

## **Auditor's Report**

**To the shareholders of Gotion High-tech Co., Ltd.,**

### **I. Opinion**

We have audited the accompanying financial statements of Gotion High-tech Co., Ltd (the "Company"), which comprise the consolidated and Company's balance sheets as at December 31, 2021, the consolidated and Company's income statements, the consolidated and Company's statements of cash flows and the consolidated and Company's statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Company as at 31 December 2021, and the consolidated and company financial performance and cash flows of Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

### **II. Basis for Opinions**

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

### **III. Key Audit Matters**

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

## 1. Recognition of income

Key audit matters	How to deal with these matters in the audit
Refer to the accounting policies set out in the Note to the financial statements “III Significant Accounting Policies and Accounting Estimates” and “V Notes to the Consolidated Financial Statements”	
The Company is mainly engaged in the R & D, production and sales of batteries and supporting products and achieved operation revenue of RMB10,223,470,462.10 for year of 2021. As revenue is one of the key performance indicators of the Company, there is an inherent risk that revenue may not be recognized in a correct period. So we identify revenue recognition as a key audit matter. ....	<ol style="list-style-type: none"><li>(1) Understand, evaluate and test the design and implementation of internal control related to revenue recognition and to conduct a walk through test for company, Check whether the relevant internal control system is effectively implemented;</li><li>(2) Check key sales contracts on a sampling basis to identify relevant trading terms, and evaluate whether the accounting policies for revenue recognition of Company meet the requirements of the Enterprise Accounting Standards. We analyzed the contract by using new revenue standard, judged the composition of performance obligations and time point of control transfer;</li><li>(3) On a sampling basis and according to different trading terms, reconcile the revenue recorded in the current year to relevant supporting files such as sales invoices, sales contract, outgoing order, delivery receipts, etc. to evaluate whether revenue is recognized in accordance with the accounting policies of the Company;</li><li>(4) Analyzing revenues and gross profits based on product types, to understand whether there are abnormal fluctuations in the revenues and gross profits for the year, and analyze the rationality of changes;</li><li>(5) Implement confirmation procedures on a sample basis for customers to confirm the amount of operating revenue, so as to evaluate the authenticity and accuracy of the revenue recognition;</li><li>(6) Perform a cut-off test to check whether there is an intertemporal income by taking a sample of revenue transactions recorded around the balance sheet date, to assess whether revenue is recorded in the appropriate period;</li><li>(7) Check whether information relating to operating income is properly presented and disclosed in the financial statements.</li></ol>

## 2. Recoverability of accounts receivable

Key audit matters	How to deal with these matters in the audit
Refer to the accounting policies set out in the Note to the financial statements “III Major Accounting Policies and Accounting Estimates” and “V Notes to the Items in the Consolidated Financial Statements”	
On 31 December 2021, as for accounts receivable of the Company, the carrying amount was RMB8,096,576,543.64, the bad debt provision was RMB1,377,201,039.82. The book value is relatively high. The bad debt of accounts receivable due to failure of recovery at maturity or failure of recovery will generate significant impacts on financial statements, thus, we identify the impairment of accounts receivable as a key audit item. . . . .	<ol style="list-style-type: none"><li>(1) Understand, evaluate and test the design and operation effectiveness of internal control related to the accounts receivable management, and carry out walk-through test to confirm the implementation of internal control systems;</li><li>(2) Analyze the rationality of the accounting estimation of provision for bad debt of accounts receivable; measure the accounts receivable with expected credit loss on a single basis; obtain and review the management’s estimation of the expected cash flow; evaluate the rationality of the key assumptions used in the estimation and the accuracy of the data; evaluate the rationality of the management’s classification of portfolios according to credit risk characteristics for the accounts receivable whose expected credit loss is measured based on portfolio; evaluate the rationality of the expected credit loss rate determined by the management according to the historical credit loss experience and forward-looking estimation; test the accuracy and integrity of the data used by the management (including the aging of accounts receivable, etc.) and the accuracy of the calculation of provision for bad debt;</li><li>(3) Send request for confirmation of balances to customers;</li><li>(4) Check the collection of accounts receivable after the period, and evaluate the rationality of credit loss of accounts receivable;</li><li>(5) Evaluate the accuracy of management’s bad debts calculation process, and review whether the financial statements are adequately and appropriately disclosed.</li></ol>

#### **IV. Other Information**

The management of the Company (the “Management”) is responsible for the other information. The other information comprises all the information included in the 2020 annual report of the Company, other than the financial statements and our auditor’s report thereon.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the management is responsible for assessing Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing Company’s financial reporting process.

#### **VI. Auditors’ Responsibilities for the Audit of the Financial Statements**

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

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional skepticism. Meanwhile, we also:

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

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the information obtained as on the date of our auditors' report. However, future matters or situation may cause failure of the Company in going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the audit, and bear solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report, unless these matters are forbidden by laws and regulations to be disclosed or in extremely rare circumstances, when the negative impact arising from the reasonable and expected communication about a certain matter in a auditors' report exceeds the public interest benefits arising therefrom, we determine that such matter should not be communicated in the auditors' report.

Suya Jincheng CPA LLP

Certified Public Accountants of China:  
(Engagement Partner)

Certified Public Accountants of China:

Nanjing, China

April 27, 2022

# Consolidated Balance Sheet

On December 31st 2021

Item	Note	Balance as at 31 December 2021	Balance as at 31 December 2020
<b>Current Assets:</b>			
Cash and bank balances . . . . .	1	11,385,051,081.47	3,343,527,263.79
Held-for-trading financial assets . . . . .	2	53,385,792.58	411,114,371.81
Derivative financial assets . . . . .			
Notes receivable . . . . .	3	164,024,116.21	426,640,727.37
Accounts receivable . . . . .	4	6,719,375,503.82	6,587,351,398.56
Receivables for financing . . . . .	5	1,148,162,359.10	608,839,017.64
Prepayments . . . . .	6	229,538,072.36	248,702,643.38
Other receivables . . . . .	7	265,294,413.85	134,938,931.80
Inventories . . . . .	8	4,488,468,539.81	3,220,326,787.62
Contract assets . . . . .			
Held-for-sale assets . . . . .			
Non-current assets due within one year . .	9	126,672,370.16	84,217,473.68
Other current assets . . . . .	10	700,468,221.26	553,848,417.59
<b>Total Current Assets</b> . . . . .		25,280,440,470.62	15,619,507,033.24
<b>Non-current Assets:</b>			
Debt investment . . . . .			
Other debt investment . . . . .	11	4,462,990.00	4,567,430.00
Financial assets available for sale . . . . .			
Long-term receivables . . . . .	12	24,674,913.95	71,473,663.57
Long-term equity investment . . . . .	13	1,033,479,231.47	667,998,925.53
Other equity investment . . . . .	14	1,021,466,991.08	915,306,947.39
Other non-current financial assets . . . . .			
Investment properties . . . . .			
Fixed assets . . . . .	15	8,761,582,173.91	7,159,879,961.36
Construction in progress . . . . .	16	2,632,201,747.37	1,151,952,297.82
Bearer biological assets . . . . .			
Oil and gas assets . . . . .			
Right-of-use assets . . . . .	17	9,290,822.60	
Intangible assets . . . . .	18	1,895,304,240.67	1,264,136,456.37
Development expenditure . . . . .	19	390,906,347.20	149,815,816.87
Goodwill . . . . .	20	147,923,753.27	81,366,333.62
Long-term deferred expenses . . . . .	21	18,706,261.34	12,042,115.27
Deferred tax assets . . . . .	22	544,306,120.67	466,207,919.93
Other non-current assets . . . . .	23	1,848,663,246.51	270,357,289.45
<b>Total Non-current Assets</b> . . . . .		18,332,968,840.04	12,215,105,157.18
<b>Total Assets</b> . . . . .		43,613,409,310.66	27,834,612,190.42

