.42 million, which were secured by certain properties, plants, equipment, land use rights and others of the Group with an aggregate amount of approximately RMB1,065.19 million. As at 31 December 2020, the bank and other borrowings of the Group amounted to approximately RMB619.04 million, which were secured by certain properties, plants, equipment, land use rights and others of the Group with an aggregate amount of approximately RMB1,127.25 million.

III. OTHER INFORMATION

(I) Interests and Short Positions of Directors, Supervisors and Chief Executives

As of 30 June 2021, none of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) or chief executives of the Company and their respective associates held an interest and short position in shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were (a) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such directors, supervisors, chief executives or senior management personnel were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register of interests kept by the Company pursuant to section 352 of the SFO; (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

(II) Interests and Short Positions of Substantial Shareholders and Other Persons

So far as the Directors are aware, each of the following persons, not being a Director, Supervisor, chief executive or senior management member of the Company had an interest or short position in the Company's shares or underlying shares (as the case may be) as of 30 June 2021 and as recorded in the register of members to be kept pursuant to section 336 of the SFO:

China Electronics Corporation ("**CEC**"), through IRICO Group Company Limited* ("**IRICO Group**") and its subsidiary, Rui Bou Electronics (HK) Limited, had interests in 80,073,400 domestic shares (representing 100% of the domestic share capital) and 7,556,500 H shares of the Company, and CEC, through Xianyang Zhongdian IRICO Group Holdings Ltd.* ("**Zhongdian IRICO**"), also had interests in 44,444,300 H shares of the Company; whereas HKSCC Nominees Limited had interests in 96,150,048 H shares of the Company (representing 99.90% of the H share capital).

Mr. Si Yuncong acts as a Director and the chairman of the Company, and concurrently acts as the chairman, the secretary of the Communist Party Committee and the legal representative of IRICO Group and the chairman of Zhongdian IRICO. Mr. Chen Xiaoning acts as the Supervisor and the chairman of the supervisory committee of the Company and concurrently acts as the deputy general manager of IRICO Group.

Notes:

As of 30 June 2021, based on the information available to the Directors and so far as the Directors are aware, HKSCC Nominees Limited held 96,150,048 H shares, among which:

Zhongdian IRICO had beneficial interests in 44,444,300 H shares of the Company (representing approximately 46.18% of the issued H shares of the Company).

Hefei Xincheng State-owned Assets Management Co., Ltd.* (合肥鑫城國有資產經營有限公司) (“**Hefei Xincheng**”), in the capacity of the asset trustor, through HuaAn Funds – Xincheng QDII Single Asset Management Scheme, had beneficial interests in 7,336,000 H shares of the Company (representing approximately 7.62% of the issued H shares of the Company). Yan’an Dingyuan Investment (Group) Co., Ltd.* (延安市鼎源投資(集團)有限公司) (“**Yan’an Dingyuan**”), in the capacity of the asset trustor, through HuaAn Funds – Dingyuan QDII Single Asset Management Scheme, had beneficial interests in 2,001,700 H shares of the Company (representing approximately 2.08% of the issued H shares of the Company). Whereas, Hua An Fund Management Co., Ltd. is the asset manager of both HuaAn Funds – Xincheng QDII Single Asset Management Scheme and HuaAn Funds – Dingyuan QDII Single Asset Management Scheme.

(III) **Audit Committee**

The Company established an audit committee under the Board (the “**Audit Committee**”). The Board adopted all contents set out in code provision C.3.3 of the Corporate Governance Code (the “**CG Code**”) as the terms of reference of the Audit Committee. The Audit Committee has considered and reviewed the accounting standards and methods adopted by the Company and other matters relating to auditing, risk management and internal controls as well as financial reporting, including the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021.

The interim financial report has been reviewed by the Company’s auditor, in accordance with the requirements of China Certified Public Accountants Review Standard No. 2101 – Review of Financial Statements.

(IV) **Independent Non-executive Directors**

The Group has complied with the requirements concerning the appointment of sufficient independent non-executive Directors and that at least one of them possesses appropriate professional qualification or appropriate accounting or relevant financial management expertise as well as that the independent non-executive Directors shall represent at least one third of the number of the Board members as set out in Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has appointed three independent non-executive Directors (more than one third of the number of the Board members), one of whom possesses financial management expertise.

(V) Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the CG Code contained in Appendix 14 of the Listing Rules. During the six months ended 30 June 2021, the Company has complied with the Code Provisions of the CG Code.

(VI) Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers

For the six months ended 30 June 2021, the Company has adopted a set of model code for securities transactions by Directors and Supervisors of the Company which is no less strict than the required standard set out in the Model Code. Having made specific enquiry in the reporting period, the Company has confirmed that all Directors and Supervisors have complied with the requirements set out in the Model Code.

(VII) Purchase, Redemption or Sale of Shares of the Company

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

(VIII) Employees

As at 30 June 2021, the Group had a total of 1,707 in-service employees, of whom, approximately 10.1% were management and administrative personnel, 8% were technical personnel, 1.4% were financial and audit personnel, 0.9% were sales and marketing personnel and 79.6% were production workers.

The employment and remuneration policies of the Group remain the same as those set out in the Company's prospectus dated 8 December 2004. The Group's dedicated and enthusiastic employees are committed to ensure the high quality and reliability of products and services.

* Excluding service dispatch workers

(IX) Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Directors believe that the percentage of shares held by the public at any time during the reporting period was in compliance with the prescribed level of the minimum public float as set out in Rule 8.08 of the Listing Rules.

(X) Material Acquisition and Disposal

During the reporting period, the Company had no material acquisition or disposal of subsidiaries or associates.

(XI) Other Matters**1. *Changes in chief executive***

On 28 January 2021, Mr. Tong Xiaofei was appointed as the general manager (legal representative) of the Company, and ceased to be an executive deputy general manager of the Company (preside over work). For details, please refer to the announcement of the Company dated 28 January 2021.

2. *Issue of new H shares under specific mandate*

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

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

3. Proposed initial public offering of A shares

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

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

On 6 August 2021, the Board considered and approved the resolutions regarding the Proposed A Share Offering and related authorisation matters. According to the Proposed A Share Offering plan, the Company intends to apply for an initial public offering of A shares and listing on the ChiNext of the Shenzhen Stock Exchange for the allotment and issuance of not more than 58,780,000 A shares with a par value of RMB1.00 each. The Proposed A Share Offering will be subject to, among other things, the approval by shareholders by way of special resolutions at the extraordinary general meeting and the class meetings, as well as obtaining necessary approvals or decisions from the China Securities Regulatory Commission and other relevant regulatory authorities.

For details, please refer to the announcements of the Company dated 19 October 2020, 7 April 2021 and 6 August 2021.

4. *Proposed share consolidation and capital reduction and proposed change in board lot size*

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

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

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

IV. CORPORATE PROFILE

Executive Directors

Si Yuncong *Chairman*

Tong Xiaofei

Non-executive Directors

Fan Laiying

Ni Huadong

Independent Non-executive Directors

Feng Bing

Wang Jialu

Wang Zhicheng

Audit Committee

Wang Zhicheng

Fan Laiying

Feng Bing

Wang Jialu

Chief Financial Officer

Huang Weihong

Secretary to the Board

Ni Huadong *Ceased to be the secretary to the Board on 6 January 2021*

Huang Weihong *Appointed as the secretary to the Board on 6 January 2021*

Company Secretary

Chu Xiaohang *Ceased to be the company secretary on 6 January 2021*

Ni Huadong *Appointed as the company secretary on 6 January 2021*

Authorized Representatives

Tong Xiaofei

Ni Huadong

Legal Address in the PRC

No. 1 Caihong Road, Xianyang, Shaanxi Province,
The People's Republic of China
Postal code: 712021

Place of Business in Hong Kong

Units 1607–8, 16/F, Citicorp Centre,
18 Whitfield Road, Causeway Bay,
Hong Kong

Company Website

www.irico.com.cn

Legal Adviser

Baker & McKenzie
14/F, One Taikoo Place, 979 King's Road,
Quarry Bay, Hong Kong

Auditor

BDO China Shu Lun Pan Certified Public Accountants LLP,
a Non-Hong Kong Accounting Firm accredited
by the Stock Exchange
17–20/F, Block A, China Overseas International Center,
Building No. 7, Court No. 5, An Ding Road,
Chaoyang District, Beijing

Registrar of H Shares in Hong Kong

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

Investor and Media Relations

Wonderful Sky Financial Group Limited
9/F, The Center,
No. 99 Queen's Road Central,
Hong Kong

REVIEW REPORT

Xin Kuai Shi Bao Zi [2021] No.ZG11786

TO THE SHAREHOLDERS OF IRICO GROUP NEW ENERGY COMPANY LIMITED,

We have reviewed the accompanying financial statements of IRICO Group New Energy Company Limited (“**IRICO New Energy**”), which comprise the consolidated balance sheet of the Company as at 30 June 2021, the consolidated income statement, the consolidated statement of cash flows, as well as the notes to the interim financial statements for the six months ended 30 June 2021. The management of the IRICO New Energy is responsible for the preparation and true and fair presentation of the interim financial statements in accordance with the Accounting Standards for Business Enterprises. Our responsibility is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with Standard on Review Engagements for CPAs of China No. 2101 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited largely to make enquiries of relevant personnel of IRICO New Energy and performing analytical procedures for financial data. A review is substantially less in scope than an audit conducted. We have not performed an audit and, accordingly, we do not express any audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the above-mentioned interim financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the IRICO New Energy’s consolidated financial positions as at 30 June 2021, the consolidated operating performance and consolidated cash flows for the six months ended 30 June 2021.

BDO China Shu Lun Pan Certified
Public Accountants LLP

Chinese Certified Public Accountant:
Xu Peimei
(Engagement partner)

Chinese Certified Public Accountant:
Gu Xin

Shanghai • China

26 August 2021

CONSOLIDATED BALANCE SHEET*As at 30 June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Assets	<i>Note V</i>	Closing balance	Balance at the end of last year
Current Assets:			
Monetary funds	(I)	623,451,376.53	717,909,270.00
Settlement reserve			
Placements with banks and other financial institutions			
Held-for-trading financial assets	(II)	297,344.55	335,160.70
Derivative financial assets			
Bills receivable			
Accounts receivable	(III)	329,103,610.18	237,805,803.47
Receivables financing	(IV)	634,555,431.85	418,786,392.28
Prepayments	(V)	25,751,551.01	40,697,547.17
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	(VI)	249,935,624.52	374,583,997.35
Financial assets acquired for resale			
Inventories	(VII)	210,162,337.13	178,811,652.24
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	(VIII)	33,925,170.43	38,462,630.38
Total current assets		<u>2,107,182,446.20</u>	<u>2,007,392,453.59</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Assets	<i>Note V</i>	Closing balance	Balance at the end of last year
Non-current assets:			
Loans and advances to customers			
Debt investment			
Other debt investment			
Long-term receivables	(IX)	20,610,000.00	22,923,378.88
Long-term equity investments	(X)	10,377,964.37	11,730,970.89
Other investments in equity instruments	(XI)	406,213,483.91	308,930,383.16
Other non-current financial assets			
Investment properties			
Fixed assets	(XII)	1,929,774,638.38	2,032,956,419.09
Construction in progress	(XIII)	458,207,769.66	367,729,484.07
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(XIV)	7,492,061.31	8,012,893.41
Intangible assets	(XV)	178,177,615.80	180,322,283.76
Development expenditures			
Goodwill			
Long-term deferred expenses	(XVI)	4,355,641.59	
Deferred tax assets	(XVII)	43,907,477.97	43,856,814.93
Other non-current assets			
Total non-current assets		<u>3,059,116,652.99</u>	<u>2,976,462,628.19</u>
Total assets		<u>5,166,299,099.19</u>	<u>4,983,855,081.78</u>

The accompanying notes to the financial statements are constituent parts of the financial statements.

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Liabilities and owners' equity	<i>Note V</i>	Closing balance	Balance at the end of last year
Current liabilities:			
Short-term borrowings	(XVIII)	879,863,633.39	675,191,483.33
Borrowings from central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payables	(XIX)	801,121,031.64	832,003,867.38
Accounts payables	(XX)	623,905,157.01	820,624,567.85
Receipts in advance			
Contract liabilities	(XXI)	10,892,683.10	64,509,216.01
Financial assets sold under repurchase agreements			
Deposit taking and interbank deposit			
Brokerage for trading securities			
Brokerage for underwriting securities			
Employee benefits payable	(XXII)	9,705,934.73	9,993,780.39
Taxes payable	(XXIII)	21,545,875.34	25,012,552.90
Other payables	(XXIV)	96,709,338.06	79,803,624.06
Handling fee and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	(XXV)	206,894,521.10	305,102,565.12
Other current liabilities	(XXVI)	1,708,028.36	9,564,881.86
Total current liabilities		<u>2,652,346,202.73</u>	<u>2,821,806,538.90</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Liabilities and owners' equity	<i>Note V</i>	Closing balance	Balance at the end of last year
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	(XXVII)	326,000,000.00	230,060,300.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	(XXVIII)	4,598,190.08	5,716,249.99
Long-term payables	(XXIX)	60,422,066.03	109,108,886.69
Long-term employee benefits payable	(XXX)	2,484,527.01	3,974,743.13
Estimated liabilities			
Deferred income	(XXXI)	61,782,200.35	66,907,014.72
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		<u>455,286,983.47</u>	<u>415,767,194.53</u>
Total Liabilities		<u>3,107,633,186.20</u>	<u>3,237,573,733.43</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Liabilities and owners' equity	<i>Note V</i>	Closing balance	Balance at the end of last year
Equity attributable to the owners:			
Share capital	(XXXII)	176,322,070.00	3,526,441,400.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	(XXXIII)	4,281,160,374.64	931,041,044.64
Less: Treasury shares			
Other comprehensive income	(XXXIV)	-77,164,260.22	-174,447,360.97
Special reserve			
Surplus reserve	(XXXV)	22,477,267.06	22,477,267.06
General risk reserve			
Undistributed profit	(XXXVI)	-2,344,129,538.49	-2,559,231,002.38
Total equity attributable to the owner's of the Company		<u>2,058,665,912.99</u>	<u>1,746,281,348.35</u>
Minority interests		_____	_____
Total equity attributable to the owners		<u>2,058,665,912.99</u>	<u>1,746,281,348.35</u>
Total liabilities and equity attributable to the owners		<u>5,166,299,099.19</u>	<u>4,983,855,081.78</u>

The accompanying notes to the financial statements are constituent parts of the financial statements.

CONSOLIDATED INCOME STATEMENT*January - June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	Amount for the period	Amount for the previous period
I. Total operating revenue		1,176,626,646.36	1,003,393,282.97
Including: Operating revenue	(XXXVII)	1,176,626,646.36	1,003,393,282.97
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		962,413,890.63	1,000,412,769.20
Including: Operating costs	(XXXVII)	778,700,605.43	812,839,409.50
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	(XXXVIII)	11,796,162.20	5,920,137.82
Selling expenses	(XXXIX)	38,560,943.54	35,870,608.77
Administrative expenses	(XL)	67,914,174.49	65,916,608.71
Research and development expenses	(XLI)	28,008,435.39	30,709,626.99
Finance costs	(XLII)	37,433,569.58	49,156,377.41
Including: Interest expense	(XLII)	35,300,886.83	45,629,079.90
Interest income	(XLII)	2,778,591.39	1,672,424.92

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January - June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note V	Amount for the period	Amount for the previous period
Add: Other income	(XLIII)	19,003,859.52	23,446,082.11
Investment income (loss is represented by "-")	(XLIV)	-4,206,233.83	-8,627,315.28
Including: Gains from investment in associates and joint ventures	(XLIV)	-1,353,006.52	247,259.91
Income from derecognition of financial asset at the amortized cost	(XLIV)		-6,067,443.94
Gains from foreign exchange (loss is represented by "-")			
Gains from net exposure hedges (loss is represented by "-")			
Gains from changes in fair value (loss is represented by "-")	(XLV)	-35,537.34	-134,778.28
Credit impairment losses (loss is represented by "-")	(XLVI)	-325,160.59	-895,030.34
Impairment losses on assets (loss is represented by "-")	(XLVII)	-3,469,471.64	
Gains from disposal of assets (loss is represented by "-")	(XLVIII)	42,066.41	9,168,379.05
III. Operating profit (loss is represented by "-")		225,222,278.26	25,937,851.03
Add: Non-operating income	(XLIX)	9,064.00	9,484,614.60
Less: Non-operating expenses	(L)	1,345,171.37	6,199.28
IV. Total profit (total loss is represented by "-")		223,886,170.89	35,416,266.35
Less: Income tax expenses	(LI)	8,784,707.00	1,965,663.79

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January - June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note V	Amount for the period	Amount for the previous period
V. Net profit (net loss is represented by "-")		215,101,463.89	33,450,602.56
(I) Classified by continuity of operations		215,101,463.89	33,450,602.56
1. Net profit from continuing operations (net loss is represented by "-")		215,101,463.89	33,450,602.56
2. Net profit from discontinued operations (net loss is represented by "-")			
(II) Classified by ownership of equity		215,101,463.89	33,450,602.56
1. Net profit attributable to the shareholders of the Company (net loss is represented by "-")		215,101,463.89	41,552,057.38
2. Minority interests (net loss is represented by "-")			-8,101,454.82
VI. Other comprehensive income, net of tax	(XXXIV)	97,283,100.75	11,612,039.53
Other comprehensive income (net of tax) attributable to the owners of the Company	(XXXIV)	97,283,100.75	11,612,039.53
(I) Other comprehensive income that cannot be reclassified to profit or loss	(XXXIV)	97,283,100.75	12,162,863.02
1. Re-measurement of changes in defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Change in fair value of other equity instrument investments	(XXXIV)	97,283,100.75	12,162,863.02
4. Change in fair value of enterprise's own credit risk			

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January - June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note V	Amount for the period	Amount for the previous period
(II) Other comprehensive income that will be reclassified to profit or loss	(XXXIV)		-550,823.49
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Change in fair value of other debt investment			
3. The amount of financial assets reclassified into other comprehensive income			
4. Other debt investment credit impairment provision			
5. Cash flow hedging reserve			
6. Exchange differences from translation of foreign currency financial statements	(XXXIV)		-550,823.49
7. Others			
Other comprehensive income (net of tax) attributable to minority shareholders			
VII. Total comprehensive income		312,384,564.64	45,062,642.09
Total comprehensive income attributable to the owners of the Company		312,384,564.64	53,164,096.91
Total comprehensive income attributable to minority shareholders			-8,101,454.82
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	(LII)	1.6150	0.0186
(II) Diluted earnings per share (RMB/share)	(LII)	1.6150	0.0186

CONSOLIDATED STATEMENT OF CASH FLOWS*January – June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	Amount for the period	Amount for the previous period
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		606,003,579.70	1,016,980,212.00
Net increase in customer deposit and interbank deposit			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from original insurance contract premium			
Net cash received from reinsurance			
Net increase in policy-holder deposit and investment			
Cash received for interest, handling charges and commission			
Net increase in placements from banks and other financial institutions			
Net increase in repurchase business funds			
Net cash received from brokerage for dealing securities			
Receipts of tax refunds			12,930,362.14
Cash received relating to other operating activities	(LIV)	122,497,053.40	178,087,563.78
Sub-total of cash inflows from operating activities		728,500,633.10	1,207,998,137.92
Cash paid for purchasing goods and receiving services		708,703,547.48	789,187,473.04
Net increase in loans and advances to customers			
Net increase in central bank deposit and interbank deposit			
Cash paid for insurance indemnities of original insurance contracts			

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*January – June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	Amount for the period	Amount for the previous period
Net increase in placements with banks and other financial institutions			
Cash paid for interest, handling charges and commission			
Cash paid for policy bonus			
Cash paid to and for employees		84,036,362.07	86,412,701.35
Cash paid for taxes and surcharges		70,109,219.84	11,828,978.99
Cash paid relating to other operating activities	(LIV)	173,442,105.90	192,879,921.99
Sub-total of cash outflows from operating activities		1,036,291,235.29	1,080,309,075.37
Net cash flows from operating activities		-307,790,602.19	127,689,062.55
II. Cash flows from investing activities			
Cash received from disposal of investments		116,417,947.60	2,370,000.00
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,975.00	13,908,897.85
Net cash received from disposal of subsidiaries and other business entities			
Cash received from other investing activities	(LIV)	3,058,573.28	696,420.68
Sub-total of cash inflows from investing activities		119,478,495.88	16,975,318.53

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*January – June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	Amount for the period	Amount for the previous period
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		31,968,199.13	26,597,472.32
Cash paid for investment			
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business entities			
Cash paid relating to other investing activities	(LIV)	187,125.91	219,302.00
Sub-total of cash outflows from investing activities		32,155,325.04	26,816,774.32
Net cash flows from investing activities		87,323,170.84	-9,841,455.79
III. Cash flows from financing activities			
Cash received from absorbing investments			1,050,000.00
Including: Cash received by subsidiaries from minority shareholders' investment			1,050,000.00
Cash received from borrowings		885,844,661.20	843,000,000.00
Cash received relating to other financing activities	(LIV)		4,371,536.79
Sub-total of cash inflows from financing activities		885,844,661.20	848,421,536.79
Cash paid for repayment of borrowings		573,368,450.00	548,349,324.49
Cash paid for distribution of dividends and profits or for interest expenses		21,981,019.88	45,352,882.83
Including: Dividends or profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	(LIV)	177,171,554.31	215,943,765.54
Sub-total of cash outflows from financing activities		772,521,024.19	809,645,972.86
Net cash flows from financing activities		113,323,637.01	38,775,563.93