Item	Note	Balance as at 31 December 2021	Balance as at 31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings . . . . .	24	5,480,447,055.22	3,251,886,000.00
Held-for-trading financial liabilities . . . . .			
Derivative financial liabilities . . . . .			
Notes payable . . . . .	25	4,829,299,206.05	3,031,992,478.44
Accounts payable . . . . .	26	5,405,708,511.50	4,016,756,379.22
Receipts in advance. . . . .			
Contract liabilities. . . . .	27	561,210,694.49	123,360,121.85
Employee benefits payable. . . . .	28	188,875,199.41	113,386,897.98
Taxes payable . . . . .	29	219,497,413.74	220,428,792.48
Other payables . . . . .	30	284,341,882.46	239,021,508.23
Held-for-sale liabilities . . . . .			
Non-current liabilities due within			
one year . . . . .	31	1,238,829,643.16	879,397,249.24
Other current liabilities . . . . .	32	74,057,094.63	17,517,610.82
<b>Total current Liabilities.</b> . . . . .		18,282,266,700.66	11,893,747,038.26
Non-current liabilities:			
Long-term borrowings . . . . .	33	4,377,862,351.03	2,586,657,483.68
Bonds payable . . . . .	34	498,699,420.14	995,799,629.08
Including: preferred shares. . . . .			
Perpetual bonds. . . . .			
Lease liabilities. . . . .	35	6,199,901.96	
Long-term payables. . . . .	36	589,800,000.00	697,551,884.79
Provisions. . . . .	37	275,879,048.79	281,617,439.77
Deferred income . . . . .	38	162,139,298.34	264,873,230.79
Deferred tax liabilities. . . . .	22	46,161,808.33	39,039,996.22
Other non-current liabilities. . . . .			
<b>Total non-current liabilities</b> . . . . .		5,956,741,828.59	4,865,539,664.33
<b>Total liabilities.</b> . . . . .		24,239,008,529.25	16,759,286,702.59
Owners' Equity:			
Share capital. . . . .	39	1,664,707,835.00	1,280,544,489.00
Other equity instruments . . . . .			
Including: preferred shares. . . . .			
Perpetual bonds. . . . .			
Capital reserves . . . . .	40	13,194,367,010.80	6,231,304,068.37
Less: Treasury shares . . . . .	41	139,123,513.00	110,832,115.66
Other comprehensive income . . . . .	42	495,912,480.89	188,302,446.71
Surplus reserves . . . . .	43	178,338,303.05	158,973,015.65
Retained earnings . . . . .	44	3,383,520,937.01	3,157,722,575.92
<b>Total owners' equity attributable to</b>			
<b>owner of the Company</b> . . . . .		18,777,723,053.75	10,906,014,479.99
Minority equity . . . . .		596,677,727.66	169,311,007.84
<b>Total owners' equity</b> . . . . .		19,374,400,781.41	11,075,325,487.83
<b>Total liabilities and owners' equity</b> . . . . .		43,613,409,310.66	27,834,612,190.42

# Balance sheet of the parent company

On December 31st 2021

Item	Note	Balance as at 31 December 2021	Balance as at 31 December 2020
<b>Current Assets:</b>			
Cash and bank balances . . . . .		7,301,850,480.87	160,837,375.46
Held-for-trading financial assets . . . . .			
Derivative financial assets . . . . .			
Notes receivable . . . . .			
Accounts receivable . . . . .	1	134,733.00	1,346,083.62
Receivables for financing . . . . .			
Prepayments . . . . .			7,672,638.70
Other receivables . . . . .	2	612,291,984.03	823,213,264.87
Inventories . . . . .			
Contract assets . . . . .			
Held-for-sale assets . . . . .			
Non-current assets due within one year . .			
Other current assets . . . . .		9,119,363.06	4,727,657.67
<b>Total Current Assets</b> . . . . .		7,923,396,560.96	997,797,020.32
<b>Non-current Assets:</b>			
Debt investment . . . . .			
Other debt investment . . . . .			
Financial assets available for sale . . . . .			
Long-term receivables . . . . .			
Long-term equity investment . . . . .	3	10,453,433,361.90	9,984,113,059.64
Other equity investment . . . . .			
Other non-current financial assets . . . . .			
Investment properties . . . . .			
Fixed assets . . . . .			
Construction in progress . . . . .			
Bearer biological assets . . . . .			
Oil and gas assets . . . . .			
Right-of-use assets . . . . .			
Intangible assets . . . . .			
Development expenditure . . . . .			
Goodwill . . . . .			
Long-term deferred expenses . . . . .			
Deferred tax assets . . . . .		57,192,083.54	49,233,038.75
Other non-current assets . . . . .			
<b>Total Non-current Assets</b> . . . . .		10,510,625,445.44	10,033,346,098.39
<b>Total Assets</b> . . . . .		18,434,022,006.40	11,031,143,118.71



Item	Note	Balance as at 31 December 2021	Balance as at 31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings . . . . .			
Held-for-trading financial liabilities . . . . .			
Derivative financial liabilities . . . . .			
Notes payable . . . . .			
Accounts payable . . . . .			
Receipts in advance . . . . .			
Contract liabilities . . . . .			
Employee benefits payable . . . . .		5,556,804.04	1,973,602.37
Taxes payable . . . . .			22,950.00
Other payables . . . . .		535,174,286.27	103,111,279.40
Held-for-sale liabilities . . . . .			
Non-current liabilities due within			
one year . . . . .		20,412,500.00	
Other current liabilities . . . . .			
<b>Total current Liabilities</b> . . . . .		561,143,590.31	105,107,831.77
Non-current liabilities:			
Long-term borrowings . . . . .			
Bonds payable . . . . .		498,699,420.14	995,799,629.08
Including: preferred shares . . . . .			
Perpetual bonds . . . . .			
Lease liabilities . . . . .			
Long-term payables . . . . .			
Provisions . . . . .			
Deferred income . . . . .			
Deferred tax liabilities . . . . .			
Other non-current liabilities . . . . .			
<b>Total non-current liabilities</b> . . . . .		498,699,420.14	995,799,629.08
<b>Total liabilities</b> . . . . .		1,059,843,010.45	1,100,907,460.85
Owners' Equity:			
Share capital . . . . .		1,664,707,835.00	1,280,544,489.00
Other equity instruments . . . . .			
Including: preferred shares . . . . .			
Perpetual bonds . . . . .			
Capital reserves . . . . .		15,530,081,961.02	8,647,145,126.17
Less: Treasury shares . . . . .		80,123,513.00	51,832,115.66
Other comprehensive income . . . . .			
Surplus reserves . . . . .		85,225,126.33	65,859,838.93
Retained earnings . . . . .		174,287,586.60	-11,481,680.58
<b>Total owners' equity</b> . . . . .		17,374,178,995.95	9,930,235,657.86
<b>Total liabilities and owners' equity</b> . . . . .		18,434,022,006.40	11,031,143,118.71