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*January – June 2021**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	Amount for the period	Amount for the previous period
IV. Effect of changes in exchange rate on cash and cash equivalents		-19,947.67	-1,417,502.15
V. Net increase in cash and cash equivalents		-107,163,742.01	155,205,668.54
Add: Cash and cash equivalents at the beginning of the period		393,496,091.98	163,386,562.37
VI. Cash and cash equivalents at the end of the period		286,332,349.97	318,592,230.91

The accompanying notes to the financial statements are constituent parts of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January – June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Amount for the period										Total owners' equity			
	Equity attributable to the owners of the Company													
	Share capital	Preference shares	Perpetual bonds	Other equity instruments	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Sub-total	Minority interests
I. Balance at the end of last year	3,526,441,400.00				831,041,044.64		-174,447,360.97		22,477,267.06		-2,559,231,002.38	1,746,281,346.35		1,746,281,346.35
Add: Changes in accounting policies Correction for error in previous period Business combination under common control Others														
II. Balance at the beginning of current year	3,526,441,400.00				831,041,044.64		-174,447,360.97		22,477,267.06		-2,559,231,002.38	1,746,281,346.35		1,746,281,346.35
III. Movements in the period (decrease is represented by "-")														
(I) Total comprehensive income	-3,350,119,330.00													
(II) Capital contribution and reduction from owners														
1. Ordinary shares														
2. Capital contribution from owners of other equity instruments														
3. Amount of state-based payment included in owners' equity														
4. Others														
(III) Profit distribution														
1. Appropriations of surplus reserve														
2. Appropriation of general risk reserve														
3. Distribution to owners (or shareholders)														
4. Others														
					3,350,119,330.00		97,283,100.75		22,477,267.06		215,101,463.89	312,384,564.64		312,384,564.64
							97,283,100.75		22,477,267.06		215,101,463.89	312,384,564.64		312,384,564.64

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

January – June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Amount for the period										Total owners' equity	
	Equity attributable to the owners of the Company					Sub-total						
	Share capital	Preference shares	Perpetual bonds	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests
(VI) Transfer of owners' equity to capital (or share capital) from:					3,350,119,330.00							
1. Transfer to capital (or share capital) from reserves												
2. Transfer to capital (or share capital) from surplus reserves												
3. Surplus reserves for making up losses												
4. Changes in defined benefit plans transferred to related earnings												
5. Other comprehensive income transferred to related earnings												
6. Others												
(VII) Special reserve												
1. Appropriations in the period												
2. Utilization in the period												
(VII) Others					3,350,119,330.00							
IV. Closing balance for the period	176,322,070.00				4,281,160,374.64		-77,164,260.22		22,477,267.06		-2,344,129,538.49	2,056,665,912.99

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

January – June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Amount for the previous period												
	Equity attributable to the owners of the Company												
	Share capital	Preference shares	Other equity instruments	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total	Minority interests	Total owners' equity
(V) Transfer of owners' equity													
1. Transfer to capital (or share capital) from capital reserve													
2. Transfer to capital (or share capital) from surplus reserve													
3. Surplus reserves for making up losses transferred to retained earnings													
4. Changes in defined benefit plans transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriations in the period													
2. Utilization in the period													
(VI) Others													
IV. Closing balance for the period	2,232,349,400.00		943,531,444.10		-219,863,959.05	22,477,267.06		-2,737,340,636.05	241,447,516.06	94,036,139.73	385,183,655.79		

The accompanying notes to the financial statements are constituent parts of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

I. COMPANY PROFILE

(I) Company Profile

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***I. COMPANY PROFILE (CONTINUED)****(I) Company Profile (Continued)**

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

The Company completed the placing of H shares on 28 August 2020. An aggregate of 1,294,092,000 Placing Shares were successfully placed to not less than six but not more than ten Placees at the placing price of HK\$1.12 per placing share. The net proceeds of the Placing (after deducting all applicable costs and expenses) are approximately HK\$1.44 billion.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

I. COMPANY PROFILE (CONTINUED)**(I) Company Profile (Continued)**

On 31 March 2021, in accordance with the approval obtained at the extraordinary general meeting, domestic share class meeting and the H share class meeting on 28 December 2020, the Company completed the capital reduction on the basis that every twenty (20) existing shares with a par value of RMB1 each be reduced to one (1) reduced share with a par value of RMB1 each, and the registered capital of the Company was changed to RMB176,322,070 and the total number of shares was changed to 176,322,070 shares, of which, 80,073,400 shares were domestic shares, accounting for 45.41%, and 96,248,670 were foreign shares, accounting for 54.59%.

As at 30 June 2021, the total share capital of the Company was 176,322,070 shares and the registered capital was RMB176,322,070. The unified social credit code of the Company was 916100007663066019. The place of registration was the courtyard at No. 1 Caihong Road, Qingdu District, Xianyang, Shaanxi Province; its legal representative was Tong Xiaofei; its address of headquarters was the courtyard at No. 1 Caihong Road, Qingdu District, Xianyang, Shaanxi Province.

The financial statements have been reported after approval by all Directors of the Company (the Board) on 26 August 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***I. COMPANY PROFILE (CONTINUED)****(I) Company Profile (Continued)**

Business scope of the Company mainly comprises: the construction and operation of solar power plants; research, development, production and sales of solar photovoltaic glass, tempered glass, coated glass, conductive film glass, flat glass, and vacuum glass; research, development, production and sales of solar cell chip, solar cell module and their auxiliary products as well as silicon materials; solar photovoltaic power generation related business and research, development, production and sales of energy storage battery, inverter, smart grids for home appliances, and other auxiliary products; processing and further processing of quartz sand, an upstream material for solar photovoltaic glass; research, development, production and sales of power battery, cathode and anode materials of lithium battery, and upstream materials of lithium battery materials; research, development, manufacturing and sales of flat panel displays and auxiliary products and materials, electronic products; self-operated and commissioned import business for various commodities and technologies (other than commodities and technologies whose dealing, import or export is restricted or prohibited by the state); operation of processing imported goods and “Three-plus-one” business (i.e. processing and compensation trade); foreign trade and entrepot trade; research, development, manufacturing and sales of computer software and hardware, chemical products (other than precursor chemicals and hazardous chemical products), information technology, industrial control systems and its complete devices; processing and repairing machinery; development of, training and consultation on electronic information technology; acquisition, processing and utilization of waste materials, sales

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

I. COMPANY PROFILE (CONTINUED)

(I) *Company Profile (Continued)*

of accumulated materials (other than that of hazardous waste, usable waste and scrapped vehicles overseas); development, research, production and sales of new materials and high-tech products; medical and rehabilitation services, elderly care and healthcare services, health education (projects subject to approval according to laws and regulations can only be conducted after obtaining approval from the relevant authorities).

(II) *Scope of the consolidated financial statements*

As at 30 June 2021, subsidiaries included in the scope of the consolidated financial statements are set out as below:

Name

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of preparation

The financial statements have been prepared, in accordance with the Accounting Standards for Business Enterprises-Basic Standards and its relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (together referred to as the “**Accounting Standards for Business Enterprises**”) promulgated by the Ministry of Finance of the PRC, as well as the relevant requirements under the Rules for the Information Disclosure of Companies Offering Securities to the Public No. 15 –General Rules on Financial Reporting issued by China Securities Regulatory Commission.

(II) Going concern

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notes to specific accounting policies and accounting estimates:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, reflecting the Company's consolidated financial position as at 30 June 2021, and consolidated operating results and cash flows for January to June 2021 on a true and complete basis.

(II) *Accounting period*

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

(III) *Operating cycle*

The Company takes 12 months as its operating cycle.

(IV) *Functional currency*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(V) *Accounting treatment of business combinations under common control and not under common control***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

(VI) Preparation method of consolidated financial statements

1. Scope of consolidation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) *Preparation method of consolidated financial statements (Continued)*****2. *Consolidation procedures***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

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

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

2. *Consolidation procedures (Continued)*

(1) Addition of subsidiary or business

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements
(Continued)****2. Consolidation procedures (Continued)****(1) Addition of subsidiary or business (Continued)**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

(2) Disposal of subsidiary

① General treatment for disposal

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements (Continued)***2. Consolidation procedures (Continued)**(2) Disposal of subsidiary (Continued)**② Stepwise disposal of subsidiary*

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

- i. these transactions are entered into simultaneously or after considering the effects of each other;
- ii. these transactions constitute a complete commercial result as a whole;
- iii. one transaction is conditional upon at least one of the other transactions;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

(2) Disposal of subsidiary (Continued)

② Stepwise disposal of subsidiary (Continued)

- iv. one transaction is not economical on its own but is economical when considering together with other transactions.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements
(Continued)***2. Consolidation procedures (Continued)***(2) Disposal of subsidiary (Continued)****② Stepwise disposal of subsidiary (Continued)**

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

(3) Purchase of minority interests in subsidiary

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(VII) Classification of joint arrangements and accounting treatment***

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VIII) Recognition standard for cash and cash equivalents

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

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

1. Foreign currency transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(IX) Foreign currency transactions and translation of financial statements denominated in foreign currency (Continued)******2. Translation of financial statements denominated in foreign currency***

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

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

(X) Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

1. Classification of financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**(X) Financial Instruments (Continued)***1. Classification of financial instruments (Continued)*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

1. Classification of financial instruments (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(X) Financial Instruments (Continued)******1. Classification of financial instruments (Continued)***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

(1) Financial assets measured at amortized cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**(X) Financial Instruments (Continued)**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)***2. Recognition basis and measurement method of financial instruments (Continued)*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

(6) Financial liabilities measured at amortized cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**(X) Financial Instruments (Continued)****3. Derecognition of financial assets and financial asset transfers**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**(X) Financial Instruments (Continued)**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

4. *Derecognition of financial liabilities*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)***4. Derecognition of financial liabilities (Continued)*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial instruments (Continued)****6. Test and accounting methods for impairment of financial assets (Continued)**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

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

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

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

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

For lease receivables and long-term receivables, the Company chooses to always measure the loss provisions at the amount equal to the lifetime expected credit loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of Receivables***

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

1. Accounts receivable and bills receivable

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

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

The impairment test is conducted separately. If there is objective evidence that it has been impaired, provision for bad debts will be made based on the difference between the present value of estimated future cash flows and its book value, which shall be included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Impairment of Receivables (Continued)

1. Accounts receivable and bills receivable (Continued)

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

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

The reason of choosing the portfolio

The portfolio of bills	The portfolio is in the credit risk characteristic of the credit degree of acceptance bank or acceptor
The portfolio of aging	The portfolio is in the credit risk characteristic of the aging of accounts receivable
The portfolio of related parties	The portfolio is in the credit risk characteristics of the trading relationship of accounts receivable
The portfolio of deposit, guarantees and reserves	The portfolio is in the credit risk characteristic of the nature of accounts receivable

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of Receivables (Continued)***1. *Accounts receivable and bills receivable (Continued)*

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

The method of accruing bad debt provision on portfolio

The portfolio of bills	Other method
The portfolio of aging	Accruing bad debt provision based on aging analysis method
The portfolio of related parties	Other method
The portfolio of deposit, guarantees and reserves	Other method

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of Receivables (Continued)****1. Accounts receivable and bills receivable (Continued)*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of Receivables (Continued)****2. Receivables financing*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Impairment of Receivables (Continued)

3. *Other receivables*

For the measurement of impairment loss of other receivables, it is treated in accordance with the measurement method of impairment loss of the aforementioned accounts receivable.

4. *Others*

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

(XII) Inventories

1. *Classification and costs for inventories*

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

2. *Measurement for inventories delivered*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XII) Inventories (Continued)*****3. *Determination basis of net realizable value of different types of inventories***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XII) Inventories (Continued)

3. *Determination basis of net realizable value of different types of inventories (Continued)*

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

4. *Inventory system*

The Company adopts perpetual inventory system.

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

- (1) Low-value consumables are amortized using one-off write-off method;
- (2) Packaging materials are amortized using one-off write-off method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XIII) Contract assets******1. Recognition and standard of contract assets***

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

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

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note "III. (X) 6. Test and accounting methods for impairment of financial assets".

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIV) Assets classified as held-for-sale

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XIV) Assets classified as held-for-sale (Continued)***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments

1. Joint control or significant influence criterion

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)****2. Determination of initial investment cost*

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

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the own' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

2. Determination of initial investment cost (Continued)

- (1) Long-term equity investments acquired through business combination (Continued)

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

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

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

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)*****3. *Subsequent measurement and recognition of profit or loss***

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

Long-term equity investment in a subsidiary is accounted for using cost method unless the investment meets the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company's share of the cash dividends or profits declared by the investee.

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

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

3. *Subsequent measurement and recognition of profit or loss (Continued)*

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

The Company recognizes the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realized by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the "**Other Changes of Owner's Equity**"), except for net profits and losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable net assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee after the adjustment and to other comprehensive income, etc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XV) Long-term equity investments (Continued)**

3. *Subsequent measurement and recognition of profit or loss (Continued)*

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

The unrealized profit or loss which is attributable to the Company calculated based on its attributable percentage resulting from transactions between the Company and its associates or joint venture shall be eliminated in, based on which investment income shall be recognized, other than those assets consumed or disposed of which constitute business. Any unrealized losses resulting from transactions with the investee, which are attributable to impairment of assets, shall be fully recognized.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of profit or loss (Continued)

(3) Disposal of long-term equity investments

For disposal of a long-term equity investment, the difference between the book value and the consideration actually received shall be included in current profit or loss.

For the certain long-term equity investment treated under the equity method, where the remaining equity continues to be accounted for using the equity method, the other comprehensive income previously recognised under the equity method shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity shall be transferred in proportion into current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)******3. Subsequent measurement and recognition of profit or loss (Continued)*****(3) Disposal of long-term equity investments (Continued)**

When the Group loses the mutual control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognized in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XV) Long-term equity investments (Continued)***

3. *Subsequent measurement and recognition of profit or loss (Continued)*
 - (3) Disposal of long-term equity investments (Continued)

When the Group loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity recognized as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's Equity recognised before obtaining the control over the investee shall be transferred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)*****3. *Subsequent measurement and recognition of profit or loss (Continued)*****(3) Disposal of long-term equity investments (Continued)**

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the Company doesn't account for a package deals, accounting treatment shall be conducted for each transaction individually.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVI) Investment property

Investment property is held to earn rentals or for capital appreciation or both which include leased land use rights; land use rights held for sale after appreciation; leased buildings (including buildings after self-completion of construction or development for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future).

The Company's existing investment property is measured at cost. Investment property measured at cost – buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XVII) Fixed assets****1. Recognition and initial measurement of fixed assets**

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

- (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognized; all other subsequent expenses are included in current profit or loss upon occurrence.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVII) Fixed assets (Continued)

2. Methods for depreciation

Fixed assets of the Company are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets that have made provision for the impairment, the amount of depreciation of it is determined by carrying value after deducting the provision for the impairment based on useful life during the future period. Where different components of a fixed asset have different useful lives or generate economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XVII) Fixed assets (Continued)***2. Methods for depreciation (Continued)*

The depreciation methods, useful life of depreciation, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation methods	Useful life (Years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	Straight-line method	10-30	3	3.23-9.70
Machinery and equipment	Straight-line method	18	3	5.40
Electronic equipment	Straight-line method	15	3	6.50
Office equipment	Straight-line method	5	3	19.40
Transportation tools	Straight-line method	5	3	19.40
Specialized glass equipment	Straight-line method	6	3	16.20

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVII) **Fixed assets (Continued)**

3. *Disposal of fixed assets*

A fixed asset is derecognized on disposal or when no future economic benefits are expected from using or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in current profit or loss.

(XVIII) **Construction in progress**

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XIX) Borrowing costs******1. Criteria for recognition of capitalised borrowing costs***

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized into the cost of relevant assets. Other borrowing costs are recognized as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. Capitalisation period of borrowing costs

The capitalisation period refers to the period beginning from the commencement of capitalising borrowing costs to the date of ceasing capitalisation, excluding the period of suspension of capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Borrowing costs (Continued)

2. Capitalisation period of borrowing costs (Continued)

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset get ready for their intended use or sale have commenced.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XIX) Borrowing costs (Continued)****3. Suspension of capitalisation period**

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognized in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

4. Capitalisation rate and calculation of capitalisation amount of borrowing costs

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Borrowing costs (Continued)

4. *Capitalisation rate and calculation of capitalisation amount of borrowing costs (Continued)*

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalized amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are included in the current profits and losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XX) Intangible assets******1. Measurement of intangible assets***

- (1) Intangible assets are initially measured at cost upon acquisition by the Company;

The costs of an externally purchased intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.

- (2) Subsequent measurement

The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized over the term in which economic benefits are brought to the firm; if the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortized.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XX) Intangible assets (Continued)**

2. *Estimate of useful life for the intangible assets with finite useful life*

Items	Estimated useful lives (Year)	Amortization method
Land use rights	16.75-50	straight-line method
Trademark use rights	10	straight-line method
Computer software	5-10	straight-line method
Patent	10	straight-line method
Software copyrights	10	straight-line method
Non-patent technology	5	straight-line method

3. *Basis for determining intangible assets with indefinite useful life and procedure for reviewing its useful life*

The useful life of intangible assets with indefinite useful life is reviewed at the end of each period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XX) Intangible assets (Continued)******4. Specific criteria for the division of research phase and development phase***

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XX) Intangible assets (Continued)

5. *Specific conditions for capitalisation of expenditure incurred in development phase*

Expenditures incurred in the research stage are recognised in profit or loss for the period. Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognized in profit or loss for the period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XX) Intangible assets (Continued)*****5. Specific conditions for capitalisation of expenditure incurred in development phase (Continued)**

- (3) the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXI) Impairment of long-term assets***

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-to-use assets, intangible assets and oil and gas assets with a finite useful life are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXI) Impairment of long-term assets (Continued)***

When the Company performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally.

Once the above asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXII) Long-term deferred expenses

Long-term deferred expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

(XXIII) Contract liabilities

The Company has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXIV) Employee benefits**1. Accounting treatment methods of short-term benefits*

In the accounting period in which employees provide service for the Company, short-term benefits actually incurred are recognized as liabilities and charged to current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid as required by regulations, the Company should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Company's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) *Employee benefits (Continued)*

2. *Accounting treatment methods of post-employment benefits*

(1) Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets.

(2) Defined benefit scheme

In respect of the defined benefit scheme, the Company shall attribute the welfare obligations under the defined benefit scheme in accordance with the formula determined by projected unit credit method to the service period of relevant employee, and record the obligation in profit loss for the current period or costs of related assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits (Continued)******2. Accounting treatment methods of post-employment benefits (Continued)******(2) Defined benefit scheme (Continued)***

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets of a defined benefit scheme. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) *Employee benefits (Continued)*

2. *Accounting treatment methods of post-employment benefits (Continued)*

(2) Defined benefit scheme (Continued)

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognized based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits (Continued)******3. Accounting treatment of Termination benefits***

When the Company provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognized and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Company recognizes such cost or expenses associated with the restructuring involving the payment of termination benefits.

(XXV) Estimated liabilities

The Company shall recognize an obligation related to contingency as the estimated liability when all of the following conditions are satisfied:

1. such obligation is the present obligation of the Company;
2. the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;
3. the amount of such obligation can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXV) Estimated liabilities (Continued)

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value of the range. In other cases, the best estimate are handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount;
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXV) Estimated liabilities (Continued)***

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the carrying amount of estimated liabilities.

The Company reviews the carrying amount of estimated liabilities on balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

(XXVI) Share-based payments

The Company's share-based payment represents transactions in which the Company receives services from employee by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVI) **Share-based payments (Continued)**

1. *Equity-settled share-based payment and equity instrument*

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. If the share-based payment transactions granted to employees vest immediately, the fair value of the share-based payment transactions granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the share-based payment transactions granted to employees do not vest until the completion of services for a vesting period, or until the achievement of specified performance conditions, the Company, on each balance sheet date during the vesting period, according to the best estimate of the number of feasible equity instruments, includes the services received in the current period into the relevant cost or expense on the basis of the fair value on the date of grant, with a corresponding increase in capital reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVI) Share-based payments (Continued)******1. Equity-settled share-based payment and equity instrument (Continued)***

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognized as an increase in the service received.

During the vesting period, where the granted equity instrument is cancelled, the Company shall accelerate the exercise of rights thereunder, recognizing the outstanding amount for the remainder of the vesting period in profit or loss, while recognizing capital reserve. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument with the same terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVI) **Share-based payments (Continued)**

2. *Cash-settled share-based payments and equity instrument*

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. If the share-based payment transactions granted to employees vest immediately, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the share-based payment transactions granted to employees do not vest until the completion of services for a vesting period, or until the specified performance conditions are met, at each balance sheet date during the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXVII) Other financial instruments such as preferred shares and perpetual bonds***

Such financial instruments or a part thereof are, on initial recognition, classified into financial assets, financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms of the Company's preferred shares and perpetual bonds instead of only on the basis of the legal form.

For financial instruments such as perpetual bonds/preference shares issued by the Company, which meet one of the following conditions, such financial instrument as a whole or a component thereof is classified as a financial liability on initial recognition:

1. there are contractual obligations performed by the delivery of cash or other financial assets that the Company cannot unconditionally avoid;
2. there are contractual obligations that include the delivery of a variable number of own equity instruments for settlement;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVII) Other financial instruments such as preferred shares and perpetual bonds (Continued)

3. there are derivatives that are settled with their own equity (such as conversion rights), and the derivatives are not settled with a fixed amount of their own equity instruments for a fixed amount of cash or other financial assets for settlement;
4. there are contractual clauses that indirectly form contractual obligations;
5. when the issuer liquidates, the perpetual bonds are in the same liquidate order as the ordinary bonds and other debts issued by the issuer.

For financial instruments such as perpetual bonds/preference shares that do not meet any of the above conditions, such financial instrument as a whole or a component thereof is classified as an equity instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVIII) Revenue***

1. *Accounting policies adopted for revenue recognition and measurement*

The Company recognizes revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Company allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and recognizes the revenue according to the transaction price allocated to each individual performance obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVIII) Revenue (Continued)

1. *Accounting policies adopted for revenue recognition and measurement (Continued)*

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Company determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognized which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Company recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid in cash when (or as) the customer had obtained control over such goods or services. The difference between the transaction price and the amount of contract consideration is amortised using an effective interest method over the contract term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXVIII) Revenue (Continued)**1. Accounting policies adopted for revenue recognition and measurement (Continued)*

When one of the following conditions is satisfied, the Company is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customers can control the goods under construction in the course of the Company's performance.
- Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVIII) Revenue (Continued)

1. *Accounting policies adopted for revenue recognition and measurement (Continued)*

Where performance of a single service contract takes place over a certain period of time, revenue should be recognized as performance takes place, except where the stage of performance cannot be determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Company should recognize revenue only to the extent of the cost until a reliable measure of progress can be made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVIII) Revenue (Continued)*****1. *Accounting policies adopted for revenue recognition and measurement (Continued)***

For a performance obligation satisfied at a point in time, the Company shall recognize revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Company considers the following indications:

- the Company enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- the Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- the Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- the Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- the customer has accepted the goods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVIII) Revenue (Continued)

2. Specific principles for revenue recognition

The Company recognizes revenue at the point in time when the performance obligation in a contract is fulfilled, namely when the customer obtains control over the relevant goods or services. (1) Revenue recognition for domestic sales: sales revenue is recognized after the Company ships and delivers the products to the delivery place designated by the customer and with customer's verification and signing of the relevant documents; (2) Revenue recognition for export sales: the revenue is recognized in the month of bill of lading when the declaration is completed and the customs form and bill of lading are obtained after shipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXIX)* **Contract costs**

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract which do not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognized as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Company to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognized as an asset.

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company will include it into the current profit or loss when it incurs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) **Contract costs (Continued)**

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXX)* Government grants****1. Types**

Government grants are monetary assets or non-monetary assets obtained by the Company from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Company for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

2. Timing for recognition

Government grants are recognised when the Company can comply with the conditions attached to them and when they can be received.

3. Accounting treatment

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognized as deferred income. The amount recognized as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Company's daily activities shall be included in other income; and the government grants unrelated to the Company's daily activities shall be included in non-operating income).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) **Government grants (Continued)**

3. *Accounting treatment (Continued)*

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognized as deferred income and recorded in current profit or loss when such costs and losses are recognized (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Company are recorded directly in current profit or loss (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXX) Government grants (Continued)******3. Accounting treatment (Continued)***

The interest subsidies for policy-related preferential loans obtained by the Company are divided into two types and subject to accounting treatment separately:

- (1) Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Company at a policy-based preferential interest rate, the Company will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.
- (2) Where the interest subsidies are paid directly to the Company, the Company will use such interest subsidies to offset the corresponding borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Deferred income tax assets and deferred income tax liabilities

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

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the temporary differences between the tax bases and the carrying amounts of assets and liabilities.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future years, deferred tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognized for the taxable temporary difference.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)***

The exceptions for not recognition of deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)

On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future against which the benefits of the deferred tax assets will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)***

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

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) **Lease**

A lease is a contract that a lessor conveys the right to use an asset to a lessee for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

For a contract that contains multiple separate lease, the Company separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

1. *The Company as a lessee*

(1) Right-of-use assets

At the commencement date of lease term, the Company recognizes right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(1) Right-of-use assets (Continued)**

the amount of the initial measurement of lease liability;

lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);

initial direct costs incurred by the Company;

the costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

1. The Company as a lessee (Continued)

(1) Right-of-use assets (Continued)

The Company accrues depreciation for the right-of-use assets with refer to the relevant depreciation policy in Note “III. (XVII) Fixed assets”. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the leased asset from the commencement date to the end of the useful life of the underlying asset; otherwise, the Company depreciates the leased asset from the commencement date to the earlier of the end of the useful life of the leased asset or the end of the lease term.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in Note “III. (XXI) Impairment of long-term assets” and conducts accounting treatment for impairment loss identified.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(2) Lease liabilities**

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payments include:

- ① fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- ② variable lease payment that are based on an index or a rate;
- ③ amounts expected to be payable under the guaranteed residual value provided by the Company;
- ④ the exercise price of a purchase option if the Company is reasonably certain to exercise that option;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

1. *The Company as a lessee (Continued)*

(2) Lease liabilities (Continued)

- ⑤ payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities in each period of the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(2) Lease liabilities (Continued)**

After the commencement date of lease term, if the following circumstances occur, the Company remeasures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero and the lease liability still needs to be further reduced, the Company accounts for the difference in the current profit or loss:

- when the assessment results of the purchase, extension or termination option or the actual exercise condition changes, the Company remeasures the lease liabilities in accordance with the lease payments after changes and present value calculated based on the the revised discount rate;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

1. *The Company as a lessee (Continued)*

(2) Lease liabilities (Continued)

- when in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments changed, the Company remeasures the lease liabilities in accordance with the present value calculated based on the lease payments after changes and the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, a revised discount rate is used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(3) Short-term leases and leases of low-value assets**

The right-of-use asset and lease liability are not recognized by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low-value asset.

(4) Lease change

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

the lease change expands the scope of lease by increasing the rights to use one or more leased assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

1. *The Company as a lessee (Continued)*

(4) Lease change (Continued)

the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Company reduces the carrying amount of the right-of-use asset accordingly, and recognises the related gains or losses from partially or completely terminated leases into the current profit and loss. For other lease change that cause the lease liabilities to be remeasured, the Company adjusts the carrying amount of the right-of-use assets accordingly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****2. The Company as a lessor**

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a financing lease. As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases.

(1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalized and then allocated and included in the current profit and loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

2. The Company as a lessor (Continued)

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease payments receivable which were not received at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a fixed periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with the Note “III. (X) Financial instruments”.

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****2. The Company as a lessor (Continued)****(2) Accounting treatment of financing leases (Continued)**

When a financial lease is changed and the following conditions are simultaneously met, the Company accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

2. The Company as a lessor (Continued)

(2) Accounting treatment of financing leases (Continued)

Where a change in a financing lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a financing lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this Note “III. (X)–Financial instruments”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****3. *After-sale and leaseback transactions***

The Company assesses and determines whether the asset transfer in the after-sale and leaseback transaction is a sale in accordance with principles described in Note “III. (XXVIII) Revenue”.

(1) As a lessee

If the asset transfer in the after-sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the after-sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor; if the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see Note “III. (X) Financial instruments”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

3. *After-sale and leaseback transactions (Continued)*

(2) As a lessor

If the transfer of assets in the after-sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned “2. The Company as a lessor”; if the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see Note “III. (X) Financial instruments”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXIII) Discontinued operation***

Discontinued operation refers to a component that meet one of the following conditions and can be distinguished separately and has been disposed of or classified by the Company as held for sale:

1. represents a separate major line of business or geographical area of operations;
2. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
3. is a subsidiary acquired exclusively with a view to resale.

The profits or losses from continuing operations and discontinued operations are presented in the income statement, respectively. The profits or losses from discontinued operations such as impairment losses and reversed amounts and the profits or losses of disposal shall be presented as the profits or losses from discontinued operations. For discontinued operations presented in the current period, the information originally presented as the profits or losses from continuing operations in the current financial statements shall be presented as the profits or losses from discontinued operations during comparable accounting periods again.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIV) Asset backed securities

If the Company securitizes part of the accounts receivables and sells it to a special purpose entity, which then issues securities to investors, the transfer of these financial assets meets the conditions for derecognition. For the prerequisites for derecognition of financial assets, please refer to the aforementioned financial asset transfer. During the transfer process, the Company does not retain the rights and interests of the transferred financial assets and only provides collection services in accordance with the agreement. During the securitization process, the difference between the book value of the derecognized financial assets and its consideration is recognized as a securitization gain or loss and included in the current profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXV) Hedge accounting******1. Classification of hedging***

- (1) A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).
- (2) Cash flow hedges is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.
- (3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Hedge accounting (Continued)

2. Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Company formally designates the hedge relationship and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Company will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Company for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXXV) Hedge accounting (Continued)***

2. *Designation of the hedge relationship and recognition of the effectiveness of hedging (Continued)*

The application of hedge accounting shall meet the requirements on the effectiveness of the hedge:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Hedge accounting (Continued)

3. *The criteria for hedge accounting*

(1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortized cost, the adjustment to carrying amount is amortized through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the current profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXXV) Hedge accounting (Continued)*****3. *The criteria for hedge accounting (Continued)*****(1) Fair value hedges (Continued)**

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the current profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the current profit or loss. The changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

(2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income, while the ineffective portion is recognized immediately in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Hedge accounting (Continued)

3. *The criteria for hedge accounting (Continued)*

(2) Cash flow hedges (Continued)

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognized in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non financial debts, the amounts shall be included in the current profit or loss).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXV) Hedge accounting (Continued)*****3. *The criteria for hedge accounting (Continued)*****(2) Cash flow hedges (Continued)**

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Hedge accounting (Continued)

3. The criteria for hedge accounting (Continued)

(3) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

(XXXVI) Segment reporting

The Company will determine operation segment on the basis of the internal organizational structure, management requirements and internal report system, and determine reporting segment on the basis of operation segment, and disclose such segment information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXXVI) Segment reporting (Continued)***

An operating segment is a component of the Company that meets the following conditions simultaneously:

1. the component is able to generate revenues and incur expenses from its ordinary activities;
2. whose operating results are regularly evaluated by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance;
3. for which the accounting information on financial position, operating results and cash flows is available to the Company. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVII) **Changes in significant accounting policies and accounting estimates**

1. *Changes in significant accounting policies*

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 14

On 2 February 2021, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 14 (Cai Kuai [2021] No. 1, hereinafter referred to as “**Interpretation No. 14**”) which will be effective on the date of the announcement. Relevant operations newly added from 1 January 2021 to the effective date will be adjusted in accordance with Interpretation No. 14.

- ① Contract of Public-Private Partnership (PPP) Project

Interpretation No. 14 applies to PPP project contracts that meet both the “Dual feature” and “Dual control” described in the interpretation, and retroactive adjustments should be made to the relevant PPP project contracts that were implemented before 31 December 2020 and have not been completed by the effective date. For those that a retroactive adjustment is not practicable, it should be applied from the beginning of the earliest period for which retroactive adjustments can be made, the retained profit at the beginning of the year and other related items of the financial statements on the effective date of the cumulative impact adjustment, without adjusting the information for comparable periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVII)* Changes in significant accounting policies and accounting estimates (Continued)****1. Changes in significant accounting policies (Continued)****(1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 14 (Continued)****② Interest Rate Benchmark Reform**

Interpretation No. 14 provides simplified accounting treatment for changes in the basis for determining cash flows related to financial instrument contracts and lease contracts as a result of the interest rate benchmark reform.

In accordance with the provisions of the interpretation, a retrospective adjustment should be applied to operations related to the benchmark interest rate reform that occurred before 31 December 2020, unless otherwise it is impractical to do so, and there is no need to adjust the prior period comparative financial statement data. At the effective date of the interpretation, the difference between the original and new carrying amounts of financial assets and financial liabilities shall be included in opening retained earnings or other comprehensive income for the annual reporting period in which the Interpretation is effective. The implementation of the provision did not have a material impact on the Company's financial position and operating results.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVII) **Changes in significant accounting policies and accounting estimates (Continued)**

1. *Changes in significant accounting policies (Continued)*

- (2) Implementation of the Circular on Adjustment to the Scope of Implementation of the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic

On 19 June 2020, the Ministry of Finance issued the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic (Cai Kuai [2020] No. 10), pursuant to which, enterprises can choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by COVID-19 Pandemic.

On 26 May 2021, the Ministry of Finance issued the Circular on Adjustment to the Scope of Implementation of the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic (Cai Kuai [2020] No. 9), with effect from 26 May 2021, adjusting the scope of implementation of adopting a simplified method for accounting treatment of rental concession related to COVID-19 pandemic as stipulated in the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic from “any reduction or concession in lease payments affects only lease payments payable before 30 June 2021” to “any reduction or concession in lease payments affects only lease payments payable before 30 June 2022”, and other applicable conditions remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXXVII) Changes in significant accounting policies and accounting estimates (Continued)******1. Changes in significant accounting policies (Continued)***

- (2) Implementation of the Circular on Adjustment to the Scope of Implementation of the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic (Continued)

The implementation of the provision did not have a material impact on the Company's financial position and operating results.

2. Changes in significant accounting estimates

No significant changes to accounting estimates occurred during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

IV. TAXATION**(I) Major tax categories and tax rates**

Tax categories	Tax basis	Tax rate
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	13%, 6%
Urban maintenance and construction tax	Based on value-added tax and consumption taxes paid	7%, 5%
Enterprise income tax	Based on taxable profits	20%, 15%

Companies subject to different income tax rates are disclosed as follows

Taxpayer	Income tax rate
IRICO Group New Energy Company Limited. (彩虹集團新能源股份有限公司) (parent company)	15%
IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司)	15%
IRICO Yan'an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司)	15%
Xianyang IRICO Photovoltaic Glass Co., Ltd. (咸陽彩虹光伏玻璃有限公司)	15%
Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司)	20%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Preferential tax treatment**

1. Pursuant to the “Notice on Tax Policies in relation to Further Implementation of the Western Development Strategy” (Cai Shui [2011] No. 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》(財稅[2011]58號)), as the Company and Xianyang Photovoltaic, a subsidiary of the Company, pertain to enterprises engaged in the industries encouraged by the government in the western region, they are entitled to relevant western development preferential policies upon filing with the tax branch directly under the Xianyang Municipal Office, SAT, and therefore enjoy the preferential EIT rate of 15% for the year.
2. Hefei Photovoltaic, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR201834000268) as approved by the Science and Technology Department of Anhui Province, and the Department of Finance of Anhui Province, Anhui Provincial Tax Service of the State Taxation Administration on 24 July 2018, and has been entitled to a 15% preferential tax treatment for EIT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

IV. TAXATION (CONTINUED)

(II) Preferential tax treatment (Continued)

3. As the income from power generation of Hefei Photovoltaic, a subsidiary of the Company, applies to preferential policy of three years' exemption from EIT followed by three years of 50% tax reduction. As stipulated under Clause 88 of the "Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (No. 512 Decree of the State Council of the People's Republic of China)" (《中華人民共和國企業所得稅法實施條例》(中華人民共和國國務院令第512號)), qualified environmental protection, energy and water saving projects mentioned in Article 27(3) of the Enterprise Income Tax Law include public sewage treatment, public refuse disposal, comprehensive development and utilization of biogas, technological upgrade of energy saving and remission reduction, seawater desalination, etc. Enterprises engaged in the abovementioned qualified environmental protection, energy and water conservation projects, shall be exempted from entire EIT on income derived therefrom for the first to third years, and entitled to a 50% tax reduction from the fourth to sixth years, commencing from the assessable year during which relevant projects start to generate manufacturing or operating revenue. During the reporting period, Hefei Photovoltaic was in the halving phase.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Preferential tax treatment (Continued)**

4. According to the Guidance Catalogue on Adjustments to Industrial Institutions by [2019] No. 29 Order of the National Development and Reform Commission (2019 Version) (國家發展和改革委員會令第[2019]29號《產業機構調整指導目錄(2019年本)》), as Yan'an New Energy, a subsidiary of the Company, pertains to enterprises engaged in the industries encouraged by the government in the western region, it is entitled to relevant western development preferential policies upon filing with the tax branch directly under the Yan'an Municipal Office, SAT, and therefore Yan'an New Energy enjoys the preferential EIT rate of 15% for the year.
5. According to the Guidance Catalogue on Adjustments to Industrial Institutions by [2019] No. 29 Order of the National Development and Reform Commission (2019 Version) (國家發展和改革委員會令第[2019]29號《產業機構調整指導目錄(2019年本)》), as Xianyang Photovoltaic, a subsidiary of the Company, pertains to enterprises engaged in the industries encouraged by the government in the western region, it is entitled to relevant western development preferential policies upon filing with the Maquan Tax Branch of Qindu District Tax Bureau of Xianyang, SAT, and therefore Xianyang Photovoltaic enjoys the preferential EIT rate of 15% for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

IV. TAXATION (CONTINUED)**(II) Preferential tax treatment (Continued)**

6. Jiangxi Photovoltaic, a subsidiary of the Company, is qualified as the small low-profit enterprise stipulated in the Enterprise Income Tax Law of the People's Republic of China and its implementation rules. From 1 January 2021 to 31 December 2022, for the portion of annual taxable income less than RMB1 million for small low-profit enterprises, 12.5% of the amount will be reduced and included into the taxable income amount and the corporate income tax shall be levied at a tax rate of 20%.

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(I) Monetary funds**

Item	Closing balance	Balance at the end of last year
Cash on hand	61.05	
Bank deposit	286,332,288.92	393,620,122.10
Other monetary funds	337,119,026.56	324,289,147.90
Total	623,451,376.53	717,909,270.00

Of which: Total deposits in overseas banks

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable***1. Accounts receivable shown by aging*

Aging	Closing balance	Balance at the end of last year
Within 1 year		
Including: 0-6 months (inclusive)	288,617,390.02	214,299,389.15
7-12 months (inclusive)	28,913,803.68	11,167,615.05
Subtotal within 1 year	317,531,193.70	225,467,004.20
1-2 years (inclusive)	3,507,783.29	12,896,552.25
2-3 years (inclusive)	8,995,397.64	
Over 3 years	16,092,057.65	16,139,908.53
Subtotal	<u>346,126,432.28</u>	<u>254,503,464.98</u>
Less: provision for bad debts	<u>17,022,822.10</u>	<u>16,697,661.51</u>
Total	<u>329,103,610.18</u>	<u>237,805,803.47</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable (Continued)****2. Accounts receivables disclosed according to the method of provision for bad debts**

Category	Closing balance				Carrying amount	Balance at the end of last year				Carrying amount
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts		
	Amount	Proportion (%)	Amount	Appropriation Proportion (%)		Amount	Proportion (%)	Amount	Appropriation Proportion (%)	
Allowance for bad debts is made on individual basis	4,109,957.00	1.19			4,109,957.00	4,109,957.00	1.61			4,109,957.00
Allowance for bad debts is made on group basis	342,016,475.28	98.81	17,022,822.10	4.98	324,993,653.18	250,393,507.98	98.39	16,697,661.51	6.67	233,695,846.47
Including: By aging	322,508,228.06	93.17	17,022,822.10	5.28	305,465,405.96	237,498,135.57	93.32	16,697,661.51	7.03	220,800,474.06
By related parties	19,508,247.22	5.64			19,508,247.22	12,895,372.41	5.07			12,895,372.41
Total	346,126,432.28	100.00	17,022,822.10		329,103,610.18	254,503,464.98	100.00	16,697,661.51		237,805,803.47

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(III) Accounts receivable (Continued)**

2. *Accounts receivables disclosed according to the method of provision for bad debts (Continued)*

Allowance for bad debts made on individual basis:

Name	Book balance	Closing balance		Reasons for making allowance (%)
		Allowance for bad debts	Appropriation Proportion	
Baoding Linghe Real Estate Development Co., Ltd. (保定領和房地產開發有限公司)	4,109,957.00			Expected to be recoverable
Total	4,109,957.00			

Note: Baoding Lightway Green Energy Technology Co., Ltd. (保定光為綠色能源科技有限公司) will purchase three properties from Baoding Linghe Real Estate Development Co. Ltd. (保定領和房地產開發有限公司) to repay the debts, and the properties are under construction.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable (Continued)**

2. *Accounts receivables disclosed according to the method of provision for bad debts (Continued)*

Allowance for bad debts made on group basis:

Items for which allowance is made on group basis: by aging

Name	Accounts receivable	Closing balance	
		Allowance for bad debts	Appropriation proportion (%)
0 to 6 months (inclusive)	304,388,041.52		
7 to 12 months (inclusive)	170,000.00	1,700.00	1.00
1 to 2 years (inclusive)			
2 to 3 years (inclusive)	1,858,128.89	929,064.45	50.00
Over 3 years	16,092,057.65	16,092,057.65	100.00
Total	<u>322,508,228.06</u>	<u>17,022,822.10</u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable (Continued)**

2. *Accounts receivables disclosed according to the method of provision for bad debts (Continued)*

Items for which allowance is made on group basis: by related parties

Name	Accounts receivable	Closing balance Allowance for bad debts	Appropriation proportion (%)
By related parties	19,508,247.22		
Total	19,508,247.22		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable (Continued)**

3. *Allowances for bad debts made, reversed or recovered for the period*

Type	Balance at the end of last year	Changes during the period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Recognized allowances for bad debt for single item					
Receivables with allowances for bad debts based on credit risk characteristics	16,697,661.51	325,160.59			17,022,822.10
Including: by aging by related parties	16,697,661.51	325,160.59			17,022,822.10
Total	16,697,661.51	325,160.59			17,022,822.10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable (Continued)***4. Top five accounts receivable according to closing balance of debtors*

Name	Accounts receivable	Closing balance Percentage of total accounts receivable (%)	Allowance for bad debts
Hefei JA Solar Technology Co., Ltd. (合肥晶澳太陽能科技有限公司)	36,043,187.33	10.41	
Chuzhou LONGi Solar Technology Co., Ltd.* (滁州隆基樂葉光伏科技有限公司)	28,732,284.41	8.30	
Trina Solar Co., Ltd. (天合光能股份有限公司)	26,404,246.56	7.63	
Taizhou LONGi Solar Technology Co., Ltd.* (泰州隆基樂葉光伏科技有限公司)	20,363,275.41	5.88	
LONGi Solar Technology Co, Ltd* (隆基樂葉光伏科技有限公司)	19,998,623.18	5.78	
Total	<u>131,541,616.89</u>	<u>38.00</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Accounts receivable (Continued)***5. Overdue accounts receivable at the end of the period*

Items	Closing balance
Accounts receivable not overdue and not impaired	313,439,517.05
Accounts receivable overdue and not impaired – within 3 months	3,195,084.16
Accounts receivable overdue and not impaired – over 3 months	12,469,008.97
Total	329,103,610.18

As of 30 June 2021, information on the impairment of accounts receivable and the Company's exposure to credit risk and foreign currency risk is set out in Note 8.