# Consolidated Income Statement

For the reporting period from January 1st 2021 to December 31st 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
<b>I. Total operating revenue</b> . . . . .	45	10,356,081,191.76	6,724,233,230.56
Less: Total operating costs. . . . .	45	8,429,245,133.18	5,027,919,449.91
Taxes and surcharges . . . . .	46	74,940,196.25	43,473,614.96
Selling expenses. . . . .	47	330,216,579.45	266,109,389.97
Administrative expenses . . . . .	48	569,414,418.07	397,827,110.01
R&D expenses . . . . .	49	644,197,062.47	498,513,896.82
Financial expenses . . . . .	50	335,245,229.16	311,920,793.18
Including: Interest expenses . . . . .		389,648,394.41	352,621,952.04
Interest income. . . . .		59,383,695.10	58,979,679.81
Add: Other Income . . . . .	51	558,624,020.53	393,314,184.80
Investment income . . . . .	52	14,514,886.50	60,968,520.72
Including: Investment gains in associated enterprise and joint-venture enterprise. . . . .		27,581,994.31	-6,120,725.12
Income from derecognition of financial assets measured at amortized cost . . . . .			
Gains (losses) from changes in fair values . . . . .	53	-175,464.22	414,840.18
Credit impairment losses. . . . .	54	-343,314,832.26	-335,910,826.67
Impairment losses of assets. . . . .	55	-197,741,537.19	-134,840,176.17
Asset disposal income. . . . .	56	34,432,634.00	5,189,719.48
<b>II. Operating profit</b> . . . . .		39,162,280.54	167,605,238.05
Add: Non-operating income . . . . .	57	16,925,498.81	9,726,695.89
Less: Non-operating expenses . . . . .	58	8,252,878.88	10,891,007.81
<b>III. Total profit</b> . . . . .		47,834,900.47	166,440,926.13
Less: Income tax expenses. . . . .	59	-29,091,513.29	19,536,994.87
<b>IV. Net profit</b> . . . . .		76,926,413.76	146,903,931.26
4.1 Classification by continuous operation. . . . .			
(a) Net profit on continuous operation. .		72,363,821.73	146,903,931.26
(b) Net loss on terminated operation. . .		4,562,592.03	
4.2 Classification by attribution of ownership . . . . .			
(a) Profit or loss attributable to minority shareholders . . . . .		101,890,171.25	149,673,020.43
(b) Net profit attributable to owners of parent company . . . . .		-24,963,757.49	-2,769,089.17
<b>V. Other comprehensive income, net of     income tax</b> . . . . .		450,883,511.42	188,240,197.23
<b>Other comprehensive income     attributable to owners of the     Company, net of tax</b> . . . . .		450,883,511.42	188,240,197.23

Item	Note	Amount for the current period	Amount for the prior period
(I) Items that will not be reclassified subsequently to profit or loss . . . . .		454,660,886.98	193,918,791.83
1. Changes from re-measurement of defined benefit plans . . . . .			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method . . . . .			
3. Changes in fair value of other investments in equity instruments . .		454,660,886.98	193,918,791.83
4. Changes in fair value of company' own credit risk. . . . .			
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods. . . . .		-3,777,375.56	-5,678,594.60
1. Other comprehensive income that will be reclassified to profit or loss under the equity method. . . . .		-1,431,384.41	
2. Changes in fair value of other debt investments . . . . .			
3. Amounts of financial assets reclassified into other comprehensive income . . . . .			
4. Provision for credit impairment of other debt investment. . . . .			
5. Reserve for cash flow. . . . .			
6. Translation differences of financial statements denominated in foreign currencies . . . . .		-2,345,991.15	-5,678,594.60
Other comprehensive income attributable to minority interests, net of tax. . . . .			
<b>VI. Total comprehensive income</b> . . . . .		527,809,925.18	335,144,128.49
Total comprehensive income attributable to owners of the parent company . . . . .		552,773,682.67	337,913,217.66
Total comprehensive income attributable to minority shareholders. . . . .		-24,963,757.49	-2,769,089.17
<b>VII. Earnings per share</b>			
(I) Basic earnings per share . . . . .		0.08	0.13
(II) Diluted earnings per share . . . . .		0.08	0.13

Legal Representative:

Person in charge of the  
accounting work:

Person in Charge of the  
Accounting Department:

# Income Statement of the Parent Company

For the reporting period from January 1st 2021 to December 31st 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
<b>I. Total operating revenue</b> . . . . .	4	1,069,514.05	2,860,063.43
Less: Total operating costs. . . . .	4	1,069,514.04	2,860,063.44
Taxes and surcharges . . . . .		5,961.90	176,777.72
Selling expenses. . . . .			
Administrative expenses . . . . .		55,174,698.59	39,168,468.46
R&D expenses . . . . .			
Financial expenses . . . . .		-10,260,007.06	269,588.89
Including: Interest expenses . . . . .			357,283.10
Interest income. . . . .		10,264,498.46	100,672.54
Add: Other Income . . . . .		465.00	
Investment income . . . . .	5	241,635,302.26	1,617,130.18
Including: Investment gains in associated enterprise and joint-venture enterprise . .		21,635,302.26	1,617,130.18
Income from derecognition of financial assets measured at amortized cost . . . . .			
Gains (losses) from changes in fair values . . . . .			
Credit impairment losses. . . . .		550,395.95	7,860,510.47
Impairment losses of assets. . . . .			
Asset disposal income. . . . .			-364.11
<b>II. Operating profit</b> . . . . .		197,265,509.79	-30,137,558.54
Add: Non-operating income . . . . .			330,291.42
Less: Non-operating expenses . . . . .		90,000.00	65,677.88
<b>III. Total profit</b> . . . . .		197,175,509.79	-29,872,945.00
Less: Income tax expenses. . . . .		-7,959,044.79	-4,779,188.11
<b>IV. Net profit</b> . . . . .		205,134,554.58	-25,093,756.89
(a) Net profit on continuous operation. .		205,134,554.58	-25,093,756.89
(b) Net loss on terminated operation. . .			
<b>V. Other comprehensive income, net of income tax</b> . . . . .			
(I) Items that will not be reclassified subsequently to profit or loss . . . . .			
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods. . . . .			
<b>VI. Total comprehensive income</b> . . . . .		205,134,554.58	-25,093,756.89

Legal Representative:

Person in charge of the  
accounting work:

Person in Charge of the  
Accounting Department:

## Consolidated statements of cash flows

For the reporting period from January 1st 2021 to December 31st 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services . . . . .		7,317,708,178.01	3,929,513,221.22
Receipts of tax refunds . . . . .		233,194,951.01	147,930,485.11
Other cash receipts relating to operating activities . . . . .	60(1)	575,613,925.32	361,294,039.26
<b>Sub-total of cash inflows from operating activities . . . . .</b>		<b>8,126,517,054.34</b>	<b>4,438,737,745.59</b>
Cash payments for goods purchased and services received . . . . .		5,330,870,792.71	2,587,185,603.60
Cash payments to and on behalf of employees . . . . .		936,932,538.24	708,895,896.36
Payment of various types of taxes . . . . .		205,255,393.94	190,502,941.09
Other cash payments relating to operating activities . . . . .	60(2)	595,248,296.33	267,199,473.12
<b>Sub-total of cash outflows from operating activities . . . . .</b>		<b>7,068,307,021.22</b>	<b>3,753,783,914.17</b>
<b>Net cash flow from operating activities . . . . .</b>		<b>1,058,210,033.12</b>	<b>684,953,831.42</b>
<b>II. Cash flows from investing activities:</b>			
Cash receipts from disposal and recovery of investments . . . . .		957,998,215.10	769,054,883.47
Cash receipts from investment income . . . . .		830,239.73	22,608,050.98
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets . . . . .		7,620,952.28	3,144,735.29
Net cash receipts from disposals of subsidiaries and other business entities . . . . .		12,865,006.20	
Other cash receipts relating to investing activities . . . . .	60(3)	323,217.73	80,833,449.84
<b>Sub-total of cash inflows from investing activities . . . . .</b>		<b>979,637,631.04</b>	<b>875,641,119.58</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets . . . . .		4,449,708,723.36	2,094,084,294.64
Cash payments to acquire investments . . . . .		713,200,893.44	1,022,459,855.03
Net cash payments for acquisitions of subsidiaries and other business entities . . . . .			1,995,573.72
Other cash payments relating to investing activities . . . . .	60(4)	1,926,364.40	
<b>Sub-total of cash outflows from investing activities . . . . .</b>		<b>5,164,835,981.20</b>	<b>3,118,539,723.39</b>
<b>Net Cash Flow from Investing Activities . . . . .</b>		<b>-4,185,198,350.16</b>	<b>-2,242,898,603.81</b>

Item	Note	Amount for the current period	Amount for the prior period
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions . .		7,675,454,641.43	21,000,000.00
Including: cash receipts from capital contributions from minority owners of subsidiaries . . . . .		431,000,000.00	21,000,000.00
Cash receipts from borrowings . . . . .		8,890,526,251.66	6,357,322,684.03
Cash receipts from issuance of bonds . . .			
Other cash receipts relating to financing activities . . . . .	60(5)	27,622,519.05	484,090,702.44
<b>Sub-total of cash inflows from financing activities . . . . .</b>		16,593,603,412.14	6,862,413,386.47
Cash repayments of borrowings . . . . .		5,073,017,951.45	4,823,354,059.44
Cash payments for distribution of dividends or profits or settlement of interest expenses . . . . .		471,639,196.18	332,246,551.36
Including: Dividends and profits paid by subsidiaries to minority shareholders. . .			
Other cash payments relating to financing activities . . . . .	60(6)	917,398,494.19	372,984,500.87
<b>Sub-total of cash outflows from financing activities . . . . .</b>		6,462,055,641.82	5,528,585,111.67
<b>Net cash flows from Financing Activities . . . . .</b>		10,131,547,770.32	1,333,828,274.80
<b>IV. Effect of foreign exchange rate changes on Cash and Cash Equivalents . . . . .</b>		-2,511,957.07	-16,790,912.61
<b>V. Net Increase (decrease) in Cash and Cash Equivalents . . . . .</b>		7,002,047,496.21	-240,907,410.20
Add: Opening balance of Cash and Cash Equivalents . . . . .		2,437,055,743.03	2,677,963,153.23
<b>VI. Closing Balance of Cash and Cash Equivalents . . . . .</b>		9,439,103,239.24	2,437,055,743.03

Legal Representative:

Person in charge of the  
accounting work:

Person in Charge of the  
Accounting Department:

# Statement of cash flows of the parent company

For the reporting period from January 1st 2021 to December 31st 2021

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services . . . . .		563,496.32	27,238,145.17
Receipts of tax refunds . . . . .			
Other cash receipts relating to operating activities . . . . .		960,063,833.06	268,810,670.01
<b>Sub-total of cash inflows from operating activities . . . . .</b>		<b>960,627,329.38</b>	<b>296,048,815.18</b>
Cash payments for goods purchased and services received . . . . .		1,208,550.86	4,189,535.54
Cash payments to and on behalf of employees . . . . .		23,629,260.96	20,460,401.14
Payment of various types of taxes . . . . .		11,923.80	186,538.42
Other cash payments relating to operating activities . . . . .		99,022,168.17	169,482,589.78
<b>Sub-total of cash outflows from operating activities . . . . .</b>		<b>123,871,903.79</b>	<b>194,319,064.88</b>
<b>Net cash flow from operating activities . . . . .</b>		<b>836,755,425.59</b>	<b>101,729,750.30</b>
II. Cash flows from investing activities:			
Cash receipts from disposal and recovery of investments . . . . .			
Cash receipts from investment income . . .			
Net cash receipts from disposals of fixed assets, intangible assets and other long- term assets . . . . .		2,277,195.39	
Net cash receipts from disposals of subsidiaries and other business entities .			
Other cash receipts relating to investing activities . . . . .			100,672.54
<b>Sub-total of cash inflows from investing activities . . . . .</b>		<b>2,277,195.39</b>	<b>100,672.54</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets . . . . .			
Cash payments to acquire investments . . .		447,685,000.00	
Net cash payments for acquisitions of subsidiaries and other business entities .			
Other cash payments relating to investing activities . . . . .			
<b>Sub-total of cash outflows from investing activities . . . . .</b>		<b>447,685,000.00</b>	
<b>Net Cash Flow from Investing Activities . . . . .</b>		<b>-445,407,804.61</b>	<b>100,672.54</b>

Item	Note	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions . .		7,244,454,641.43	
Cash receipts from borrowings . . . . .			
Cash receipts from issuance of bonds . . .			
Other cash receipts relating to financing activities . . . . .		27,622,519.05	180,200,682.25
<b>Sub-total of cash inflows from financing activities . . . . .</b>		<b>7,272,077,160.48</b>	<b>180,200,682.25</b>
Cash repayments of borrowings . . . . .		500,000,000.00	6,956,223.04
Cash payments for distribution of dividends or profits or settlement of interest expenses . . . . .			
Other cash payments relating to financing activities . . . . .		22,411,676.05	128,768,040.35
<b>Sub-total of cash outflows from financing activities . . . . .</b>		<b>522,411,676.05</b>	<b>135,724,263.39</b>
<b>Net cash flows from Financing Activities . . . . .</b>		<b>6,749,665,484.43</b>	<b>44,476,418.86</b>
IV. Effect of foreign exchange rate changes on Cash and Cash Equivalents			
V. Net Increase (decrease) in Cash and Cash Equivalents . . . . .		7,141,013,105.41	146,306,841.70
Add: Opening balance of Cash and Cash Equivalents . . . . .		160,837,375.46	14,530,533.76
VI. Closing Balance of Cash and Cash Equivalents . . . . .		7,301,850,480.87	160,837,375.46
Legal Representative:	Person in charge of the accounting work:	Person in Charge of the Accounting Department:	



# Consolidated Statement of Changes in Owners' Equity

For the reporting period from January 1st 2021 to December 31st 2021

Unit: RMB

Item	Amount for the current period										
	Owner's equity attributable to the parent company										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Retained earnings	Minority equity	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
I. Closing balance of the preceding year.	1,280,544,489.00				6,231,304,068.37	110,832,115.66	188,302,446.71	158,973,015.65	3,157,722,575.92	169,311,007.84	11,075,325,487.83
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	1,280,544,489.00				6,231,304,068.37	110,832,115.66	188,302,446.71	158,973,015.65	3,157,722,575.92	169,311,007.84	11,075,325,487.83
III. Increase or decrease in the current period	384,163,346.00				6,963,062,942.43	28,291,397.34	307,610,034.18	19,365,287.40	225,798,361.09	427,366,719.82	8,299,075,293.58
(I) Total comprehensive income							450,883,511.42		101,890,171.25	-24,963,757.49	527,809,925.18
(II) Owners' contributions and reduction in capital	384,163,346.00				6,963,062,942.43	28,291,397.34				452,330,477.31	7,771,265,368.40
1. Capital contribution from shareholders	384,163,346.00				6,846,691,739.62					431,000,000.00	7,661,855,085.62
2. Capital contribution from shareholders					64,004,535.98					704,246.34	64,708,782.32
3. Others					52,366,666.83	28,291,397.34		19,365,287.40	-19,365,287.40	20,626,230.97	44,701,500.46
(III) Profit distribution											
1. Transfer to surplus reserves											
2. Distributions to shareholders											
3. Others											
(IV) Transfers within owners' equity							-143,273,477.24		143,273,477.24		
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Others											
IV. Closing balance of the current period	1,664,707,835.00				13,194,367,010.80	139,123,513.00	495,912,480.89	178,338,303.05	3,383,520,937.01	596,677,727.66	19,374,400,781.41