As at 30 June 2021, the carrying amounts of accounts receivable approximated their fair values.

The basis of accounts receivable aging analysis is set out in Note III. (XI).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Receivables financing**1. *Receivables financing*

Item	Closing balance	Balance at the end of previous year
Bills receivable	634,555,431.85	418,786,392.28
Accounts receivable		
Total	634,555,431.85	418,786,392.28

2. *Changes of receivables financing and its fair value for the period*

Item	Balance at the end of previous year	Additions during the period	Derecognition during the period	Other changes	Closing balance	Accumulated loss provisions recognized in other comprehensive income
Bank acceptance bills	418,786,392.28	1,230,550,427.87	1,014,781,388.30		634,555,431.85	
Total	418,786,392.28	1,230,550,427.87	1,014,781,388.30		634,555,431.85	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Receivables financing (Continued)***3. Receivables financing pledged at the end of period*

Category	Pledged amount at the end of period
Bank acceptance bills	244,446,292.30
Commercial acceptance bills	_____
Total	244,446,292.30

4. Bills receivable endorsed or discounted at the end of period which was not yet due on the balance sheet date

Category	Amount derecognized at the end of period	Amount not derecognized at the end of period
Bank acceptance bills	637,848,628.43	
Commercial acceptance bills	_____	
Total	637,848,628.43	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(V) Prepayments***1. Prepayments stated by aging*

Aging	Closing balance		Balance at the end of last year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	25,654,728.76	99.62	34,855,625.69	85.65
1 to 2 years (inclusive)	9,819.21	0.04	5,766,378.94	14.17
2 to 3 years (inclusive)	15,492.50	0.06	10,032.00	0.02
Over 3 years	71,510.54	0.28	65,510.54	0.16
Total	<u>25,751,551.01</u>	<u>100.00</u>	<u>40,697,547.17</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(V) Prepayments (Continued)**

2. Top five prepayments according to closing balance of counterparties

Counterparties	Closing balance	Percentage of closing balance of total prepayments (%)
CNSG Anhui Hong Sifang Co., Ltd. (中鹽 安徽紅四方股份有限公司)	8,060,166.05	31.30
Chenzhou Qibin Photovoltaic & Photoelectric Glass Co., Ltd. (郴州旗濱 光伏光電玻璃有限公司)	7,492,254.53	29.09
Qingdao Chengrui Glass Co., Ltd. (青島成 睿玻璃有限公司)	1,905,200.00	7.40
Hanzhong IRICO Jiarunze Mining Co., Ltd. (漢中彩虹佳潤澤礦業有限公司)	1,890,204.73	7.34
CNSG Inner Mongolia Chemical Company Limited Yanjian Branch (中鹽內蒙古化工 股份有限公司鹽鹼分公司)	1,750,756.63	6.80
Total	<u>21,098,581.94</u>	<u>81.93</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables**

Item	Closing balance	Balance at the end of last year
Interest receivable		
Dividends receivable		
Other receivables	<u>249,935,624.52</u>	<u>374,583,997.35</u>
Total	<u><u>249,935,624.52</u></u>	<u><u>374,583,997.35</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**1. *Other receivables*

(1) Disclosed by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year		
Including: 0 to 6 months (inclusive)	37,413,978.93	318,086,262.83
7 to 12 months (inclusive)	177,884,442.05	27,503,542.68
Subtotal within 1 year	215,298,420.98	345,589,805.51
1 to 2 years (inclusive)	6,665,656.40	9,781,183.51
2 to 3 years (inclusive)	8,771,433.51	9,136,634.67
Over 3 years	19,200,113.63	10,076,373.66
Subtotal	<u>249,935,624.52</u>	<u>374,583,997.35</u>
Less: allowances for bad debts	_____	_____
Total	<u>249,935,624.52</u>	<u>374,583,997.35</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**

1. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts

Category	Book balance		Closing balance Allowance for bad debts		Carrying amount	Book balance		Balance at the end of last year Allowance for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Appropriation Proportion (%)		Amount	Proportion (%)	Amount	Appropriation Proportion (%)	
Allowance for bad debts is made on individual basis										
Allowance for bad debts is made on group basis	249,935,624.52	100.00			249,935,624.52	374,583,997.35	100.00			374,583,997.35
Including:										
By aging	1,063,647.86	0.42			1,063,647.86	3,774,029.27	1.01			3,774,029.27
By related parties	183,091,088.40	73.26			183,091,088.40	317,380,869.00	84.73			317,380,869.00
By deposits, margins and reserves	65,780,888.26	26.32			65,780,888.26	53,429,099.08	14.26			53,429,099.08
Total	249,935,624.52	100.00			249,935,624.52	374,583,997.35	100.00			374,583,997.35

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**1. *Other receivables (Continued)*

- (2) Disclosed according to the method of provision for bad debts (Continued)

Allowance for bad debts made on group basis:

Items for which allowance is made on group basis:
by aging

Name	Other accounts receivable	Closing balance	
		Allowance for bad debts	Appropriation proportion (%)
0 to 6 months (inclusive)	1,063,647.86		
7 to 12 months (inclusive)			
1 to 2 years (inclusive)			
2 to 3 years (inclusive)			
Over 3 years			
Total	<u>1,063,647.86</u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**1. *Other receivables (Continued)*

- (2) Disclosed according to the method of provision for bad debts (Continued)

Items for which allowance is made on group basis:
by related parties

Name	Other accounts receivable	Closing balance	
		Allowance for bad debts	Appropriation proportion (%)
By related parties	<u>183,091,088.40</u>	_____	_____
Total	<u><u>183,091,088.40</u></u>	<u>_____</u>	<u>_____</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**1. *Other receivables (Continued)*

- (2) Disclosed according to the method of provision for bad debts (Continued)

Items for which allowance is made on group basis:
by deposits, margins and reserves

Name	Other accounts receivable	Closing balance	
		Allowance for bad debts	Appropriation proportion (%)
By deposits, margins and reserves	<u>65,780,888.26</u>	_____	_____
Total	<u><u>65,780,888.26</u></u>	<u>_____</u>	<u>_____</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**1. *Other receivables (Continued)*

(3) Allowances for bad debts

Change in book balance of other receivables is as follows:

Book balance	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
Balance at the end of last year	374,583,997.35			374,583,997.35
Balance at the end of last year during the period				
- Transferred to Stage II				
- Transferred to Stage III				
- Reversed to Stage II				
- Reversed to Stage I				
Additions in the period	55,884,072.53			55,884,072.53
Derecognition in the period	180,532,445.36			180,532,445.36
Other changes				
Closing balance	<u>249,935,624.52</u>	<u> </u>	<u> </u>	<u>249,935,624.52</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)**1. *Other receivables (Continued)*

(4) By nature

Nature	Closing carrying balance	Carrying balance at the end of last year
Amounts due from related parties	183,091,088.40	317,380,869.00
Deposits, margins and reserves	65,780,888.26	53,429,099.08
Other current amounts	1,063,647.86	<u>3,774,029.27</u>
Total	<u>249,935,624.52</u>	<u>374,583,997.35</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(VI) Other receivables (Continued)**

1. Other receivables (Continued)

(5) Top five other receivables according to closing balance of debtors

Name of unit	Nature of payment	Closing balance	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of allowance for bad debts
IRICO Group Corporation Limited* (彩虹集團有限公司)	Related transaction	135,801,252.00	Within 1 year	54.33	
Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司)	Related transaction	47,289,836.40	Within 1 year	18.92	
China Electronics Commercial Financial Leasing Co., Ltd. (中電通商融資租賃有限公司)	Margins	18,000,000.00	4 to 5 years	7.20	
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	Margins	16,500,000.00	0 to 3 years	6.60	
Xianyang City Qindu District State-owned Investment Company* (咸陽市秦都區國有投資公司)	Margins	10,000,000.00	Within 1 year	4.00	
Total		<u>227,591,088.40</u>		<u>91.05</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Other receivables (Continued)***1. Other receivables (Continued)*

- (5) Top five other receivables according to closing balance of debtors (Continued)

Note 1: Included in the trade receivables from IRICO Group Corporation Limited were outstanding payments of RMB135,801,300 for acquisition of the equity interest in three companies, namely IRICO New Material, IRICO Green Energy and IRICO Yongneng, among which, amounts due to IRICO New Material, IRICO Green Energy and IRICO Yongneng for acquisition of their respective equity interest amounted to RMB86,134,800, RMB31,230,000 and RMB18,436,500 (31 December 2021 being the payment date for the above equity interest as stipulated in the contract).

Note 2: The trade receivables from Xianyang Zhongdian IRICO Group Holdings Ltd. were the outstanding payments amounting to RMB38,825,700 (31 December 2021 being the payment date for the above equity interest as stipulated in the contract) for the acquisition of equity interest in Zhuhai Caizhu Industrial Co., Ltd. and the subsidy for furnaces amounting to RMB8,464,200.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Inventories**1. *Categories of inventories*

Item	Closing balance			Balance at the end of last year		
	Book balance	Provision for impairment of inventories/ performance cost	Carrying Amount	Book balance	Provision for impairment of inventories/ performance cost	Carrying Amount
Goods in stock						
(finished goods)	123,060,951.19	3,013,652.02	120,047,299.17	80,030,417.84	1,319,025.50	78,711,392.34
Raw materials	34,408,187.73	588,206.51	33,819,981.22	18,642,446.42	155,649.15	18,486,797.27
Goods in transit	33,072,485.95	336,562.54	32,735,923.41	69,084,400.19	201,321.56	68,883,078.63
Revolving materials and others	19,901,958.67	2,396,376.23	17,505,582.44	13,656,133.06	1,190,466.17	12,465,666.89
Semi-finished goods and work-in-process	6,053,550.89	57,596.55	5,995,954.34	264,717.11		264,717.11
Total	216,497,134.43	6,334,797.30	210,162,337.13	181,678,114.62	2,866,462.38	178,811,652.24

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Inventories (Continued)***2. Provision for impairment of inventories and provision for impairment of contract performance cost*

Item	Balance at the end of last year	Increase in the period		Decrease in the period		Closing balance
		Provision	Others	Reversed or charged off	Others	
Goods in stock	1,319,025.50	1,695,763.24		1,136.72		3,013,652.02
Raw materials	155,649.15	432,557.36				588,206.51
Revolving materials and others	1,190,466.17	1,205,910.06				2,396,376.23
Goods in transit	201,321.56	135,240.98				336,562.54
Total	<u>2,866,462.38</u>	<u>3,469,471.64</u>		<u>1,136.72</u>		<u>6,334,797.30</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(VIII) Other current assets**

Item	Closing balance	Balance at the end of last year
Input VAT deductible	32,505,786.20	38,462,630.38
Prepaid enterprise income tax	1,419,384.23	_____
Total	<u>33,925,170.43</u>	<u>38,462,630.38</u>

(IX) Long-term receivables

1. Long-term receivables

Item	Closing balance			Balance at the end of last year		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Hanzhong IRICO Jiarunze Mining Co., Ltd. (漢中彩虹 佳潤澤礦業有限公司)	20,610,000.00	_____	20,610,000.00	22,923,378.88	_____	22,923,378.88
Total	<u>20,610,000.00</u>	<u>_____</u>	<u>20,610,000.00</u>	<u>22,923,378.88</u>	<u>_____</u>	<u>22,923,378.88</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(X) Long-term equity investments**

Name of investees	Balance at the end of last year	Increase in investment	Decrease in investment	Increase/decrease in the period				Closing balance of impairment provision	
				Investment gain or loss recognized under equity method	Adjustment to other comprehensive income	Other equity change	Distribution of cash dividend or profit		Provision for impairment
Hanzhong Jiarunze Mining Development Co., Ltd* (漢中佳潤澤礦業開發有限公司)	11,730,970.89			-1,353,006.52					10,377,964.37
Sub-total	11,730,970.89			-1,353,006.52					10,377,964.37
Total	11,730,970.89			-1,353,006.52					10,377,964.37

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Other investment in equity instruments**1. *Details of other investment in equity instruments*

Item	Closing balance	Balance at the end of last year
IRICO Display Devices Co., Ltd.* (彩虹顯示器件股份有限公司)	332,885,082.93	235,601,982.18
Shaanxi Caihong Electronics Glass Co., Ltd. (陝西彩虹電子玻璃有限公司)	73,328,400.98	73,328,400.98
Total	<u>406,213,483.91</u>	<u>308,930,383.16</u>

Note 1: There were 35,375,673 shares of IRICO Display Devices Co., Ltd. (the “**IRICO Display**”) held at the end of the period, and the stock price was RMB9.41 per share.

Note 2: There were 7.2953% shareholding of Shaanxi Electronics Glass Co., Ltd. held at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Other investment in equity instruments (Continued)***2. Details of investment in non-trading equity instruments*

Items	Dividend income recognized in the period	Accumulated gains	Accumulated losses	Amount of transferring to retained earnings from other comprehensive income	Reasons for designating as financial assets at fair value through other comprehensive income	Reasons for transferring to retained earnings from other comprehensive income
IRICO Display Devices Co., Ltd.			47,576,403.39		Non-trading equity instrument investment	
Shaanxi IRICO Electronics Glass Co., Ltd.			29,587,856.83		Non-trading equity instrument investment	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XII) Fixed assets**1. *Fixed assets and disposal of fixed assets*

Item	Closing balance	Balance at the end of last year
Fixed assets	1,929,774,638.38	2,032,954,626.64
Disposal of fixed assets		1,792.45
Total	1,929,774,638.38	2,032,956,419.09

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XII) Fixed assets (Continued)

2. Details of fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Electronic device	Office equipment	Specialized glass equipment	Total
I. Original carrying amount							
(1) Balance at the end of last year	1,023,516,571.38	973,146,485.35	12,132,672.96	402,951,154.31	8,696,396.15	396,329,579.73	2,816,772,859.88
(2) Increase in the period	4,140,780.82		1,323,504.44	108,752.54	202,050.95	615,528.23	6,390,616.98
– Purchase			1,323,504.44	108,752.54	202,050.95		1,634,307.93
– Transferred from construction in progress	4,140,780.82					615,528.23	4,756,309.05
(3) Decrease in the period	47,694,620.81	909,820.76	1,619,428.00	1,661,046.76	3,714,261.46		55,599,177.79
– Disposal or retirement		909,820.76	1,619,428.00	1,661,046.76	3,714,261.46		7,904,556.96
– Other decreases	47,694,620.81						47,694,620.81
(4) Closing balance	979,962,731.39	972,236,664.59	11,836,749.40	401,398,860.09	5,184,185.64	396,945,107.96	2,767,564,299.07
2. Accumulated depreciation							
(1) Balance at the end of last year	100,263,773.12	88,346,401.47	7,285,120.16	55,217,666.28	5,743,280.56	99,955,618.14	356,812,059.73
(2) Increase in the period	16,646,125.32	21,740,421.95	435,986.06	9,222,453.36	188,860.10	24,274,142.43	72,507,989.22
– Provision	16,646,125.32	21,740,421.95	435,986.06	9,222,453.36	188,860.10	24,274,142.43	72,507,989.22
(3) Decrease in the period	10,923,393.08	735,525.27	1,570,849.40	1,540,580.67	3,601,632.40		18,371,980.82
– Disposal or retirement		735,525.27	1,570,849.40	1,540,580.67	3,601,632.40		7,448,587.74
– Other decreases	10,923,393.08						10,923,393.08
(4) Closing balance	105,986,505.36	109,351,298.15	6,150,256.82	62,899,538.97	2,330,508.26	124,229,960.57	410,948,068.13
3. Provision for impairment							
(1) Balance at the end of last year	3,126,964.80	205,017,748.16	2,741,865.55	109,331,908.85	658,775.99	106,128,910.16	427,006,173.51
(2) Increase in the period							
– Provision							
(3) Decrease in the period		130,259.52		34,321.43			164,580.95
– Disposal or retirement		130,259.52		34,321.43			164,580.95
(4) Closing balance	3,126,964.80	204,887,488.64	2,741,865.55	109,297,587.42	658,775.99	106,128,910.16	426,841,592.56
4. Carrying amount							
(1) Closing balance of carrying amount	870,849,261.23	862,885,366.44	2,944,627.03	229,201,733.70	2,194,901.39	166,586,237.23	1,929,774,638.38
(2) Carrying amount at the end of last year	920,125,833.46	867,982,335.72	2,105,687.25	238,401,579.18	2,294,339.60	190,244,851.43	2,032,954,626.64

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XII) Fixed assets (Continued)***5. Other explanation*

The situation of term of fixed assets used in China mainland:

Period	Closing balance	Balance at the end of last year
Medium-term (10–50 years)	1,760,169,234.58	1,838,309,748.36
Short-term (within 10 years)	169,605,403.80	194,644,878.28

(XIII) Construction in progress*1. Construction in progress and construction materials*

Item	Closing balance	Balance at the end of last year
Construction in progress	458,207,769.66	367,729,484.07
Construction materials	_____	_____
Total	<u>458,207,769.66</u>	<u>367,729,484.07</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XIII) Construction in progress (Continued)

2. Details of construction in progress

Item	Closing balance		Balance at the end of last year			
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Hefei photovoltaic glass construction project (合肥光伏玻璃建設項目)	450,465,377.98		450,465,377.98	365,094,684.72		365,094,684.72
Xianyang photovoltaic glazed glass production line expansion project (咸陽光伏鍍釉玻璃生產線擴建項目)	3,106,248.59		3,106,248.59			
Jiangxi IRICO ultra-thin and high-transmissivity photovoltaic glass project (江西彩虹超薄高透光光伏玻璃項目)	1,877,613.64		1,877,613.64			
IRICO Xianyang ultra-thin and high-transmissivity photoelectric glass production line construction project (彩虹咸陽超薄高透光電玻璃生產線建設項目)	1,874,314.95		1,874,314.95			
Xianyang photovoltaic glass project (phase III) (咸陽光伏玻璃三期項目)	835,161.25		835,161.25	2,430,813.45		2,430,813.45
Xianyang photovoltaic glass production line construction project (咸陽光伏玻璃生產線建設項目)				2,573,004.40	2,573,004.40	
Others	49,053.25		49,053.25	203,985.90		203,985.90
Total	458,207,769.66		458,207,769.66	370,302,488.47	2,573,004.40	367,729,484.07

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XIII) Construction in progress (Continued)