Legal Representative:

Person in charge of the accounting work:

Person in Charge of the Accounting Department:

Unit: RMB

Item	Amount for the prior period									
	Owner's equity attributable to the parent company									
	Other equity instruments					Other				
	Share capital	Preferred shares	Perpetual bonds	Other	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Retained earnings	Total owners' equity
I. Closing balance of the preceding year . . . . .	1,136,650,819.00				4,867,276,291.72	266,978,223.13	11,952,369.18	158,973,015.65	2,996,159,435.79	9,053,823,564.49
Add: Changes in accounting policies . . . . .										
Corrections of prior period errors . . . . .										
Others . . . . .										
II. Opening balance of the current year . . . . .	1,136,650,819.00				4,867,276,291.72	266,978,223.13	11,952,369.18	158,973,015.65	2,996,159,435.79	9,053,823,564.49
III. Increase or decrease in the current period . . . . .	143,893,670.00				1,364,027,776.65	-156,146,107.47	176,350,077.53	161,563,140.13	17,521,151.56	2,019,501,923.34
(I) Total comprehensive income . . . . .							188,240,197.23	149,673,020.43		333,144,128.49
(II) Owners' contributions and reduction in capital . . . . .	143,893,670.00				1,364,027,776.65	-156,146,107.47				
1. Capital contribution from shareholders . . . . .	151,191,756.00				1,359,844,824.85					
2. Capital contribution from shareholders . . . . .	-7,298,086.00				-96,709,413.14	-104,007,499.14				
3. Others . . . . .					100,892,364.94	-52,138,608.33				
(III) Profit distribution . . . . .										
1. Transfer to surplus reserves . . . . .										
2. Distributions to shareholders . . . . .										
3. Others . . . . .										
(IV) Transfers within owners' equity . . . . .							-11,890,119.70		11,890,119.70	
1. Capitalization of capital reserve . . . . .										
2. Capitalization of surplus reserve . . . . .										
3. Loss offset by surplus reserve . . . . .										
4. Others . . . . .										
IV. Closing balance of the current period . . . . .	1,280,544,489.00				6,231,304,068.37	110,832,115.66	188,302,446.71	158,973,015.65	3,157,722,575.92	11,075,325,487.83

Legal Representative: \_\_\_\_\_ Person in charge of the accounting work: \_\_\_\_\_ Person in Charge of the Accounting Department: \_\_\_\_\_

# Statement of changes in owners' equity of the parent company

For the reporting period from January 1st 2021 to December 31st 2021

Unit: RMB

Item	Amount for the current period						
	Other equity instruments			Less: Treasury shares	Other comprehensive income	Surplus reserves	Retained earnings
	Share capital	Preferred shares	Perpetual bonds				
I. Closing balance of the preceding year . . . . .	1,280,544,489.00			51,832,115.66		65,859,838.93	-11,481,680.58
Add: Changes in accounting policies . . . . .							
Corrections of prior period errors . . . . .							
Others . . . . .							
II. Opening balance of the current year . . . . .	1,280,544,489.00			51,832,115.66		65,859,838.93	-11,481,680.58
III. Increase or decrease in the current period . . . . .	384,163,346.00						
(I) Total comprehensive income . . . . .							
(II) Owners' contributions and reduction in capital . . . . .	384,163,346.00			28,291,397.34		19,365,287.40	185,769,267.18
1. Capital contribution from shareholders . . . . .	384,163,346.00			28,291,397.34			205,134,554.58
2. Capital contribution from shareholders . . . . .							
3. Others . . . . .				28,291,397.34		19,365,287.40	-19,365,287.40
(III) Profit distribution . . . . .							
1. Transfer to surplus reserves . . . . .							
2. Distributions to shareholders . . . . .							
3. Others . . . . .							
(IV) Transfers within owners' equity . . . . .							
1. Capitalization of capital reserve . . . . .							
2. Capitalization of surplus reserve . . . . .							
3. Loss offset by surplus reserve . . . . .							
4. Others . . . . .							
IV. Closing balance of the current period . . . . .	1,664,707,835.00			80,123,513.00		85,225,126.33	174,287,586.60

Legal Representative:

Person in charge of the accounting work:

Person in Charge of the Accounting Department:

Unit: RMB

Item	Amount for the prior period									
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other						
I. Closing balance of the preceding year:	1,136,650,819.00				7,283,117,349.52	207,978,223.13		65,859,838.93	13,612,076.31	8,291,261,860.63
Add: Changes in accounting policies										
Corrections of prior period errors										
Others										
II. Opening balance of the current year	1,136,650,819.00				7,283,117,349.52	207,978,223.13		65,859,838.93	13,612,076.31	8,291,261,860.63
III. Increase or decrease in the current period	143,893,670.00				1,364,027,776.65	-156,146,107.47				
(I) Total comprehensive income										
(II) Owners' contributions and reduction in capital	143,893,670.00				1,364,027,776.65	-156,146,107.47			-25,093,756.89	1,638,973,797.23
1. Capital contribution from shareholders	151,191,756.00				1,359,844,824.85				-25,093,756.89	1,664,067,554.12
2. Capital contribution from shareholders	-7,298,086.00				-96,709,413.14	-104,007,499.14				1,511,036,580.85
3. Others					100,892,364.94	-52,138,608.33				153,030,973.27
(III) Profit distribution										
1. Transfer to surplus reserves										
2. Distributions to shareholders										
3. Others										
(IV) Transfers within owners' equity										
1. Capitalization of capital reserve										
2. Capitalization of surplus reserve										
3. Loss offset by surplus reserve										
4. Others										
IV. Closing balance of the current period	1,280,544,489.00				8,647,145,126.17	51,832,115.66		65,859,838.93	-11,481,680.58	9,930,235,657.86

Legal Representative:

Person in charge of the accounting work:

Person in Charge of the Accounting Department:

**Gotion High-tech Co., Ltd.**  
**Notes to Financial Statements of 2021**

**I. Basic Information about the Company**

**1. Company profile**

Gotion High-tech Co., Ltd. (formerly known as Jiangsu Dongyuan Electrical Group Co., Ltd., hereinafter referred to as “the Company”) is a joint stock limited company transformed from Jiangsu Dongyuan Group Co., Ltd. under the Approval of Jiangsu Provincial People’s Government on the Overall Change for the Establishment of Jiangsu Dongyuan Electrical Group Co., Ltd. (Su Zheng Fu [1998] No. 30). After several change, the registered capital and share capital of the Company is changed to RMB1,136,650,819 million.

In accordance with the Proposal on the Company’s “Restricted Stock Incentive Plan (Draft)” and its Summary deliberated and approved at the 5th extraordinary shareholders’ meeting of the Company in 2015, the resolutions of the 22th and the 23th meetings of the 7th Board of Directors and the amended Articles of Association of the Company, the Company repurchased and cancelled the 234,000 restricted shares that have been granted to Shen Qiangsheng, Hang Jun and Zhang Min but not yet unlocked. At the same time, due to the failure to meet the performance assessment requirements at the company level in 2018, it was agreed to repurchase and cancel 7,064,086 restricted shares that have been granted but not yet unlocked by all restricted stock incentive recipients. Meanwhile, the Company reduced the registered capital by RMB72,980,860,000 million (and reduced the capital reserve by RMB96,709,413.14 million), and completed the procedures for SAMR registration of change on April 10, 2020. After the change, the registered capital and share capital of the Company was RMB1,129,352,733.