3. Movements of significant construction in progress for the period

Name of project	Budgeted amount	Balance at the end of last year	Increase for the period	Amount transferred to fixed Assets for the period	Other decreases for the period	Closing balance	Accumulated investment in project as a percentage of total budget (%)	Project progress (%)	Accumulated amount of interest capitalized	Of which: amount of interest capitalized for the period	Interest capitalization rate for the period (%)	Source of funds
Hefei photovoltaic glass construction project (合肥光伏玻璃建设项目)	1,850,000,000.00	365,094,684.72	85,370,693.26			450,465,377.98	93.53	93.53	194,196,991.61		5.10	Self-raised funds and loans from financial institutions
Jiangxi IRICO ultra-thin and high-transmissivity photovoltaic glass project (江西彩虹超薄高透光光伏玻璃项目)	2,902,680,000.00		1,877,613.64			1,877,613.64	0.06	0.06				Self-raised funds and loans from financial institutions
IRICO Xianyang ultra-thin and high-transmissivity photoelectric glass production line construction project(彩虹咸阳超薄高透光光电玻璃生产线建设项目)	197,150,000.00		1,674,314.95			1,674,314.95	0.95	0.95				Self-raised funds and loans from financial institutions
Total	4,950,040,000.00	365,094,684.72	89,122,621.85			454,217,306.57			194,196,991.61			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XIV) Right-of-use assets**

Item	Buildings and structures	Total
1. Original carrying amount		
(1) Balance at the end of last year	13,354,822.35	13,354,822.35
(2) Increase for the period	1,086,200.17	1,086,200.17
– Additional lease	1,086,200.17	1,086,200.17
(3) Decrease for the period		
– Transfer to fixed assets		
(4) Closing balance	14,441,022.52	14,441,022.52
2. Accumulated depreciation		
(1) Balance at the end of last year	5,341,928.94	5,341,928.94
(2) Increase for the period	1,607,032.27	1,607,032.27
– Provision	1,607,032.27	1,607,032.27
(3) Decrease for the period		
– Transfer to fixed assets		
(4) Closing balance	6,948,961.21	6,948,961.21
3. Provision for impairment		
(1) Balance at the end of last year		
(2) Increase for the period		
– Provision		
(3) Decrease for the period		
– Transfer to fixed assets		
(4) Closing balance		
4. Carrying amount		
(1) Closing balance of carrying amount	7,492,061.31	7,492,061.31
(2) Carrying amount at the end of last year	8,012,893.41	8,012,893.41

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XV) Intangible assets***1. Details of intangible assets*

Item	Land use rights	Software	Total
1. Original carrying amount			
(1) Balance at the end of last year	211,228,910.28	94,000.00	211,322,910.28
(2) Increase for the period			
– Purchase			
– Internal R&D			
(3) Decrease for the period			
– Disposal			
– Other decreases			
(4) Closing balance	211,228,910.28	94,000.00	211,322,910.28
2. Accumulated amortisation			
(1) Balance at the end of last year	30,988,876.51	11,750.01	31,000,626.52
(2) Increase for the period	2,121,167.94	23,500.02	2,144,667.96
– Provision	2,121,167.94	23,500.02	2,144,667.96
(3) Decrease for the period			
– Disposal			
– Other decreases			
(4) Closing balance	33,110,044.45	35,250.03	33,145,294.48
3. Provision for impairment			
(1) Balance at the end of last year			
(2) Increase for the period			
– Provision			
(3) Decrease for the period			
– Disposal			
(4) Closing balance			
4. Carrying amount			
(1) Closing balance of carrying amount	178,118,865.83	58,749.97	178,177,615.80
(2) Carrying amount at the end of last year	180,240,033.77	82,249.99	180,322,283.76

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XV) Intangible assets (Continued)**2. *Other explanation*

All of the intangible assets of the Company were in mainland China, the useful life of which is set out below:

Item	Closing balance	Opening balance
Long term (Not shorter than 50 years)	178,118,865.83	180,240,033.77
Short term (Shorter than 50 years but not shorter than 10 years)	58,749.97	82,249.99

(XVI) Development expenditures

Item	Balance at the end of last year	Increase for the period	Amortisation for the period	Other decreases	Closing balance
10 kV high-efficient backup power supply	_____	<u>6,969,026.55</u>	<u>2,613,384.96</u>	_____	<u>4,355,641.59</u>
Total	_____	<u>6,969,026.55</u>	<u>2,613,384.96</u>	_____	<u>4,355,641.59</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XVII) Deferred income tax assets and deferred income tax liabilities****1. Deferred income tax assets which are not offset*

Item	Closing balance		Balance as at the end of last year	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	292,003,408.42	43,800,511.26	292,003,408.42	43,800,511.26
Provision for asset impairment	713,111.44	106,966.72	375,357.81	56,303.67
Total	<u>292,716,519.86</u>	<u>43,907,477.97</u>	<u>292,378,766.23</u>	<u>43,856,814.93</u>

2. Breakdown of unrecognised deferred income tax assets

Item	Closing balance	Balance as at the end of last year
Deductible temporary differences	526,687,598.08	607,048,344.72
Deductible losses	<u>666,026,275.52</u>	<u>881,671,566.51</u>
Total	<u>1,192,713,873.60</u>	<u>1,488,719,911.23</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XVII) Deferred income tax assets and deferred income tax liabilities (Continued)***

3. *Deductible losses that are not recognised as deferred income tax assets will expire in the following years*

Year	Closing balance	Balance as at the end of last year	Notes
2021		43,788,203.01	
2022	212,265,867.82	384,122,955.80	
2023	125,017,691.51	125,017,691.51	
2024	256,962,028.03	256,962,028.03	
2025 and subsequent years	71,780,688.16	71,780,688.16	
Total	666,026,275.52	881,671,566.51	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XVIII) Short-term borrowings (Continued)**1. *Categories of short-term borrowings (Continued)**Details on the categories of short-term borrowings:*

Guaranteed borrowings:

Lender	Borrowing balance	Guarantor
China Construction Bank Corporation Hefei Chengdong Sub-branch	185,876,666.64	Xianyang Zhongdian IRICO Group Holdings Ltd.*
Industrial Bank Co., Ltd. Hefei Shouchun Road Sub-branch	100,000,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd.*
Huishang Bank Corporation Limited* Hefei Technology Sub Branch	100,000,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd.*
China Electronics Financial Co., Ltd.	100,000,000.00	IRICO Group Corporation Limited*
Hefei Science & Technology Rural Commercial Bank Co., Ltd Xinzhan Sub-branch	97,000,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd.*
China Construction Bank Corporation, Xianyang Caihong Sub-branch	50,053,472.22	Xianyang Zhongdian IRICO Group Holdings Ltd.*
Bank of China Xianyang Branch	40,048,333.33	IRICO Group Corporation Limited*
China Zheshang Bank Co., Ltd. Xianyang Branch	38,000,000.00	IRICO Group Corporation Limited*, Xianyang Zhongdian IRICO Group Holdings Ltd.*
Huaxia Bank Co., Ltd. Xi'an Branch	30,040,500.00	IRICO Group Corporation Limited*
China Guangfa Bank Hefei Feixi Sub-branch	20,260,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd.*
Nanyang Commercial Bank (China) Limited Hefei Branch	18,584,661.20	Xianyang Zhongdian IRICO Group Holdings Ltd.*
Total	<u>779,863,633.39</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XX) Accounts Payable****1. Accounts payable*

Item	Closing balance	Balance at the end of last year
Within 1 year (inclusive)	549,686,805.64	693,354,309.70
1 to 2 years (inclusive)	39,641,032.04	84,075,511.76
2 to 3 years (inclusive)	8,257,927.72	13,329,598.60
Over 3 years	<u>26,319,391.61</u>	<u>29,865,147.79</u>
Total	<u><u>623,905,157.01</u></u>	<u><u>820,624,567.85</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XX) Accounts Payable (Continued)***2. Significant accounts payable aged over 1 year*

Item	Closing balance	Reasons for outstanding or carried forward
Qinhuangdao Tucheng Glass Technology Co., Ltd. (秦皇島圖成 玻璃技術有限公司)	5,931,000.00	Not collected
Xidian Baoji Electric Co., Ltd. (西電 寶鷄電氣有限公司)	4,764,461.90	Not collected
No.9 Metallurgical Construction Co., Ltd. (九冶建設有限公司)	3,154,289.37	Not collected
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝 材料有限公司)	3,014,244.62	Not collected
Shanghai Precision Dosing & Weighing System Co., Ltd. (上海 普利森配料系統有限公司)	2,802,000.00	Not collected
Siping Hongda Hydraulic Machinery Manufacturing Co., Ltd. (四平宏大 液壓機械製造有限公司)	2,690,393.20	Not collected
Total	22,356,389.09	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XX) Accounts Payable (Continued)****3. Accounts payable by nature*

Item	Closing balance	Balance at the end of last year
Payables for equipment	236,939,476.17	264,171,565.11
Payables for materials	214,598,682.16	366,419,428.76
Payables for supplies	70,566,938.21	50,577,558.25
Payables for construction	39,146,005.41	66,886,093.95
Payables for transportation	33,433,387.94	40,081,058.18
Payables for services	28,821,231.44	31,667,459.60
Others	399,435.68	821,404.00
Total	623,905,157.01	820,624,567.85

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXI) Contract liabilities**1. *Contract liabilities*

Item	Closing balance	Balance at the end of last year
Payment for goods	<u>10,892,683.10</u>	<u>64,509,216.01</u>
Total	<u><u>10,892,683.10</u></u>	<u><u>64,509,216.01</u></u>

2. *Significant change in book value during the reporting period and reasons therefore*

Item	Changes	Reasons for the change
Payment for goods	-53,616,532.91	There was a difference between the collection progress and the progress of revenue confirmation, resulting in a change in the balance of contract liabilities
Total	<u><u>-53,616,532.91</u></u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXII) Employee benefits payable***1. *Employee benefits payable is shown as follows*

Item	Balance at the end of last year	Increase for the period	Decrease for the period	Closing balance
Short-term benefits	9,414,558.93	76,050,309.11	76,338,154.77	9,126,713.27
Post-employment benefits				
– defined contribution scheme		7,071,390.40	7,071,390.40	
Termination benefits	579,221.46	302,872.00	302,872.00	579,221.46
Other welfares due within one year				
Total	9,993,780.39	83,424,571.51	83,712,417.17	9,705,934.73

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Continued)*****(XXII) Employee benefits payable (Continued)****2. Short-term benefits is shown as follows*

Item	Balance at the end of last year	Increase for the period	Decrease for the period	Closing balance
(1) Salaries, bonuses, allowance and subsidies	3,000,000.00	59,762,642.77	59,762,642.77	3,000,000.00
(2) Staff welfare	576,761.05	5,202,659.06	5,383,247.91	396,172.20
(3) Social insurance		4,871,183.35	4,871,183.35	
Including: Medical insurance		4,014,641.17	4,014,641.17	
Work-related injury insurance		507,833.38	507,833.38	
Maternity insurance		345,104.61	345,104.61	
Others		3,604.19	3,604.19	
(4) Housing provident fund		3,502,736.40	3,502,736.40	
(5) Labour union expenses and employee education expenses	5,837,797.88	1,283,401.56	1,390,658.37	5,730,541.07
(6) Short-term paid absences				
(7) Short-term profit sharing plan				
(8) Other short-term benefits		1,427,685.97	1,427,685.97	
Total	9,414,558.93	76,050,309.111	76,338,154.77	9,126,713.27

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXII) Employee benefits payable (Continued)***3. *Defined contribution scheme is shown as follows*

Item	Balance at the end of last year	Increase for the period	Decrease for the period	Closing balance
Basic pension insurance		6,813,540.46	6,813,540.46	
Unemployment insurance		257,849.94	257,849.94	
Annuity				
Total		7,071,390.40	7,071,390.40	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIII) Taxes payable***

Tax item	Closing balance	Balance at the end of last year
Value-added tax	14,315,562.58	7,971,998.88
Urban maintenance and construction tax	2,079,902.87	1,936,389.64
Real estate tax	1,633,830.20	2,626,835.15
Land use tax	822,458.88	1,248,179.70
Enterprise income tax	776,867.54	9,158,719.30
Education surcharge	674,710.65	321,315.05
Individual income tax	640,180.10	1,002,314.01
Environmental protection tax	262,664.40	125,834.10
Water conservancy construction funds	181,623.21	162,535.76
Stamp duty	158,074.91	458,431.31
Total	<u>21,545,875.34</u>	<u>25,012,552.90</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIV) Other payables***

Items	Closing balance	Balance at the end of last year
Interest payable	11,530.73	
Dividends payable		
Other payables	<u>96,697,807.33</u>	<u>79,803,624.06</u>
Total	<u>96,709,338.06</u>	<u>79,803,624.06</u>

1. Interest payable

Item	Closing balance	Balance at the end of last year
Interest payables of short-term borrowings	<u>11,530.73</u>	
Total	<u>11,530.73</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXIV) Other payables (Continued)***2. Other payables**(1) Payables stated by nature*

Item	Closing balance	Balance at the end of last year
Other current account	48,414,797.58	29,567,551.63
Loans from non-financial institutions and interest thereon	31,653,371.84	31,092,733.24
Retention money and deposits	7,902,689.52	8,662,701.52
Amounts due to employees	5,221,134.25	2,974,823.53
Amounts due to related parties	3,505,814.14	7,505,814.14
Total	96,697,807.33	79,803,624.06

(2) Other major payables aged more than one year

Item	Closing balance	Reasons for outstanding or carried forward
Jiangsu Zhangjiagang Economic Development Zone Industrial Corporation (江蘇省張家港經濟開發區實 業總公司)	31,092,733.24	Not settled
	31,092,733.24	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXV) Non-current liabilities due within one year***

Items	Closing balance	Closing balance Balance at the end of last year
Long-term loans due within one year	40,611,308.32	26,498,392.25
Bonds payable due within one year		
Long-term payables due within one year	165,365,692.44	280,124,551.62
Lease liabilities due within one year	3,271,620.37	2,665,221.28
Less: Amortized sale-and-lease back service payments due within one year	2,354,100.03	4,185,600.03
Total	206,894,521.10	305,102,565.12

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXV) Non-current liabilities due within one year (Continued)**

Explanations on long-term loans due within one year:

Guaranteed borrowings:

Lender	Borrowing balance	Guarantor
Hefei Science & Technology Rural Commercial Bank Co., Ltd. Xinzhan Sub-branch (合肥科技農村商業銀行股份有限公司新站支行)	21,132,350.00	Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)
China CITIC Bank, Hefei Qianshan Road Sub-branch (中信銀行合肥潛山路支行)	15,056,736.11	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Chang'an Bank Limited Xianyang Caihong Sub-branch (長安銀行股份有限公司咸陽彩虹支行)	4,422,222.21	Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)
Total	<u>40,611,308.32</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXV) Non-current liabilities due within one year (Continued)**

Explanations on long-term payables due within one year:

Lender	Borrowing balance	Collateral/guarantor
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	68,016,980.74	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)
AVIC International Leasing Co., Ltd. (中航國際租賃有限公司)	30,000,000.00	Fixed assets/IRICO Group Corporation Limited* (彩虹集團有限公司)
China Electronics Commercial Financial Leasing Co., Ltd. (中電通商融資租賃有限公司)	22,500,000.00	Fixed assets/IRICO Group Corporation Limited* (彩虹集團有限公司)
Beijing State-owned Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司)	21,730,810.46	Fixed assets/IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司), Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)
Ping An International Financial Leasing Co., Ltd. (平安國際融資租賃有限公司)	18,117,901.24	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXV) Non-current liabilities due within one year (Continued)**

Explanations on long-term payables due within one year:(Continued)

Lender	Borrowing balance	Collateral/guarantor
International Far Eastern Leasing Co., Ltd* (遠東國際租賃有限公司)	4,000,000.00	Fixed assets/IRICO (Hefei) Photovoltaic Co., Ltd (彩虹(合肥)光伏有限公司), Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司), IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
International Far Eastern Leasing Co., Ltd* (遠東國際租賃有限公司)	1,000,000.00	Fixed assets/IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司), IRICO (Hefei) Photovoltaic Co., Ltd (彩虹(合肥)光伏有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)
Total	<u><u>165,365,692.44</u></u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXVII) Long-term borrowings (Continued)**

Explanations on classification of long-term borrowings:

Guaranteed borrowings:

Lender	Borrowing balance	Guarantor
Chang'an Bank Limited Xianyang Caihong Sub-branch (長安銀行股份 有限公司咸陽彩虹支行)	198,000,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中 電彩虹集團控股有限公司)
Chang'an Bank Limited Xianyang Caihong Sub-branch (長安銀行股份 有限公司咸陽彩虹支行)	98,000,000.00	Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中 電彩虹集團控股有限公司)
China CITIC Bank, Hefei Qianshan Road Sub-branch (中信銀行合肥潛 山路支行)	30,000,000.00	IRICO Group New Energy Company Limited (彩虹集團 新能源股份有限公司)
Total	<u>326,000,000.00</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVIII) Lease liabilities***

Item	Closing balance	Balance at the end of last year
Lease payments	8,531,495.71	9,190,023.49
Less: Unrecognized financing expenses	3,933,305.63	3,473,773.50
Total	4,598,190.08	5,716,249.99

(XXIX) Long-term payables

Items	Closing balance	Balance at the end of last year
Long-term payables	60,422,066.03	109,108,886.69
Special payables	60,422,066.03	109,108,886.69
Total	60,422,066.03	109,108,886.69

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIX) Long-term payables (Continued)****1. Long-term payables*

Item	Closing balance	Balance at the end of last year
Rental for sale and leaseback	61,175,180.07	114,598,586.72
Unrecognized financing expenses	-753,114.04	-5,489,700.03
Total	60,422,066.03	109,108,886.69

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIX) Long-term payables (Continued)***1. *Long-term payables (Continued)*

Explanation on long-term payables:

Lender	Borrowing balance	Collateral/guarantor
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	40,960,704.12	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)
Ping An International Financial Leasing Co., Ltd. (平安國際融資租賃有限公司)	9,013,872.83	Fixed assets/Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司), IRICO Group Corporation Limited* (彩虹集團有限公司)
Beijing State-owned Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司)	5,700,603.12	Fixed assets/IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司), Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)
AVIC International Leasing Co., Ltd. (中航國際租賃有限公司)	5,500,000.00	Fixed assets/IRICO Group Corporation Limited* (彩虹集團有限公司)
Total	<u>61,175,180.07</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXX) Long-term employee benefits payable****1. Breakdown of long-term employee benefits payable*

Item	Closing balance	Balance at the end of last year
I. Post-employment benefits – Defined net liabilities of benefit scheme		
II. Termination benefits	2,484,527.01	3,974,743.13
III. Other Long-term benefits		
Total	2,484,527.01	3,974,743.13

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXI) Deferred income***

Item	Balance at the end of last year	Increase for the period	Decrease for the period	Closing balance	Source
Government grants	<u>66,907,014.72</u>	<u>110,000.00</u>	<u>5,234,814.37</u>	<u>61,782,200.35</u>	
Total	<u><u>66,907,014.72</u></u>	<u><u>110,000.00</u></u>	<u><u>5,234,814.37</u></u>	<u><u>61,782,200.35</u></u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXXI) Deferred income (Continued)**

Projects involving government grants:

Liabilities	Balance at the end of last year	New grants during the period	Amount included in profit or loss during the period	Other changes	Closing balance	Related to assets/related to income
Local incentives fund	62,467,014.72		775,348.92		61,691,665.80	Related to assets
Manufacture and installation of the automatic punching machines with three drill bits		48,866.74	8,958.90		39,907.84	Related to assets
Manufacture and installation of shuttle silk screening machine		45,355.92	8,315.25		37,040.67	Related to assets
Manufacture and installation of automatic loading machine		15,777.34	2,191.30		13,586.04	Related to assets
Construction of Phase IV solar photovoltaic glass and coated tempered glass production line	4,440,000.00		4,440,000.00			Related to assets
Total	66,907,014.72	110,000.00	5,234,814.37		61,782,200.35	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXII) Share capital***

Item	Balance at the end of last year	Issue of new shares	Increase/(decrease) (+, -) for the period			Subtotal	Closing balance
			Bonus issue	Shares transferred from reserve	Others		
Total	3,526,441,400.00			-3,350,119,330.00	-3,350,119,330.00	176,322,070.00	

Note: On 31 March 2021, the Company completed the reduction of every twenty shares with a par value of RMB1 each to one reduced share with a par value of RMB1 each based on the approval at the extraordinary general meeting, the class meeting of the holders of domestic shares and the class meeting of the holders of H shares on 28 December 2020. The registered capital of the Company was changed to RMB176,322,070, with the total number of shares being changed to 176,322,070 shares, of which 80,073,400 shares were domestic shares, accounting for 45.41%, and 96,248,670 shares were foreign shares, accounting for 54.59%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXIII) Capital reserve***

Item	Balance at the end of last year	Increase for the period	Decrease for the period	Closing balance
Capital premium				
(Share premium)	546,968,390.11			546,968,390.11
Other capital reserve	<u>384,072,654.53</u>	<u>3,350,119,330.00</u>		3,734,191,984.53
Total	<u>931,041,044.64</u>	<u>3,350,119,330.00</u>		4,281,160,374.64

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XXXIV) Other comprehensive income**