According to relevant laws and regulations, as well as the provisions of the Prospectus for Public Issuance of Convertible Corporate Bonds of Gotion Hi-Tech Co., Ltd, among the 1,8500,000 convertible corporate bonds (each with a face value of RMB100 with the bond code “128086”, “Gotion Convertible Bonds”) issued by the Company on December 17, 2019, from June 23, 2020 to August 28, 2020, the total number of convertible corporate bonds that have been converted into shares is 18,430,632 and the total number of convertible corporate bonds that have not been converted into shares is 69,368. According to the 6th meeting of the 8th Board of Directors and the amended Articles of Association of the Company, the “Gotion Convertible Bonds” issued by the Company has triggered the conditional redemption clause agreed, so the Company exercised the right to conditionally redeem all the “Gotion Convertible Bonds” that has not been converted into shares as registered in the Shenzhen Branch of the China Securities Depository and Clearing Co., Ltd after the closing of the market on the redemption registration date, at the price of the face value. After the redemption, the registered capital and share capital of the Company increased by RMB151,191,756 (from RMB1,129,352,733 to RMB1,280,544,489) (capital reserve increased by RMB1,359,848,482.85), and the procedures for industrial and commercial registration of change were completed on March 11, 2021. The registered capital and share capital after the change were RMB1,280,544,489.

In accordance with resolutions of the forth meeting of the eighth session of the Board of Directors, the resolution of the 1st Extraordinary General Meeting of 2020, and CSRC's Official Reply on Approving the Registration of Share Offering to Special Objects by Gotion Hi-Tech Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1421), the Company is approved to issue 384,163,346.00 shares to specific investee Volkswagen (China) Investment Co., Ltd, the par value per share is RMB1.00 and the issue price per share is RMB19.01. The net amount of funds raised by the Company after deducting underwriting fees, attorney's fees, capital verification and other expenses (excluding tax) totaled RMB7,230,855,085.62, in which RMB384,163,346.00 is recognized in share capital and RMB6,846,691,739.62 is recognized in capital reserve (equity premium). After this change, the share capital is changed to 1,664,707,835.00, and the registered capital is changed to RMB1,664,707,835.00. As of the date of issuance of this report, the company has not completed the industrial and commercial change registration procedures for this capital increase.

Registered address of the Company: No.566 Huayuan Avenue, Baohe District, Hefei City, Anhui Province. Legal representative: Li Zhen.

Business scope of the Company: research and development, manufacturing and sales of lithium-ion battery and its materials, battery, motor and vehicle control system; research and development, manufacturing and sales of lithium-ion battery emergency power supply, energy storage battery and power tool battery; high and low-voltage switch and complete sets of equipment, digital electrical equipment, distribution network intelligent equipment and components, research and development, manufacturing and sales of distribution box, meter box and control box products; research and development, manufacturing, sales and installation of renewable energy equipment of solar energy and wind energy; research and development, manufacturing, sales and installation of energy-saving and environmental protection electrical appliances and equipment, marine electrical appliances and equipment; research and development, manufacturing and sales of transformers, substations, large-scale charging equipment, on-board charger and on-board high-voltage box; operating for itself or on behalf of others import and export business of various commodities and technologies (except for those prohibited from importing or exporting by the state); design and construction of urban and road lighting engineering. (Those items subject to the approval in accordance with law may not be operated without the approval of the relevant authorities).

## ***2. The scope of consolidated financial statements***

The consolidation scope of the company's consolidated financial statements is determined on the basis of control, and all controlled subsidiaries are included in the consolidation scope of the consolidated financial statements.

Details of the subsidiaries incorporated into the consolidated financial statements show on "Note VII.1. Interests in subsidiaries", Changes in the scope of consolidation show on "Note VI. Changes in consolidated scope".

## **II. Basis of Preparation of Financial Statements**

### ***1. Basis of preparation of financial statements***

The Company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various concrete accounting standards, and other relevant provisions on the basis of actual transactions and events.

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

The Company has sustainable operation ability for at least 12 months from the end of the reporting period. In addition, there is no significant event affecting going concern.

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

### ***1. Statement of compliance with the ASBE***

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the group's financial position, the Company's and results of operations, and changes in shareholders' equity, cash flows and other related information for the reporting period.

### ***2. Accounting period***

The Company's accounting period is calendar year as its accounting year, i.e. from 1 January to 31 December.

### ***3. Operating cycle***

The Company's accounting period is 12 months.

### ***4. Functional currency***

The Company has adopted RMB as functional currency.

### ***5. The accounting treatment of business combinations involving enterprises under common control and not under common control***

#### ***(1) Accounting treatment method for business combination under common control***

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) *Accounting treatment method of business combination not under common control*

The Company accounts for business combination not under common control under purchase method.

- a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.
- b) The cost of acquisition shall be respectively determined for the following conditions;
  - i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.
  - ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.
- c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired
  - i. All assets of the acquiree obtained by the Company through business combination (not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.
  - ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.
  - iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.
  - iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.
  - v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.



- d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination
- i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.
- ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs;

After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

*(3) Treatment of relevant expenses arising from the Company's business combination*

- a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.
- b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.
  - i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;
  - ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.
- c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.
  - i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);
  - ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

## **6. Preparation of consolidated financial statements**

### *(1) Consistency of accounting policies and accounting period*

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

### *(2) Preparation method of consolidated financial statements*

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

### *(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements*

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non- controlling shareholders excess those non-controlling shareholders' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non- controlling interests.

### *(4) Changes in number of subsidiaries during the reporting period*

#### **a) Acquisition of subsidiaries during the reporting period**

##### **i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period**

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the opening balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

**7. *Classification of joint venture arrangements and the accounting treatment method of common operation***

*(1) Classification of joint venture arrangements*

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures only have the rights to the net assets under this arrangement.

A joint arrangement that is not structured through a separate vehicle shall be classified as a joint operation. A separate vehicle refers to a separately identifiable financial structure, including separate legal entities or entities without a legal personality but recognized by statute.

A joint arrangement that is structured through a separate vehicle is usually classified as a joint venture. However, when a joint arrangement provides clear evidence that it meets any of the following requirements and complies with applicable laws and regulations as a joint operation:

- a) The legal form of the joint arrangement indicates that the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- b) The terms of the joint arrangement specify that the parties that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement.
- c) Other facts and circumstances indicate that the parties that have joint control have rights to the assets, and the obligations for the liabilities, relating to the arrangement—for example, the parties that have joint control have rights to substantially all of the output of the arrangement, and the arrangement depends on the parties that have joint control on a continuous basis for settling the liabilities of the arrangement.

*(2) Accounting treatment of a joint operation*

A joint operator shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- a) Its solely-held assets, and its share of any assets held jointly;
- b) Its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from sale of the output by the joint operation; and
- e) Its solely-incurred expenses and its share of any expenses incurred jointly.

**8. *Cash and cash equivalents***

Cash comprises cash on hand and deposits that can be readily withdrawn on demand.

Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**9. *Foreign currency transactions and translation of foreign currency statements***

*(1) Accounting method of foreign currency transactions*

- a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

- b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date, with their amounts in functional currency remaining unchanged and no exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

(2) *Accounting treatment method for translation of foreign currency statements*

- a) The Company shall translate the financial statements of foreign operations in accordance with the following methods:
  - i. Assets and liabilities in the balance sheets shall be translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur.
  - ii. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur or at the exchange rate determined in a systematical and reasonable method and similar to the spot exchange rate on the day when the transactions occur.

Differences arising from the above translations of foreign currency financial statements are separately listed under 'other comprehensive income' in the consolidated balance sheet.

The translation of comparative financial statements is handled by reference to the above approach.