Item	Balance at the end of last year	Amount before income tax for the period	Less: Amount transferred to profit or loss for the period for those previously included in other comprehensive income	Amount for the period		Less: Income tax	Attributable to the Company after tax	Attributable to minority interests after tax	Closing balance
				Less: Amount transferred to retained profit for the period for those previously included in other comprehensive income	Less: Amount transferred to retained profit for the period for those previously included in other comprehensive income				
1. Other comprehensive income that will not be reclassified to profit or loss	-174,447,360.97	97,283,100.75					97,283,100.75		-77,164,260.22
Changes in fair value of investments in other equity instruments	-174,447,360.97	97,283,100.75					97,283,100.75		-77,164,260.22
Total other comprehensive income	-174,447,360.97	97,283,100.75					97,283,100.75		-77,164,260.22

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***(XXXV) Surplus reserve*

Item	Balance at the end of last year	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	<u>22,477,267.06</u>	_____	_____	<u>22,477,267.06</u>
Total	<u>22,477,267.06</u>	<u>_____</u>	<u>_____</u>	<u>22,477,267.06</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***(XXXVI) Undistributed profits*

Item	Closing balance	Balance at the end of last year
Undistributed profits at end of last year before adjustment	-2,559,231,002.38	-2,778,892,693.43
Adjustment for undistributed profits at beginning of year (“+” for plus; “-” for less)		
Undistributed profits at beginning of year after adjustment	-2,559,231,002.38	-2,778,892,693.43
Add: Net profit attributable to owners of the Company during the period	215,101,463.89	219,661,691.05
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Dividend payable on ordinary shares		
Ordinary shares dividends transferred to share capital		
Undistributed profits at end of period	-2,344,129,538.49	-2,559,231,002.38

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVII) Operating revenue and operating costs****1. Information on operating revenue and operating costs*

Item	Amount for period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Principal businesses	1,169,695,195.14	776,872,765.39	985,023,138.35	799,869,982.31
Other businesses	6,931,451.22	1,827,840.04	18,370,144.62	12,969,427.19
Total	<u>1,176,626,646.36</u>	<u>778,700,605.43</u>	<u>1,003,393,282.97</u>	<u>812,839,409.50</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVII) Operating revenue and operating costs (Continued)*****1. Information on operating revenue and operating costs
(Continued)**

Details of operating revenue:

Item	Amount for the period	Amount for the previous year
Sub-total of revenue from principal businesses:	1,169,695,195.14	985,023,138.35
Photovoltaic glass	1,167,413,289.28	592,796,949.06
Revenue from power generation	2,281,905.86	13,293,431.21
New materials		289,400,372.19
Solar cells and components		89,532,385.89
Sub-total of revenue from other businesses:	6,931,451.22	18,370,144.62
Sales of scraps	3,254,434.70	1,145,685.04
Premises leasing	2,631,815.89	5,206,797.90
Sales of materials	244,975.75	8,336,423.90
Others	800,224.88	3,681,237.78
Total	1,176,626,646.36	1,003,393,282.97

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVII) Operating revenue and operating costs (Continued)****2. Revenue from contract*

Revenue by segment reporting	Solar photovoltaic and module business	New materials business	Others	Intersegment eliminations	Total
Principal operating revenue	1,169,695,195.14				1,169,695,195.14
Other operating revenue			6,931,451.22		6,931,451.22
Total	<u>1,169,695,195.14</u>		<u>6,931,451.22</u>		<u>1,176,626,646.36</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVII) Operating revenue and operating costs (Continued)***3. *Revenue from Geographical information*

	Amount for the period	Amount for the previous year
The PRC (excluding Hong Kong)	1,160,473,850.03	930,957,706.14
Hong Kong		
Other countries	16,152,796.33	72,435,576.83
Total	1,176,626,646.36	1,003,393,282.97

4. *Information about major customers*

During January to June 2021, the Group has two customers (January to June 2020: none) which individually represented over 10% of the Group's total external sales.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVII) Operating revenue and operating costs (Continued)*****4. Information about major customers (Continued)**

The external sales to the major customers during the year are as follows:

Customer	Amount for the period	Amount for the previous period
Customer A	182,611,343.83	99,246,442.06
Customer B	149,319,220.94	39,061,646.82
Total	331,930,564.77	138,308,088.88

The revenues of Customer A and Customer B for the year were from from the products of photovoltaic glass business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(XXXVII) Operating revenue and operating costs (Continued)

5. *Performance obligation*

When the Company has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant assets (goods or services), revenues will be recognized. Whether performance obligations satisfied over time or at a point in time is based on the terms of contracts and related law regulations. The Company satisfies a performance obligation over time, if one of the following criteria is met:

1. the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs.
2. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
3. the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVII) Operating revenue and operating costs (Continued)*****5. Performance obligation (Continued)**

If the performance obligations satisfied over time, the Company will recognise revenue via contract performance schedule, otherwise the Company shall recognise revenue at a point in time when customer obtains control of relevant asset. Performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

(XXXVIII) Taxes and surcharges

Item	Amount for the period	Amount for the previous period
Real estate tax	3,112,947.55	3,112,673.52
Urban maintenance and construction tax	2,857,648.75	83,476.88
Education surcharge	2,292,063.82	80,808.85
Water conservancy construction funds	848,928.55	679,405.14
Land use tax	1,644,917.85	934,163.02
Stamp duty and others	1,039,655.68	1,029,610.41
Total	<u>11,796,162.20</u>	<u>5,920,137.82</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXIX) Selling expenses***

Item	Amount for the period	Amount for the previous period
Transportation expenses	34,962,387.95	30,747,098.55
Payroll	1,870,402.47	2,516,608.96
Traveling expenses	625,693.95	557,950.02
Consultancy expenses	323,584.91	30,245.58
Advertising expenses	247,524.75	135,045.25
Entertainment expenses	226,735.08	147,686.77
Commission fees		657,051.99
Others	304,614.43	1,078,921.65
Total	<u>38,560,943.54</u>	<u>35,870,608.77</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XL) Administrative expenses**

Item	Amount for period	Amount for the previous period
Repair maintenance expenses	34,046,748.19	15,026,394.95
Depreciation	10,780,506.80	10,152,164.03
Payroll	8,794,000.53	13,331,459.85
Loss on shutdown	5,568,199.97	14,099,392.77
Amortisation of intangible assets	2,121,167.94	3,860,964.45
Property management expenses	1,364,206.09	1,029,677.22
Consultancy expenses	560,467.02	372,483.44
Office expenses	372,251.09	289,520.64
Traveling expenses	350,980.69	454,760.72
Lease fees	296,875.52	318,434.86
Entertainment fees	200,583.61	143,389.37
Utility fees	89,407.00	20,944.37
Testing fees	61,392.84	5,751.61
Insurance	3,905.94	2,804,976.31
Others	3,303,481.26	4,006,294.12
	67,914,174.49	65,916,608.71

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLI) Research and development expenses***

Item	Amount for period	Amount for the previous period
Materials costs	10,427,640.90	14,486,082.41
Power expenses	8,788,276.93	6,240,502.06
Payroll	7,666,639.15	6,485,766.71
Development and manufacture expenses for mould and technical equipment	638,716.14	3,193,266.15
Depreciation	390,921.55	157,645.93
Others	96,240.72	146,363.73
Total	28,008,435.39	30,709,626.99

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLII) Finance costs***

Item	Amount for period	Amount for the previous period
Interest expenses	35,300,886.83	45,629,079.90
Including: Interest expenses for lease liabilities	199,059.94	345,553.41
Less: Interest income	2,778,591.39	1,672,424.92
Exchange losses or gains	218,724.86	-686,195.31
Handling fee and other	4,692,549.28	5,885,917.74
Total	37,433,569.58	49,156,377.41

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIII) Other incomes***

Item	Amount for period	Amount for the previous period
Government grants	10,534,335.60	13,302,512.69
Subsidies for furnaces of Xianyang Photovoltaic	8,464,167.00	10,140,000.00
Fees generated from withholding an individual income tax	<u>5,356.92</u>	<u>3,569.42</u>
Total	<u>19,003,859.52</u>	<u>23,446,082.11</u>

Government grants included in other incomes:

Item	Amount for the period	Amount for the previous period	Related to assets/Related to income
Awards and grants for industrialization development policy projects in the second half of 2018	5,195,300.00		Related to income
Subsidies by government for the production lines of solar photovoltaic glass and coated tempered glass	4,440,000.00	100,000.00	Related to assets
Local incentives fund	775,348.92	775,348.92	Related to assets
Subsidy for stabilizing employment	104,221.23	5,119,503.76	Related to income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIII) Other incomes (Continued)***

Government grants included in other incomes: (Continued)

Item	Amount for the period	Amount for the previous period	Related to assets/Related to income
Manufacture and installation of the automatic punching machines with three drill bits	8,958.90		Related to assets
Manufacture and installation of shuttle silk screening machine	8,315.25		Related to assets
Manufacture and installation of automatic loading machine	2,191.30		Related to assets
Cash out of subsidy policy for photovoltaic power station sponsored from the Economic and Trade Development Bureau of Xinzhan District of Hefei in 2019		3,144,367.50	Related to income
Subsidies for supporting Hefei municipal government's photovoltaic industry		1,746,400.00	Related to income
Green Ecological Development Project in the category of "Post-Reward and Supplement" in 2019		1,000,000.00	Related to income
Replenishment of the awards for the "Big Enterprise Upgrading" Project in 2019		500,000.00	Related to income
Other small sums		916,892.51	Related to assets/ Related to income
Total	<u>10,534,335.60</u>	<u>13,302,512.69</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIV) Investment gains***

Item	Amount for the period	Amount for the previous period
Long-term equity investment gains measured under equity method	-1,353,006.52	247,259.91
Investment income from disposal of financial assets at fair value through profit and loss of the period	228,030.56	494,519.57
Bills discounted interest	-3,081,257.87	-3,852,474.31
Investment gains from disposal of long-term equity investment		550,823.49
Income from derecognition of financial asset at amortized cost		-6,067,443.94
Total	-4,206,233.83	-8,627,315.28

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLVII) Asset impairment losses***

Item	Amount for period	Amount for the previous period
Losses on decline in the value of inventory	<u>3,469,471.64</u>	<u> </u>
Total	<u><u>3,469,471.64</u></u>	<u><u> </u></u>

(XLVIII) Gains from disposal of assets

Item	Amount for period	Amount for the previous period	Amount included in non-recurring profit or loss for the period
Gains from disposal of fixed assets	<u>42,066.41</u>	<u>9,168,379.05</u>	<u>42,066.41</u>
Total	<u><u>42,066.41</u></u>	<u><u>9,168,379.05</u></u>	<u><u>42,066.41</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIX) Non-operating income***

Item	Amount for period	Amount for the previous period	Amount included in non-recurring profit or loss for the period
Gains from liquidated damages	3,000.00		3,000.00
Forfeiture and penalty income	750.00	3,870.20	750.00
Insurance compensation		4,670,000.00	
Others	5,314.00	4,810,744.40	5,314.00
Total	9,064.00	9,484,614.60	9,064.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(L) Non-operating expenses**

Item	Amount for period	Amount for the previous period	Amount included in non-recurring profit or loss for the period
Penalty expenses	1,068,660.52	2,185.32	1,068,660.52
Losses on destroy or scrap of non-current assets	264,523.08		264,523.08
Others	11,987.77	4,013.96	11,987.77
Total	1,345,171.37	6,199.28	1,345,171.37

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LI) Income tax expenses**1. *List of income tax expenses*

Item	Amount for period	Amount for the previous period
Income tax expenses for the current period	8,835,370.04	2,098,576.17
Deferred income tax expenses	-50,663.04	-132,912.38
Total	<u>8,784,707.00</u>	<u>1,965,663.79</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Continued)****(LI) Income tax expenses (Continued)***2. Adjustment of accounting profit and income tax expenses*

Item	Amount for period
Total profit	223,886,170.89
Income tax expenses calculated based on the statutory or applicable tax rate	33,582,925.63
Impact of different applicable tax rates to subsidiaries	1,202,435.12
Impact of income tax for the period before adjustment	2,066,762.57
Impact of cost, expenses and losses not deductible for tax	49,993.44
Impact of utilization of deductible loss of deferred income tax assets not recognized for the previous period	-28,117,409.76
Income tax expenses	8,784,707.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Earnings per share***1. Basic earnings per share*

Basic earnings per share is calculated by dividing consolidated net profit attributable to holders of ordinary shares of the parent company by weighted average number of ordinary shares in issue of the Company:

Item	Amount for the period	Amount for the previous period
Consolidated net profit attributable to holders of ordinary shares of the parent company	215,101,463.89	41,552,057.38
Weighted average number of ordinary shares in issue of the Company	133,185,670.00	2,232,349,400.00
Basic earnings per share	1.6150	0.0186
Including: Basic earnings per share relating to continuing operations	1.6150	0.0186
Basic earnings per share relating to discontinued operations		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Earnings per share (Continued)***1. Basic earnings per share (Continued)*

The weighted average of ordinary shares is calculated as follows:

Item	Amount for the period	Amount for the previous period
Number of ordinary shares in issue at the beginning of year	2,663,713,400.00	2,232,349,400.00
Add: Weighted average number of ordinary shares issued during the period		
Less: Number of reduced shares during the reporting period	2,530,527,730.00	
Weighted average number of ordinary shares in issue at the end of year	133,185,670.00	2,232,349,400.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Earnings per share (Continued)***2. Diluted earnings per share*

Diluted earnings per share is calculated by adjusted consolidated net profit attributable to holders of ordinary shares of the parent company by the adjusted weighted average number of ordinary shares in issue of the Company:

Item	Amount for the period	Amount for the previous period
Consolidated net profit attributable to holders of ordinary shares of the parent company (diluted)	215,101,463.89	41,552,057.38
Weighted average number of ordinary shares in issue of the Company (diluted)	133,185,670.00	2,232,349,400.00
Diluted earnings per share	1.6150	0.0186
Including: Basic diluted earnings per share relating to continuing operations	1.6150	0.0186
Basic diluted earnings per share relating to discontinued operations		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LII) Earnings per share (Continued)****2. Diluted earnings per share (Continued)*

Weighted average number (diluted) of ordinary shares is calculated as follows:

Item	Amount for the period	Amount for the previous period
Weighted average number of ordinary shares in issue at the end of year when the basic earnings per share is calculated	133,185,670.00	2,232,349,400.00
Effects of convertible bonds		
Effects of share options		
Weighted average number (diluted) of ordinary shares at the end of the year	133,185,670.00	2,232,349,400.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIII) Supplementary information of income statement-classification of expenses by nature***

Operating costs, selling expenses, administrative expenses, research and development expenses and finance costs in income statement classified by nature were set out as follows:

Item	Amount for the period	Amount for the previous period
Expenses of material, fuel and labor, etc.	729,419,713.85	771,462,720.59
Depreciation and amortisation	78,873,074.41	70,362,243.36
Finance expenses	37,433,569.58	49,156,377.41
Transportation expenses	34,962,387.95	30,763,563.96
Payroll	18,331,042.15	20,458,334.66
Repair maintenance expenses	34,046,748.19	15,038,467.46
Loss on shutdown	5,568,199.97	14,099,392.77
Power expenses	8,788,276.93	6,266,334.21
Agency expenses	2,730,232.46	2,343,445.00
Materials costs	464,482.94	14,541,751.96
	950,617,728.43	994,492,631.38
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Statement of cash flows****1. Cash received relating to other operating activities*

Item	Amount for period	Amount for the previous period
Recovery of accounts receivable, deposits and others	87,973,583.86	153,891,937.71
Government subsidies received	31,744,878.15	22,523,201.15
Interest income received	2,778,591.39	1,672,424.92
Total	122,497,053.40	178,087,563.78

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Statement of cash flows (Continued)****2. Cash paid relating to other operating activities*

Item	Amount for period	Amount for the previous period
Payment of accounts payable, deposits and others	165,616,284.03	149,519,876.57
Agency expenses	2,432,144.07	2,343,445.00
Commission and handling fees	1,173,107.89	2,283,529.17
Traveling expenses	1,052,381.24	1,107,438.69
Office expenses	309,663.92	83,526.10
Advertisement fees	277,586.64	44,347.45
Lease and property management fees	209,564.51	853,405.85
Transportation expenses	25,659.84	10,497,876.97
Insurance	2,735.00	5,714,243.42
Others	2,342,978.76	20,432,232.77
Total	173,442,105.90	192,879,921.99

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Statement of cash flows (Continued)****3. Cash received relating to other investing activities*

Item	Amount for period	Amount for the previous period
Principal and interest repaid by Hanzhong Jiarunze Mining Development Co., Ltd*	2,641,138.00	
Investment in shares and wealth management	417,435.28	696,420.68
Total	3,058,573.28	696,420.68

4. Cash paid relating to other investing activities

Item	Amount for period	Amount for the previous period
Payment for purchase of shares	187,125.91	200,776.37
Disposal of IRICO Group Electronics (Hong Kong) Company Limited		18,525.63
Total	187,125.91	219,302.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LIV) Statement of cash flows (Continued)***5. Cash received relating to other financing activities*

Item	Amount for period	Amount for the previous period
Borrowing received from IRICO Group and Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽 中電彩虹集團控股有限公司)	_____	_____ 4,371,536.79
Total	=====	===== 4,371,536.79

6. Cash paid relating to other financing activities

Item	Amount for period	Amount for the previous period
Financing lease expenses	174,090,295.44	63,986,234.51
Interest of bill discount	3,081,258.87	7,030,425.17
Repayment of borrowings from IRICO Group and Xianyang Zhongdian IRICO Group Holdings Ltd.*	_____	_____ 144,927,105.86
Total	===== 177,171,554.31	===== 215,943,765.54

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LV) Supplementary information on statement of cash flows****1. Supplementary information on statement of cash flows*

Supplementary information	Amount for period	Amount for the previous period
1. Reconciliation of net profit as cash flows from operating activities:		
Net profit	215,101,463.89	33,450,602.56
Add: Credit impairment losses	325,160.59	895,030.34
Provision for assets impairment	3,469,471.64	
Depreciation of fixed assets	72,507,989.22	64,445,184.37
Depreciation of oil and gas assets		
Amortisation of right-of-use assets	1,607,032.27	1,812,815.12
Amortisation of intangible assets	2,144,667.96	3,863,256.93
Amortisation of long-term deferred expenses	2,613,384.96	240,986.94
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" denotes gain)	-42,066.41	-9,168,379.05
Loss on retirement of fixed assets ("-" denotes gain)	264,523.08	
Loss on changes in fair value ("-" denotes gain)	35,537.34	134,778.28
Finance expenses ("-" denotes gain)	35,519,931.68	45,629,079.90
Investment losses ("-" denotes gain)	4,206,233.83	8,627,315.28
Decrease in deferred income tax assets ("-" denotes increase)	-50,663.04	-125,316.72
Increase in deferred income tax liabilities ("-" denotes decrease)		-7,595.66

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LV) Supplementary information on statement of cash flows****1. Supplementary information on statement of cash flows
(Continued)*

Supplementary information	Amount for period	Amount for the previous period
Decrease in inventories ("-" denotes increase)	-34,819,019.81	-67,927,879.34
Decrease in operating receivables ("-" denotes increase)	-133,989,450.41	-49,570,351.31
Increase in operating payables ("-" denotes decrease)	-476,684,798.98	95,389,534.91
Others		
Net cash flows from operating activities	-307,790,602.19	127,689,062.55
2. Major investing and financing activities not involving cash settlements		
Conversion of debts to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net changes in cash and cash equivalents		
Closing balance of cash	286,332,349.97	318,592,230.91
Less: Opening balance of cash	393,496,091.98	163,386,562.37
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-107,163,742.01	155,205,668.54

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Supplementary information on statement of cash flows
(Continued)***2. Composition of cash and cash equivalents*

Item	Closing balance	Balance at the end of last year
I. Cash	286,332,349.97	318,592,230.91
Including: Cash on hand	61.05	12,381.41
Bank deposits readily available for payment	286,332,288.92	318,579,849.50
Other monetary funds readily available for payment		
Deposits with the central bank available for payment		
Deposits with banks and other financial institutions		
Loans from banks and other financial institutions		
II. Cash equivalents		
Including: Bond investment due in three months		
III. Closing balance of cash and cash equivalents	286,332,349.97	318,592,230.91
Including: restricted cash and cash equivalents of the Company or subsidiaries within the Group		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVI) Assets with restricted ownerships or right to use***

Item	Closing carrying amount	Reason for such restrictions
Monetary funds	302,119,026.56	Security deposit for bank acceptance bills
Monetary funds	30,000,000.00	Fixed deposit receipt
Monetary funds	5,000,000.00	Deposit for letter of credit
Receivables financing	244,446,292.30	Pledged borrowings
Fixed assets	1,065,192,203.16	Mortgage loan
 Total	 <u>1,646,757,522.02</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVII) Foreign currency items****1. Foreign currency items*

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Monetary funds			1,976,427.59
Including: USD	294,656.06	6.4601	1,903,507.61
HKD	87,635.78	0.83208	72,919.98
Accounts receivable			28,350.15
Including: USD	4,388.50	6.4601	28,350.15

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants***1. Asset-related government grants*

Type	Amount	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses	Amount for the previous period	Items recorded in current profit or loss or offsetting relevant costs or losses
			Amount for the period		
Local government incentives	61,691,665.80	Deferred income	775,348.92	775,348.92	Other income
Manufacture and installation of the automatic punching machines with three drill bits	39,907.80	Deferred income	8,958.90		Other income
Manufacture and installation of shuttle silk screening machine	37,040.70	Deferred income	8,315.25		Other income
Manufacture and installation of automatic loading machine	13,586.05	Deferred income	2,191.30		Other income
Construction of solar photovoltaic glass and coated tempered glass production line			4,440,000.00	100,000.00	Other income
Research and development and industrialization of LED devices with high photosynthetic efficiency and colour rendering and low colour temperature and power				16,752.66	Other income
Research and development and industrialization of phosphor powder for high-performance PDP				50,644.82	Other income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVIII) Government grants (Continued)******1. Asset-related government grants (Continued)***

Type	Amount	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			Amount for the period	Amount for the previous period	
Research and development and industrialization of photoreceptive electrode paste for PDP				35,064.82	Other income
Research and development and industrialization of phosphor powder for LCD backlight CCFLs				5,545.74	Other income
Total	61,782,200.35		5,234,814.37	983,356.96	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)***2. Income-related government grants*

Type	Amount	Amount recorded in current		Items recorded in current profit or loss or offsetting relevant costs or losses
		profit or loss or offsetting relevant costs or losses	Amount for the previous period	
Municipal level industrial policies subsidies and financial increment contributions incentives allocation from the Economic and Trade Bureau of Xinzhan District for 2018	5,195,300.00	5,195,300.00		Other income
Subsidies for stabilizing employment	104,221.23	104,221.23	5,119,503.76	Other income
Cash out of subsidy policy for photovoltaic power station sponsored from the Economic and Trade Development Bureau of Xinzhan District of Hefei in 2019			3,144,367.50	Other income
Subsidies for supporting Hefei municipal government's photovoltaic industry			1,746,400.00	Other income
"Post-Reward and Supplement" Green Ecological Development Project in 2019			1,000,000.00	Other income
Replenishment of the awards for the "Big Enterprise Upgrading" Project in 2019			500,000.00	Other income
Award of Qindu District Finance Bureau for Local Finance Bank's Over-production Sales			300,000.00	Other income
Refund for work injury insurance			149,397.85	Other income
Subsidies for technology insurance			100,000.00	Other income
Other small grants			259,486.62	Other income
Total	5,299,521.23	5,299,521.23	12,319,155.73	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(LIX) Dividend

As of 30 June 2021, the Board did not declare any dividend.

VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Shaanxi IRICO Xinneng Glass Co., Ltd.*, a subsidiary of the Company, was canceled during the year.
2. The Company established Jiangxi Photovoltaic on 4 January 2021, in which the Company holds 100.00% equity interest. Jiangxi Photovoltaic has been included in the scope of consolidation during the period. The registered capital of Jiangxi Photovoltaic is RMB300 million and its paid-in capital contribution was RMB5 million as of 30 June 2021.
3. The Company established Xianyang Photovoltaic on 7 January 2021, in which the Company holds 100.00% equity interest. Xianyang Photovoltaic has been included in the scope of consolidation during the period. The registered capital of Xianyang Photovoltaic is RMB60 million and its paid-in capital contribution was RMB30 million as of 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VII. INTERESTS IN OTHER ENTITIES****(I) Interests in subsidiaries**

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		Method for acquisition
				Direct	Indirect	
IRICO (Hefei) Photovoltaic Co., Ltd.*	Hefei, Anhui	Hefei, Anhui	Production and sales of PV glass	100.00		Investment in establishment
IRICO Yan'an New Energy Co., Ltd.*	Yan'an, Shaanxi	Yan'an, Shaanxi	Production and sales of PV glass, operation of solar photovoltaic power stations	100.00		Investment in establishment
Xianyang IRICO Photovoltaic Glass Co., Ltd.	Xianyang, Shaanxi	Xianyang, Shaanxi	Production and sales of PV glass	100.00		Investment in establishment
Jiangxi IRICO Photovoltaic Co., Ltd.	Shangrao, Jiangxi	Shangrao, Jiangxi	Production and sales of PV glass	100.00		Investment in establishment

None of subsidiaries had issued any debt securities at the end of or at any time during the year ended 30 June 2021 (2020: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VII. INTERESTS IN OTHER ENTITIES (CONTINUED)****(II) Interests in joint arrangements or associates**1. *Aggregated financial information of insignificant joint ventures and associates*

	Closing balance/ Amount for the period	Balance at the end of last year/ Amount for the previous period
Associates:		
Total carrying amount of investments	10,521,158.53	11,730,970.89
Amounts in aggregate in proportion to the shareholdings		
- Net profit	-1,353,006.52	-1,334,722.34
- Other comprehensive income		
- Total comprehensive income	-1,353,006.52	-1,334,722.34

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS**

The Company is confronted with various financial risks in its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk.). The above financial risks and the risk management policies adopted by the Company to minimize such risks are listed as follows:

The overall objective of the Company's risk management is to develop a risk management policy that minimizes risks with undue impact on the Company's competitiveness and resilience.

(I) Credit risk

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Company.

The Company's credit risk mainly arises from monetary funds, bills receivable, accounts receivable, receivables financing, other receivables, debt investment, other debt investments, financial guarantee contracts, etc. as well as the investment in debt instruments at fair value through profit or loss and derivative financial assets that are not included in the impairment assessment scope.

The Company's monetary funds are mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Company considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Credit risk (Continued)

In addition, the Company develops relevant policies to limit the credit risk exposure on bills receivable, accounts receivable, receivables financing, other receivables, etc. The Company assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Company regularly monitors the credit record of the customers. For customers with a poor credit history, the Company will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Company is limited to a controllable extent.

(II) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(II) Liquidity risk (Continued)**

The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department conducts centralized control over liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts for cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonable foreseeable circumstances. Meanwhile, it continues to monitor whether the Company is in line with the requirements of borrowing agreements, and obtain the undertakings to provide sufficient reserve funds from major financial institutions, so as to meet its short-term and long-term capital needs.

The financial liabilities of the Company are analysed by their maturity date below at their undiscounted contractual cash flows:

Items	Closing balance				Total
	Immediately	Within 1 year	1-5 years	Over 5 years	
Short-term borrowings		879,863,633.39			879,863,633.39
Bills payable		801,121,031.64			801,121,031.64
Accounts payable		623,905,157.01			623,905,157.01
Other payables		96,709,338.06			96,709,338.06
Non-current liabilities due within					
one year		206,894,521.10			206,894,521.10
Long-term borrowings			370,587,459.33		370,587,459.33
Lease liabilities		4,598,190.08			4,598,190.08
Long-term payables			61,175,180.07		61,175,180.07
Total		<u>2,613,091,871.28</u>	<u>431,762,639.40</u>		<u>3,044,854,510.68</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(II) Liquidity risk (Continued)**

(Continued)

Items	Balance at the end of last year				Total
	Immediately	Within 1 year	1-5 years	Over 5 years	
Short-term borrowings		675,191,483.33			675,191,483.33
Bills payable		832,003,867.38			832,003,867.38
Accounts payable		820,624,567.85			820,624,567.85
Other payables		79,803,624.06			79,803,624.06
Non-current liabilities due within one year		305,102,565.12			305,102,565.12
Long-term borrowings			282,896,587.96		282,896,587.96
Lease liabilities		5,716,249.99			5,716,249.99
Long-term payables			114,598,586.72		114,598,586.72
Total		<u>2,718,442,357.73</u>	<u>397,495,174.68</u>		<u>3,115,937,532.41</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)****(III) Market risk**

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

1. Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate.

The Company's interest rate risk mainly arises from short-term bank borrowings, long-term bank borrowings and long-term payable.

As at 30 June 2021, management considered that any reasonable changes in the interest rates would not result in a significant change in the Company's results. Accordingly, no sensitivity analysis is presented for interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(III) Market risk(Continued)

2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company continues to monitor the transactions in foreign currencies and the size of foreign currency assets and liabilities, in order to minimize the exchange rate risk. In addition, the Company may consider entering into forward exchange contract or currency swap contract to mitigate the foreign exchange risk. During the period and the previous period, the Company has not entered into any forward exchange contract or currency swap contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(III) Market risk (Continued)***2. Exchange rate risk (Continued)*

The exchange rate risk faced by the Company mainly arises from financial assets and financial liabilities denominated in US dollars. The amount of the financial assets and financial liabilities in foreign currencies converted into RMB is as follows:

Item	Closing balance			Balance at the end of the previous year		
	US dollars	Other foreign currency	Total	US dollars	Other foreign currency	Total
Monetary funds	1,903,507.61	72,919.98	1,976,427.59	1,922,537.63	75,202.84	1,997,740.47
Accounts receivable	28,350.15		28,350.15			
Total	<u>1,931,857.76</u>	<u>72,919.98</u>	<u>2,004,777.74</u>	<u>1,922,537.63</u>	<u>75,202.84</u>	<u>1,997,740.47</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED) (Continued)

(III) Market risk (Continued)

2. Exchange rate risk (Continued)

As at 30 June 2021, a 5% increase or decrease in RMB against USD, with all other variables held constant, would have increased or decreased the net profit of the Company by approximately RMB75,179.17 (31 December 2020: RMB81,707.85). The management considers that the 5% reasonably reflected the reasonable range of the possible change in Renminbi against USD for the next year.

3. Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market price other than the exchange rate risk and interest rate risk.

The other price risk faced by the Company mainly arises from investments in various equity instruments, with risks of changes in the price of equity instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(III) Market risk (Continued)**3. *Other price risk (Continued)*

The equity investments in listed companies held by the Company are as below:

Items	Closing balance	Balance at the end of last year
Held-for-trading financial assets	297,344.55	335,160.70
Other investment in equity instruments	332,885,082.93	235,601,982.18
Total	333,182,427.48	235,937,142.88

The Company is exposed to equity price risk mainly arising from investments held by the Company that are classified as held-for-trading financial assets and other investments in equity instruments. Sensitivity analysis is performed by the management to assess the exposure of the Company's financial results to equity price risk of held-for-trading financial assets and other investments in equity instruments at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

IX. DISCLOSURE OF FAIR VALUE

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the relevant assets or liabilities other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***IX. DISCLOSURE OF FAIR VALUE (CONTINUED)****(I) Fair value of assets and liabilities measured at fair value as at the end of the period**

Items	Fair value at the end of the period			Total
	Level 1	Level 2	Level 3	
	fair value measurement	fair value measurement	fair value measurement	
I. Continuing fair value measurement				
◆ Held-for-trading financial assets	297,344.55			297,344.55
1. Financial assets at fair value through profit and loss	297,344.55			297,344.55
– Investment in equity instruments	297,344.55			297,344.55
◆ Receivables financing		634,555,431.85		634,555,431.85
◆ Investment in other equity instruments	332,885,082.93	73,328,400.98		406,213,483.91
Total assets measured at fair value on a recurring basis	333,182,427.48	707,883,832.83	1,041,066,260.31	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)***(II) Basis for determining the market price of items persistently and non-persistently measured at fair value at the first level***

The Company's investments in equity instruments which are persistently measured at level 1 fair value at the end of the period are publicly issued shares, and the fair value at the end of the period represents the share price as at 30 June 2021. The other investments in equity instruments measured at level 1 fair value are publicly issued shares of IRICO Display Devices Co., Ltd. held by the Company not for short-term trading, and the fair value at the end of the period represents the share price as at 30 June 2021.

(III) Valuation techniques used and the qualitative and quantitative information of key parameters for items persistently and non-persistently measured at fair value at the third level

1. Other investments in equity instruments held by the Company which are measured at level 3 fair value represent 7.2953% equity interest in Shaanxi Caihong Electronics Glass Co., Ltd., which is an unlisted company. Fair value is determined by using the net asset basis method as of the balance sheet date.
2. Receivables financing held by the Company which are measured at level 3 fair value is bill receivable. The intention for holding such bill receivable is for endorsement, its remaining period is short, and the book value is equal to the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***IX. DISCLOSURE OF FAIR VALUE (CONTINUED)****(IV) Adjustment information and sensitivity analysis of unobservable parameters between the carrying amount at the end of the previous year and the end of the period for items persistently measured at fair value at the third level****1. Adjustment information of items persistently measured at fair value at the third level**

Item	Balance at the end of the previous year	Transfers into level 3	Transfers out of level 3	Total gains or losses recognized in the period		Purchase, issue, selling and settlement				Closing balance	For assets held at the end of the reporting period, unrealised gains or changes for the period included in profit or loss
				In profit or loss	In other comprehensive income	Purchase	Issue	Selling	Settlement		
◆ Receivables financing	418,786,392.28	1,230,550,427.87	1,014,781,388.30							634,555,431.85	
◆ Other investments in equity instruments	73,328,400.98									73,328,400.98	
Total	492,114,793.26	1,230,550,427.87	1,014,781,388.30							707,883,832.83	
Including: Profit or loss related to financial assets											
Profit or loss related to non- financial assets											

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***PARTIES****(I) Information on the parent company of the Company**

Name of the parent company	Place of registration	Nature of Business	Registered Capital	Percentage of shareholding in the Company held by the parent company (%)	Percentage of voting rights in the Company held by the parent company (%)
IRICO Group Corporation Limited* (彩虹集團有限公司)	Beijing	Production and sales of Electronic components	245,129.19	49.70	49.70

Notes:

IRICO Group Corporation Limited directly holds 45.41% of the shares of the Company; Rui Bou Electronics (HK) Limited is a wholly-owned subsidiary of IRICO Group Corporation Limited, holding 4.29% of the shares of the Company. IRICO Group Corporation Limited directly and indirectly holds 49.70% of the shares of the Company.

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***PARTIES (CONTINUED)****(I) Information on the parent company of the Company
(Continued)***Notes: (Continued)*

Xianyang Zhongdian IRICO Group Holdings Ltd. is directly held as to 72.08% by China Electronics and Information Industry Group Co., Ltd.* and as to 27.92% by IRICO Group Corporation Limited, holding 25.21% of the shares of the Company.

China Electronics and Information Industry Group Co., Ltd.*, through IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd. and Rui Bou Electronics (HK) Limited, holds 74.91% of the shares of the Company in aggregate, and is the ultimate controlling party of the Company.

(II) Information on the subsidiaries of the Company

Please refer to Note “VII. Interest in other entities” for details of the information on the subsidiaries of the Company.

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***PARTIES (CONTINUED)****(III) Information on associates and joint ventures of the Company**

Please refer to Note V. (XI) and “VII. Interest in other entities” for details of the major associates and joint ventures of the Company.

(IV) Information on other related parties

Name of other related parties	Relationship between other related party and the Company
China Electronics and Information Industry Group Co., Ltd.*	Ultimate controlling party
Xianyang Zhongdian IRICO Group Holdings Ltd.	Shareholder of the Company
Jiangsu IRICO Yongneng New Energy Company Limited	Same parent company
Xianyang IRICO Green Energy Co., Ltd.	Same parent company
Hefei IRICO Epilight Industry Co., Ltd.	Same parent company
Anhui Hongchen New Materials Technology Co., Ltd.*	Same parent company
China Electronics Financial Co., Ltd.	Under the same ultimate control party
China Elec-Trans Int'l Service Co., Ltd.	Under the same ultimate control party
China Electronics System Engineering No. 2 Construction Co., Ltd.	Under the same ultimate control party
China Electronics System Engineering No. 3 Construction Co., Ltd.	Under the same ultimate control party
Nanjing Zhongdian Panda Property Management Co., Ltd.	Under the same ultimate control party

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Information on other related parties (Continued)**

<u>Name of other related parties</u>	<u>Relationship between other related party and the Company</u>
Zhongdian Panda Trade Development Limited Company	Under the same ultimate control party
Panda Xinxing Industrial Co., Ltd.	Under the same ultimate control party
Xi'an IRICO Information Co., Ltd.	Under the same ultimate control party
Nanjing Huadong Electronics Group Co., Ltd.	Under the same ultimate control party
Xianyang IRICO Property Management Co., Ltd.	Under the same ultimate control party
Nanjing CEC Panda Modern Services Co., Ltd.	Under the same ultimate control party
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	Under the same ultimate control party
IRICO (Zhangjiagang) Flat Panel Display Co., Ltd.	Under the same ultimate control party
Nanjing IRICO New Energy Co., Ltd.	Under the same ultimate control party
China Electronics and Information Industry Group Co., Ltd.*	Associated enterprise of ultimate controlling party
Xianyang Cailian Packaging Materials Co., Ltd.	Investee company of the Company's controlling shareholder
IRICO (Hefei) LCD Glass Co., Ltd.	Other related relationship
Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.	Other related relationship
IRICO New Energy (Wuhan) Co., Ltd.	Other related relationship
IRICO New Energy (Liquan) Co., Ltd.	Other related relationship

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions**

1. *Related party transactions for purchase and sales of goods/receipt and provision of services*

Purchase of goods/receipt of services

Name of related parties	Subject	Amount for the period	Amount for the previous period
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Purchase of goods	50,870,304.95	90,876,917.04
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Purchase of goods	18,368,720.29	9,059,589.01
Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	Purchase of goods	9,684,988.09	10,274,326.72
Zhongdian Panda Trade Development Limited Company (南京中電熊猫貿易發展有限公司)	Purchase of goods	8,230,890.43	11,433,324.32
Hanzhong IRICO Jiarunze Mining Co., Ltd (漢中彩虹佳潤澤礦業有限公司)	Purchase of goods	7,913,028.18	2,050,000.00
China Elec-Trans Int'l Service Co., Ltd. (捷達國際運輸有限公司)	Transportation expenses	5,375,703.75	3,472,541.74
Anhui Hongchen New Materials Technology Co., Ltd.* (安徽虹宸新材料科技有限公司)	Purchase of goods	5,117,411.57	
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	Utility fee	5,645,667.09	13,130,669.54
Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)	Rental	1,531,670.58	801,166.33
IRICO Group Corporation Limited* (彩虹集團有限公司)	Receipt of services	962,831.86	722,123.89

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***1. Related party transactions for purchase and sales of goods, receipt and provision of services (Continued)*

Purchase of goods/receipt of services (Continued)

Name of related parties	Subject	Amount for the period	Amount for the previous period
Xianyang IRICO Green Energy Co., Ltd. (咸陽彩虹綠色能源有限公司)	Receipt of services	509,433.96	
Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中電熊貓物業管理有限公司)	Receipt of services	236,415.08	301,600.00
Xianyang IRICO Solar Photovoltaic Technology Co., Ltd. (咸陽彩虹光伏科技有限公司)	Electricity fee	35,280.22	
Nanjing Huadong Electronics Group Co., Ltd. (南京華東電子進出口有限公司)	Purchase of goods		81,511,087.56
IRICO Group Corporation Limited* (彩虹集團有限公司)	Purchase of goods		7,322,466.55
Xi'an IRICO Information Co., Ltd. (西安彩虹資訊有限公司)	Receipt of services		793,251.32
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	Telephone charge		13,440.15

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**

1. *Related party transactions for purchase and sales of goods/receipt and provision of services (Continued)*

Sale of goods/provision of services

Name of related parties	Subject	Amount for the period	Amount for the previous period
Jiangsu IRICO Yongneng New Energy Company Limited (江蘇彩虹永能新能源有限公司)	Sale of goods	13,075,276.64	
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Purchase of goods	2,818,919.34	3,326,763.33
Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	Sale of goods	492,405.06	
Xianyang IRICO Optoelectronics Technology Co., Ltd. (咸陽彩虹光電科技有限公司)	Purchase of goods		14,598,578.00
Nanjing CEC Panda Flat Panel Display Technology Co., Ltd. (南京中電熊貓平板顯示科技 有限公司)	Provision of services		3,943,683.31

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***1. Related party transactions for purchase and sales of goods/receipt and provision of services (Continued)*

Sale of goods/provision of services (Continued)

Name of related parties	Subject	Amount for the period	Amount for the previous period
Panda Xinxing Industrial Co., Ltd. (南京熊猫新興實業有限公司)	Provision of services		1,312,475.90
Nanjing Huadong Electronics Group Co., Ltd. (南京華東電子進出口有限公司)	Purchase of goods		188,522.14
IRICO New Energy (Wuhan) Co., Ltd. (武漢彩虹綠色能源有限公司)	Provision of services		169,811.34
IRICO New Energy (Liquan) Co., Ltd. (禮泉彩虹新能源有限公司)	Provision of services		84,905.64
Xiayang IRICO Property Management Co., Ltd. (咸陽彩虹物業管理有限公司)	Purchase of goods		66,180.53

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**2. *Leasing with related parties*

The Company as the lessor:

Name of lessee	Type of assets under lease	Income recognized from leasing for the period	Income recognized from leasing for the previous period
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Plants	2,463,393.42	2,904,537.72
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Plants	161,083.02	161,083.02

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***2. Leasing with related parties (Continued)*

The Company as the lessee:

Name of lessor	Type of assets under lease	Fees recognized from leasing for the period	Fees recognized from leasing for the previous period
Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)	Premises leasing		801,166.33
Nanjing CEC Panda Modern Services Co., Ltd. (南京中電熊貓現代服務產業有限公司)	Photovoltaic power station		71,992.75
Xianyang Zhongdian IRICO Group Holdings Ltd. (咸陽中電彩虹集團控股有限公司)	Property management fee		56,339.37
Nanjing CEC Panda Modern Services Co., Ltd. (南京中電熊貓現代服務產業有限公司)	Plants		30,449.61
IRICO (Zhangjiagang) Flat Panel Display Co., Ltd. (彩虹(張家港)平板顯示有限公司)	Vehicles leasing		19,454.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**3. *Guarantee with related parties*