- b) The Company shall translate the financial statements of foreign operations that are in virulent inflation economy in accordance with the following methods:
  - i. The Company restates the items in the balance sheet by using the general price index, and restates the items in the income statement by using the changes in general price index, and then converts those items at the spot exchange rate on the latest balance sheet date.
  - ii. Where the foreign operations are no longer in virulent inflation economy, the Company ceases to restate the financial statements and converts the financial statements restated according to the price level on such cease.

- c) Where the Company disposes of an overseas business, it shall transfer the foreign currency financial statements exchange difference, which relates to the business disposed of and is presented under the items of the other comprehensive income in the balance sheet, from the other comprehensive income item to the gain or loss on disposal for the current period. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

## **10. Financial Instruments**

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

### *(1) Classification of financial instruments*

#### a) Classification of financial assets

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income); and financial assets measured at fair value through the current profit or loss.

#### b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at fair value through current profit and loss (including financial liabilities held for trading and financial liabilities directly designated to be at fair value through current profit and loss); and financial liabilities measured at amortized cost.

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

#### a) Recognition basis of financial instruments

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

#### b) Measurement method of financial instruments

##### i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognized. Accounts receivable or notes receivable arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognized based on the amount of consideration expected to be entitled to receive according to Accounting Standard for Business Enterprises No. 14—Revenue.

① Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortized cost and are not a part of any hedging relationship shall be recognized in profit or loss when the financial asset is derecognised or reclassification or amortized using the effective interest method or recognized the impairment allowance.

② Financial assets measured at fair value through other comprehensive income

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognized in profit or loss; other gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets measured at fair value through other comprehensive income; the company shall recognize the relevant dividend income of such financial assets into the current profit and loss, and recognize the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognized in current profit and loss.

③ Financial assets measured at fair value through profit or loss

The Company classifies the financial assets, except for financial assets measured at amortized cost or at fair value through other comprehensive income as mentioned above, into the financial assets measured at fair value through profit or loss for the current period. In addition, the company may designate some financial assets as financial assets measured at fair value through profit or loss for the current period upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at fair value through profit or loss for the current period upon initial recognition and other financial liabilities. For financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

① Financial liabilities measured at fair value through profit or loss

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at fair value through profit or loss, fair value changes caused by the Company's own credit risk changes which is recognized in other



comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit and loss.

## ② Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

### *(3) Financial assets transfer*

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

### *(4) Derecognition of financial liabilities*

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit and loss.



*(5) Offsetting of financial assets and liabilities*

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

*(6) Equity instruments*

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

*(7) Method for determining the fair value of financial assets and financial liabilities*

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

*(8) Impairment of Financial Assets*

Based on the expected credit loss, the Company shall recognize the impairment loss on financial assets measured at amortized cost, debt instrument investment at fair value through other comprehensive income.

a) The approach of recognition loss allowance for expected credit losses

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and confirms the expected credit loss.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month expected credit losses; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime expected credit losses; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime expected credit losses. For financial instruments with low credit risk on the balance sheet date (e.g. fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss provision according to the expected credit loss in the next 12 months.

ii. Simplified approach

For accounts receivable, contract assets, lease receivables and Income-related notes receivable that do not contain significant financing components or do not consider the financing components in the contracts for no more than one year old, the company adopts simplified approach and shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

For accounts receivable, contract assets and lease receivables are defined by the Accounting Standards for Business Enterprises No. 21-Leasing that include significant financing components, the company recognizes a loss allowance equal to the lifetime expected credit losses.

b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payment delay exceeds 30 days, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition.

c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different notes receivables, accounts receivables, contract assets, lease receivables and other receivables with the following characteristics. Such as: accounts receivables in dispute with the other party or involving litigation or arbitration; notes receivables, accounts receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the expected credit loss information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the expected credit loss on collective basis. The basis for determining the portfolio is as following:

Name	Approach of assessing expected credit risk
Bank acceptance bill Portfolio; Commercial acceptance bill Portfolio . . . . .	For notes receivables divided into portfolio, the bank acceptance bill and commercial acceptance bill refer to the historical credit loss experience, and combines the current situation and the forecast of future economic situation respectively. The Company calculates the expected credit loss based on the default risk exposure and the expected credit loss rate of the whole duration.
Account receivables portfolio 1 (Credit risk portfolio such as accounts receivable)	For the accounts receivable classified into the portfolio 1, the Company shall calculate expected credit losses by preparing a comparison table of the aging of accounts receivable and the expected credit loss rate for the entire duration by reference to the historical credit loss experience and in combination with the current situation and the forecast of future economic conditions. For accounts receivable classified into the portfolio 2, no provision for bad debts shall be made.
Account receivables portfolio 2 (Risk free portfolio of receivables from related parties within the consolidation scope). . . . .	For the other receivables classified into the portfolio 1, the Company calculates expected credit losses by the exposure at default and the expected credit loss rate within the next 12 months or for the entire duration by reference to the historical credit loss experience and in combination with the current situation and the forecast of future economic conditions. For other receivables classified into the portfolio 2, no provision for bad debts shall be made.
Other receivables portfolio 1 (Portfolios of credit risks such as deposit receivable, margin, advances, current account, etc.)	
Other receivables portfolio 2 (Risk free portfolio of receivables from related parties within the consolidation scope). . . . .	

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

## ***11. Inventory***

### *(1) Classification of inventory*

Inventories are classified as: raw materials, revolving materials (including low-cost consumables), goods in progress and, stock commodities, consigned processing materials, etc.

### *(2) Measurement method of dispatched inventories*

Dispatched materials and stock commodities are accounted for by using the weighted average method.

### *(3) Basis to determine net realizable values of inventories and method of provision for stock obsolescence*

#### **a) Determination basis of net realizable values of inventories**

- i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.
- ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.
- iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.
- iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

#### **b) Provision for stock obsolescence**

- i. Provisions for stock obsolescence are made at the lower of costs or net realizable values on a single basis.
- ii. For inventories with large quantity and relatively low unit prices, the provision for stock obsolescence shall be made on the ground of the categories of inventories.

*(3) Inventory system*

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

*(4) Amortization method of revolving materials*

a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

b) Amortization method of packaging materials

Packing materials are amortized in full at once when fetched for use by the Company.

**12. Contract assets**

A contract asset is a company's right to receive consideration for goods transferred to a customer, and this right depends on factors other than the passage of time. The company's contract assets mainly include completed and unsettled assets and quality guarantee deposit. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

For the determination method and accounting treatment method of expected credit loss of contract assets, refer to "Impairment of Financial Assets" in Note 10 (8).

**13. Assets held for sale**

*Assets held for sale*

a) Scope of a non-current asset held for sale and a disposal group

A non-current asset or disposal group is classified as held for sale when a company recovers its carrying value primarily through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of such a group.

A disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

b) Recognition criteria of a non-current asset held for sale and a disposal group

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

- i. The assets or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups;

- ii. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.
- c) Accounting treatment and presentation of a non-current asset held for sale and a disposal group

The non-current asset or disposal group is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

When the Company measure a non-current asset or disposal group held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair valueless costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

The Company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non-controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full. In the consolidated financial statements, all assets and liabilities of the subsidiaries are classified as held for sale.

#### Termination of business operations

Termination means any separate part which satisfies one of the following conditions and which has been disposed of or classified as being held for sale:

- a) The component represents a separate principal business or a separate principal area of operation;
- b) The component is part of an associated plan to dispose of a separate principal business or a separate principal operating area;
- c) The component is a subsidiary acquired specifically for resale.