The Company as a guarantor:

Guarantee within the Group:

Guaranteed parties	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
IRICO (Hefei) Photovoltaic Co., Ltd. (彩虹(合肥)光伏有限公司)	100,000,000.00	2021.1.11	2023.12.20	No
IRICO Yan'an New Energy Co., Ltd. (彩虹(延安)新能源有限公司)	53,500,000.00	2019.2.18	2021.11.30	No
IRICO Yan'an New Energy Co., Ltd. (彩虹(延安)新能源有限公司)	53,500,000.00	2019.5.15	2022.2.25	No
IRICO Yan'an New Energy Co., Ltd. (彩虹(延安)新能源有限公司)	53,500,000.00	2019.12.29	2022.9.29	No
IRICO (Hefei) Photovoltaic Co., Ltd. (彩虹(合肥)光伏有限公司)	50,000,000.00	2019.12.17	2022.12.20	No
IRICO (Hefei) Photovoltaic Co., Ltd. (彩虹(合肥)光伏有限公司)	25,000,000.00	2019.12.9	2022.12.20	No

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***3. Guarantee with related parties (Continued)*

The Company as a guarantor: (Continued)

Guarantee outside the Group:

Guaranteed parties	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
Nanjing New Energy Co., Ltd. (南京彩虹新能源有限公司)	46,000,000.00	2018.12.13	2023.12.13	No
Shaanxi IRICO New Material Co., Ltd.* (陕西彩虹新材料有限公司)	20,000,000.00	2021.4.26	2021.10.22	No
Xianyang IRICO Green Energy Co., Ltd. (咸陽彩虹綠色能源有限公司)	10,000,000.00	2020.3.31	2023.3.31	No

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***3. Guarantee with related parties (Continued)*

The Company as a guaranteed party:

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
IRICO Group Corporation Limited	800,000,000.00	2016.7.1	2023.7.1	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	300,000,000.00	2017.9.1	2022.6.30	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	200,000,000.00	2021.1.30	2024.1.24	No
IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd.	200,000,000.00	2018.10.10	2021.11.2	No
IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd.	150,000,000.00	2020.1.7	2023.1.7	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	100,000,000.00	2021.5.31	2024.5.30	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	100,000,000.00	2020.7.7	2021.7.7	No
IRICO Group Corporation Limited	100,000,000.00	2021.6.21	2022.6.21	
Xianyang Zhongdian IRICO Group Holdings Ltd.	100,000,000.00	2021.5.25	2022.4.15	No
IRICO Group Corporation Limited	100,000,000.00	2021.1.14	2022.12.20	No
IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd.	80,000,000.00	2019.8.5	2022.8.5	No

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***3. Guarantee with related parties (Continued)*

The Company as a guaranteed party: (Continued)

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
Xianyang Zhongdian IRICO Group Holdings Ltd.	80,000,000.00	2020.12.15	2021.12.15	No
IRICO Group Corporation Limited	70,000,000.00	2020.8.20	2021.8.20	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	70,000,000.00	2020.11.27	2021.11.26	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	50,000,000.00	2021.3.19	2024.3.18	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	50,000,000.00	2021.1.1	2022.1.1	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	50,000,000.00	2020.8.21	2021.8.21	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	50,000,000.00	2021.3.24	2022.1.28	No
IRICO Group Corporation Limited	40,000,000.00	2021.4.30	2025.4.30	No
Xianyang Zhongdian IRICO Group Holdings Ltd., IRICO Group Corporation Limited	40,000,000.00	2020.11.30	2021.11.29	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	35,717,989.00	2021.3.17	2022.3.17	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	35,000,000.00	2020.7.30	2021.7.30	No

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***3. Guarantee with related parties (Continued)*

The Company as a guaranteed party: (Continued)

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
Xianyang Zhongdian IRICO Group Holdings Ltd.	31,900,000.00	2020.8.14	2021.8.9	No
IRICO Group Corporation Limited	30,000,000.00	2020.9.11	2021.9.11	No
IRICO Group Corporation Limited	30,000,000.00	2021.5.13	2022.5.13	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	30,000,000.00	2020.2.22	2022.2.21	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	29,740,000.00	2021.3.2	2022.2.28	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	27,789,951.00	2021.1.22	2021.7.26	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	25,000,000.00	2020.10.15	2021.10.15	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	22,282,011.00	2021.5.22	2022.5.24	No

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***3. Guarantee with related parties (Continued)*

The Company as a guaranteed party: (Continued)

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
Xianyang Zhongdian IRICO Group Holdings Ltd.	15,000,000.00	2020.10.15	2021.10.15	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	15,000,000.00	2020.8.12	2021.8.12	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	15,000,000.00	2021.3.22	2022.3.22	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	9,000,000.00	2021.5.31	2022.5.31	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	7,939,692.64	2021.3.11	2021.9.13	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	6,425,912.20	2020.9.18	2021.9.13	No
IRICO Group Corporation Limited	1,000,000.00	2016.6.30	2021.6.30	No
Xianyang Zhongdian IRICO Group Holdings Ltd.	30,000,000.00	2020.1.16	2021.1.16	No

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**(V) Related party transactions (Continued)**

4. Borrowings from or lending to related parties

Borrowing or lending within the Group:

Related Party	Borrowing/ lending amount	Commencement date	Maturity date	Notes
Borrowing				
IRICO (Hefei) Photovoltaic Co., Ltd.	270,000,000.00	2020.12.30	2021.11.1	
Lending				
IRICO Yan'an New Energy Co., Ltd.	200,000,000.00	2021.5.14	2022.5.14	
IRICO Yan'an New Energy Co., Ltd.	87,887,001.35	2020.9.3	2021.9.3	
IRICO Yan'an New Energy Co., Ltd.	53,710,000.00	2021.1.1	2021.12.31	
IRICO Yan'an New Energy Co., Ltd.	50,000,000.00	2021.6.11	2022.6.13	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**4. *Borrowings from or lending to related parties (Continued)*

Borrowing or lending outside the Group:

Related Party	Borrowing/ lending amount	Commencement date	Maturity date	Notes
Lending				
Hanzhong IRICO Jiarunze Mining Co., Ltd	20,610,000.00	2019.10.15	2024.6.20	

Note: the interest income on the lending mentioned above was RMB327,759.12.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(V) Related party transactions (Continued)

5. Other related party transactions

- (1) Compensation to Xianyang Zhongdian IRICO Group Holdings Ltd. on shutdown of furnaces

Xianyang Photovoltaic Glass Factory* (咸陽光伏玻璃廠), a subsidiary of the Company, is primarily engaged in production and sales of photovoltaic glass. It shut down three furnaces with a daily production volume of 250 tons in March 2017, July 2017 and May 2019, respectively, due to service life of furnaces and economies of scale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)***5. Other related party transactions (Continued)*

- (1) Compensation to Xianyang Zhongdian IRICO Group Holdings Ltd. on shutdown of furnaces (Continued)

As the land of Xianyang Zhongdian IRICO Group Holdings Ltd. (“**Zhongdian Holdings**”) leased and occupied for the shutdown of furnaces by Xianyang Photovoltaic Glass Factory* (咸陽光伏玻璃廠) will be purchased and reserved for development in the future, the Company failed to obtain approval of our controlling shareholder, IRICO Group Corporation Limited (the second largest shareholder of Zhongdian Holdings with CEC as its de facto controller) for the cold repair proposal, the fees on idle personnel and losses on production suspension all exerted material impact on the Company. Upon mutual friendly negotiation, the “Compensation Framework Agreement” was signed in June 2019, which provides that Zhongdian Holdings will compensate the Company for the loss on work stoppages arising from production suspension and cold repair cessation of the above-mentioned furnaces.

From January to June 2021, the Company confirmed that the compensation of furnaces of Zhongdian Holdings is RMB8,464,200, which is included in other income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**5. *Other related party transactions (Continued)*

(2) Transfer of equity interests

On 30 October 2020, the Board of the Company announced that in order to optimize the business mode and business structure of the Company, highlight the main business, and strengthen and expand the photovoltaic glass business, the Company 1) entered into the IRICO Green Energy Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 100% equity interests in IRICO Green Energy at a cash consideration of RMB104,000,000; 2) entered into the IRICO New Material Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 76.32% equity interests in IRICO New Material at a cash consideration of RMB287,115,800; 3) entered into the IRICO Yongneng Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 51% equity interests in IRICO Yongneng at a cash consideration of RMB61,455,000; and 4) entered into the Zhuhai Caizhu Equity Transfer Agreement with Zhongdian IRICO, pursuant to which the Company agreed to sell, and Zhongdian IRICO agreed to acquire 49% equity interests in Zhuhai Caizhu at a cash consideration of RMB129,418,900. Such disposals were approved by independent shareholders at the extraordinary general meeting held on 28 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**5. *Other related party transactions (Continued)*

(2) Transfer of equity interests (Continued)

30 June 2021, the consideration of RMB174,626,900 for the transfer of equity interests was outstanding (The contractual payment date for this balance is 31 December 2021).

(3) Financing lease with China Electronics Commercial Financial Leasing Co., Ltd.

Related party	Subject	Closing balance/ Amount for the period
China Electronics Commercial Financial Leasing Co., Ltd.	Loan	22,500,000.00
China Electronics Commercial Financial Leasing Co., Ltd.	Deposit	18,000,000.00
China Electronics Commercial Financial Leasing Co., Ltd.	Payment of interest	564,032.82

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(V) Related party transactions (Continued)

5. Other related party transactions (Continued)

- (3) Financing lease with China Electronics Commercial Financial Leasing Co., Ltd.
(Continued)

Financing lease contract:

On 29 April 2016, the Company entered into financing lease sale and leaseback contracts (No.: ZDTS-2016-HZ-003) with China Electronics Commercial Financial Leasing Co., Ltd., with a contract amount of RMB300 million, and an agreed deposit amount of RMB18 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Related party transactions (Continued)**5. *Other related party transactions (Continued)*

- (4) Deposit and loan with China Electronics Financial Co., Ltd.

Related party	Subject	Closing balance/ Amount for the period
China Electronics Financial Co., Ltd.	Bank deposit	105,254,854.19
China Electronics Financial Co., Ltd.	Receipts from interest	125,306.83
China Electronics Financial Co., Ltd.	Balance of loan	200,000,000.00
China Electronics Financial Co., Ltd.	Payment of interest	4,603,722.23

The closing balance of the Company's deposits with China Electronics Financial Co., Ltd. amounted to RMB105,254,854.19, which generated deposit interest of RMB125,306.83 for the Company during the period; the Company's borrowings amounted to RMB200,000,000.00, which resulted in interest expenses of RMB4,603,722.23 during the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Receivables from and payables to related parties***1. Receivables from related parties*

Item	Related Party	Closing balance		Balance at the end of last year	
		Carrying amount	Allowance for bad debts	Carrying amount	Allowance for bad debts
Accounts receivable					
	Jiangsu IRICO Yongneng	9,783,166.27		5,758,103.66	
	New Energy Company Limited				
	IRICO Group Corporation Limited	7,139,768.75		7,137,268.75	
	IRICO (Hefei) LCD Glass Co., Ltd.	2,585,312.20			
Receivables financing					
	Jiangsu IRICO Yongneng	3,000,000.00		2,000,000.00	
	New Energy Company Limited				
Prepayments					
	Hanzhong IRICO Jiarunze Mining Co., Ltd	1,890,204.73			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Receivables from and payables to related parties (Continued)***1. Receivables from related parties (Continued)*

Item	Related Party	Closing balance		Balance at the end of last year	
		Carrying amount	Allowance for bad debts	Carrying amount	Allowance for bad debts
Other receivables					
	IRICO Group Corporation Limited	135,801,252.00		252,665,420.00	
	Xiayang Zhongdian IRICO Group Holdings Ltd.	47,289,836.40		64,709,449.00	
	China Electronics Commercial Financial Leasing Co., Ltd.	18,000,000.00		18,000,000.00	
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	15,750.00		6,000.00	
Long term receivables					
	Hanzhong IRICO Jiarunze Mining Co., Ltd	20,610,000.00		22,923,378.88	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Receivables from and payables to related parties
(Continued)***2. Payables to related parties*

Item	Related Party	Closing balance	Balance at the end of the last year
Short-term borrowings	China Electronics Financial Co., Ltd.	200,000,000.00	200,000,000.00
Accounts payables	IRICO Group Corporation Limited	138,650,269.56	141,872,009.99
	IRICO (Hefei) LCD Glass Co., Ltd.	19,593,301.07	6,963,261.30
	Zhongdian Panda Trade Development Limited Company	3,863,488.41	22,032,273.56
	China Elec-Trans Int'l Service Co., Ltd.	3,740,383.46	8,314,232.52
	Anhui Hongchen New Materials Technology Co., Ltd.*	2,575,977.87	
	Hefei IRICO Epilight Industry Co., Ltd.	2,874,973.14	13,000,639.08
	Xianyang Cailian Packaging Materials Co., Ltd.	9,773,468.09	18,134,564.17
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	2,500,060.26	326,595.00
	Xianyang IRICO Green Energy Co., Ltd.	254,905.66	170,000.00
	Nanjing Zhongdian Panda Property Management Co., Ltd.	153,374.79	
	China Electronics System Engineering No. 2 Construction Co., Ltd.		1,240,540.54

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Receivables from and payables to related parties (Continued)***2. Payables to related parties (Continued)*

Item	Related Party	Closing balance	Balance at the end of the last year
	Xianyang IRICO Electronic Accessories Co., Ltd.		827,705.60
	Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.		691,641.24
	China Electronics System Engineering No. 3 Construction Co., Ltd.		5,000.00
Bills payable	Zhongdian Panda Trade Development Limited Company	8,450,000.00	9,400,000.00
	IRICO (Hefei) LCD Glass Co., Ltd.	5,761,457.01	15,000,000.00
	Hefei IRICO Epilight Industry Co., Ltd.	6,449,693.64	16,123,216.60
	Xianyang Cailian Packaging Materials Co., Ltd.	3,478,153.46	2,000,000.00
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	1,440,000.00	448,091.88
	China Electronics System Engineering No. 3 Construction Co., Ltd.	889,974.27	284,000.00
	Xianyang IRICO Green Energy Co., Ltd.	270,000.00	189,190.00
	Zhongdian Panda Trade Development Limited Company	50,000.00	
	IRICO Group Corporation Limited		5,043,006.31

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Receivables from and payables to related parties (Continued)***2. Payables to related parties (Continued)*

Item	Related Party	Closing balance	Balance at the end of the last year
Other payables			
	Xianyang IRICO Green Energy Co., Ltd.	2,246,500.00	2,246,500.00
	Xi'an IRICO Information Co., Ltd	1,259,314.14	1,259,314.14
	China Electronics Commercial Financial Leasing Co., Ltd.	280,546.92	
	China Electronics System Engineering No. 2 Construction Co., Ltd.	51,310.00	50,000.00
	Hefei IRICO Epilight Industry Co., Ltd.	30,000.00	30,000.00
	Nanjing Zhongdian Panda Property Management Co., Ltd.	10,000.00	
	Jiangsu IRICO Yongneng New Energy Company Limited		4,000,000.00
	China Electronics System Engineering No. 3 Construction Co., Ltd.		30,000.00
Other non-current liabilities due within one year			
	China Electronics Commercial Financial Leasing Co., Ltd.	22,500,000.00	45,150,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***XI. COMMITMENTS AND CONTINGENCIES****(I) Important commitments***Unit: RMB0'000*

Project name	Contractual investment	Investment recognized	Investment not recognized
Hefei Photovoltaic Glass Project	203,157.59	168,581.39	34,576.20
Xianyang Photovoltaic Glass Project	19,715.00	187.43	19,527.57
Jiangxi Photovoltaic Glass Project	290,289.00	287.05	290,001.95
Total	513,161.59	169,055.87	344,105.72

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Contingencies

1. For the guarantee provided by the Company for the bank loan of the subsidiary, please refer to note “X. (V).3”.
2. As of 30 June 2021, the Company's outstanding letters of credit amounted to RMB268,715,600, of which RMB238,715,600 are due in 2021 and RMB30,000,000 will be due in 2022.

XII. POST BALANCE SHEET EVENTS

1. *IRICO (Hefei) Photovoltaic Ultra-thin and High-transmissivity Photoelectric Glass Project*

The furnace of IRICO (Hefei) Photovoltaic Ultra-thin and High-transmissivity Photoelectric Glass Project was ignited successfully on 23 July 2021. IRICO (Hefei) Photovoltaic Ultra-thin and High-transmissivity Photoelectric Glass Project has obtained an additional investment amounting to approximately RMB550 million, and will have an annual production capacity of approximately 38.60 million s.q.m of photovoltaic glass upon reaching its target output, which will further highlight the scale effect and cost advantage. The implementation of such project has great strategic significance for the Company to implement its development strategy, lead technological innovation in the industry, enhance its economic benefits and promote social benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***XII. POST BALANCE SHEET EVENTS (CONTINUED)****2. Proposed A Share Offering of the Company**

On 6 August 2021, the Board considered and approved the resolutions regarding the Proposed A Share Offering and related authorisation matters. According to the Proposed A Share Offering plan, the Company intends to apply for an initial public offering of A Shares and listing on the ChiNext of the Shenzhen Stock Exchange for the allotment and issuance of not more than 58,780,000 A Shares with a par value of RMB1.00 each. The Proposed A Share Offering will be subject to, among other things, the approval by Shareholders by way of special resolutions at the EGM and the Class Meetings, as well as necessary approvals or decisions from the CSRC and other relevant regulatory authorities.

XIII. CAPITAL MANAGEMENT

	Closing balance	Balance at the end of last year
Total liability	3,107,633,186.20	3,237,573,733.43
Less: cash and cash equivalents	286,332,349.97	393,496,091.98
Adjusted net liability	2,821,300,836.23	2,844,077,641.45
Shareholders' interests	2,058,665,912.99	1,746,281,348.35
Adjusted capital	2,058,665,912.99	1,746,281,348.35
Adjusted liability/capital ratio	1.37	1.63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

(Unless otherwise stated, all amounts are denominated in Renminbi)

XIV. OTHER SIGNIFICANT EVENTS**(I) Segment information**

Due to the highly integrated business and unified internal organizational structure, in terms of technology and marketing strategy, the management of the Company does not separately manage operating activities and there are no reportable segments.

XV. SUPPLEMENTAL INFORMATION**(I) Breakdown of non-recurring profit or loss for the current period**

Item	Amount	Note
Profit/loss on disposal of non-current assets	-222,456.67	
Tax refund, deduction and exemption as a result of ultra vires or without formal approval		
Government grant recognized in current profit or loss, except for those acquired in the ordinary course of business and granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	10,534,335.60	
Funds occupation fee accounted for in the profit or loss of the current period charged to non-financial enterprises	327,759.12	
Gains arising from the difference between the investment cost for acquisition of subsidiaries, associates and joint ventures by an enterprise and the fair value of the identifiable net assets of the invested entity at the time of acquisition		
Profit or loss from swap of non-monetary assets		
Profit or loss from entrusted investment or asset management		
Provision for assets impairment due to force majeure including natural disasters		
Profit or loss from debt restructuring		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2021**(Unless otherwise stated, all amounts are denominated in Renminbi)***XV. SUPPLEMENTAL INFORMATION (CONTINUED)****(I) Breakdown of non-recurring profit or loss for the current period (Continued)**

Item	Amount	Note
Expenses arising from enterprise restructuring, such as staff resettlement, integration, etc.		
Profit or loss from the excess of the fair value compared to the unfair consideration of a transaction		
Current net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger		
Profit or loss from contingencies irrelevant to the normal operations of the Company		
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and other debt investments	192,493.22	Change in fair value of held-for-trading financial assets, disposal of held-for-trading financial assets
Reversal impairment provision for accounts receivable and contract assets tested for impairment separately		
Profit or loss from external entrusted loans		
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
Effect of one-off adjustment to current profit or loss in accordance with laws and regulations on taxation and accounting, etc.		
Income from custody fees received for entrusted management		
Other non-operating income and expenses other than the above	-1,071,584.29	
Other profit or loss items falling within the meaning of non-recurring profit or loss	8,469,523.92	
Subtotal	18,230,070.90	
Effect of income tax	2,734,510.63	
Effect of minority interests (After tax)		
Total	<u>15,495,560.27</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2021

*(Unless otherwise stated, all amounts are denominated in Renminbi)***XV. SUPPLEMENTAL INFORMATION (CONTINUED)****(I) Breakdown of non-recurring profit or loss for the current period (Continued)**

Note: Other profit or loss items falling within the meaning of non-recurring profit or loss:

Item	Amount	Note
Refund of personal income tax service fee	5,356.92	
Compensation for the shutdown of furnaces by Xianyang		
Photovoltaic	8,464,167.00	
Total	8,469,523.92	

(II) Return on net assets and earnings per share:

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	11.31	1.6150	1.6150
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	10.49	1.4987	1.4987

IRICO Group New Energy Company Limited*

26 August 2021