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

##### **(1) Recognition of the initial investment costs of long-term equity investments**

- a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in Notes 3(5). Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.
- b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:
  - i. For the long-term equity investments obtained by cash paid, the Company recognizes the actual purchase price as the initial investment costs. The initial investment costs include directly related expense, taxes and other necessary expenses of obtaining long-term equity investments.
  - ii. For the long-term equity investments acquired by the issue of equity securities (equity instrument), the initial investment cost shall be the fair value of the equity securities (equity instrument) issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities (equity instrument), including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities (debt instrument), reference through the issuance of equity securities (equity instrument).
  - iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.
  - iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.



(2) *Subsequent measurement and recognition of gains and losses of long-term equity investments*

- a) Long-term equity investment measured under cost method
  - i. If accompany can control an investee, namely investment in subsidiary, the long-term equity investment shall be measured under the cost method.
  - ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.
- b) Long-term equity investments measured under the equity method
  - i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.
  - ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.
  - iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee fall into the scope of losses on assets impairment, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.



When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

*(3) Basis for judgment of common control or significant influence over the investee*

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

b) Basis for judgment of significant influence over investee

The term “significant influence” refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

**15. Fixed assets**

*(1) Recognition of fixed assets*

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

- a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- b) The cost of the fixed assets can be measured reliably.

(2) *Depreciation of fixed assets*

- a) All fixed assets shall be depreciated unless the fixed assets had been fully depreciated and are still being used and land is separately measured.
- b) A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation rate and depreciation amount is calculated according to the category, estimated useful life and estimated residual value rate, and then included into the cost of related assets or the current profit and loss according to the applications.
- c) Categories, estimated useful life, net residual value rate, depreciation rate and annual depreciation rate as follows:

Categories	Depreciation period	Residual value rate	Annual depreciation rate
		(%)	(%)
Buildings and Constructions . . . . .	10—35	5	2.71-9.50
Machines and equipment . . . . .	8—15	5	6.33-11.88
Transportation equipment. . . . .	5—8	5	11.88-19.00
Electronic equipment and others. . . . .	3—8	5	11.88-31.67

The company should recalculate the depreciation rate and depreciation amount according to book value, estimates net residual value and usable useful life for the fixed assets which have provisions for the impairment.

The company should review the estimated useful life, estimated net residual value and depreciation method at the end of each year. If any change has occurred, it shall be regarded as a change in the accounting estimate.

Decoration expenditures related to fixed assets that meet the conditions for recognition of fixed assets are included in the cost of fixed assets. It is depreciated by using straight-line method In the shorter of the two decoration periods and the useful life of fixed assets.

**16. *Construction in progress***

(1) *Categories of constructions in progress*

Constructions in progress are accounted on individual project basis.

(2) *Criteria and commencement of conversion of constructions in progress into fixed assets*

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

## **17. *Borrowing cost***

### ***(1) Scope of borrowing costs***

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

### ***(2) Recognition principles of capitalization of borrowing costs***

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

### ***(3) Recognition of capitalization period of borrowing costs***

#### **a) Recognition of commencement of capitalization of borrowing costs**

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

#### **b) Recognition of period of capitalization suspension of borrowing costs**

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

*(4) Recognition of capitalized amounts of borrowing costs*

a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

- i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.
- ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.
- iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.
- iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

- b) Recognition of capitalized amounts of auxiliary expenses of loans
  - i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.
  - ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.
- c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

## **18. *Intangible assets***

### ***(1) Measurement, useful life and impairment test***

- a) Initial measurement of intangible assets
  - i. Initial measurement of outsourcing intangible assets

Costs of outsourcing intangible assets shall be recognized according to the purchase price, related taxes and other expenses directly attributed to reaching the working condition for their intended use. The cost of intangible assets shall be recognized based on present value of purchase price when deferred payment over normal credit conditions with financial nature. The difference between actual payment and purchase price, except for capitalized amount, shall be included into the current profit and loss in the period of credit.

- ii. Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

b) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

i. Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right . . . . .	50	0	2.00
Trademark . . . . .	10	0	10.00
Computer software . . . . .	2—10	0	10.00-50.00

The useful lives and amortization methods of intangible assets with limited useful lives on the balance sheet date shall be reviewed.

ii. Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

c) Estimates of useful lives of intangible assets

- i. For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.
- ii. Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

- iii. If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(2) *Accounting policies of internal research and development expenditure*

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

- i. It is technically feasible to finish intangible assets for use or sale;
- ii. It is intended to finish and use or sell the intangible assets;
- iii. The usefulness of intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
- iv. It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- v. The expenditure attributable to the intangible asset during its development phase can be measured reliably.



(3) *Land use right*

- a) The land use right obtained by the company is usually recognized as intangible assets, but if the purpose of the land use right is changed to earn rent or capital appreciation, it will be converted into investment property.
- b) The company develops and constructs plants and other buildings by itself, and the relevant land use rights and buildings are treated separately.
- c) Payments for the purchased land and buildings shall be distributed between the buildings and the land use right; If it is difficult to allocate reasonably, all of them shall be regarded as fixed assets.

**19. Long-term Assets Impairment**

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.



## **20. Long-term Deferred Expenses**

### *(1) Scope of long-term deferred expenses*

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

### *(2) Initial measurement of long-term deferred expenses*

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

### *(3) Amortization of long-term deferred expenses*

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

## **21. Contract liability**

Contract liabilities refer to the obligation of a company to transfer commodities to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained an unconditional right to receive the goods prior to the company's transfer of the goods to the customer, the company will show the amount received or receivable as a contractual liability in which earlier the customer actually pays the amount or the amount becomes due. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

## **22. Employee Compensation**

Employee compensation includes short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

### *(1) Accounting treatment of short-term benefits*

Short-term benefits are the benefits that the Company expect to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

*(2) Accounting treatment of post-employment benefits*

The defined contribution plan of the Company include payments of basic pension, unemployment insurance, annuity, etc. that accord to relevant provisions. The amount which the Company deposit on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

*(3) Accounting treatment of termination benefits*

Termination benefits are the benefits the Company provide to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

- a) When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;
- b) When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

*(4) Accounting treatment of other long-term employee benefits*

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

- a) Service cost;
- b) Net amount of interest from other long-term employee benefits net liabilities or assets;
- c) Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

**23. Provision**

*(1) Recognition principles of provision*

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

- a) This obligation is a present obligation of the Company;
- b) The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and
- c) The amount of the obligation can be measured reliably.

*(2) Measurement method of provision*

The amount of provision is measured at the best estimate of expenses required for contingencies.

- a) If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.
- b) The best estimate shall be accounted as follows in other cases:
  - i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.
  - ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

**24. Share-based Payment**

Share-based payment is classified as equity-settled share-based payment and cash-settled share-based payment.

*(1) Accounting treatment on the date of granting*

The Company does not make any accounting treatment on the date of granting, neither for equity-settled share-based payment nor for cash-settled share-based payment, except that the right of the share-based payment can be exercised immediately.

*(2) Accounting treatment on each balance sheet date within vesting period*

On each balance sheet date within vesting period, the Company records the service provided by employees or other party as cost and expense, and recognizes equity or liability at the same time.

For the share-based payment attached with market conditions, once employees satisfy all conditions except market conditions, the service acquired can be recognized. If the performance condition is not market condition, the estimate for previous periods can be revised when the vesting period is determined and subsequent information shows that the estimate for conditions of exercising rights requires adjustments.

For equity-settled share-based payment related with employees, charge the service into costs, expenses and capital reserve (other capital reserve), using the fair value of the equity instrument on the date of granting. The subsequent changes of fair value should not be recognized. For cash-settled share-based payment related with employees, recalculate fair value of the equity instrument at each balance sheet date and recognize related costs, expenses and employee benefit payable.

At each balance sheet date within vesting period, the Company makes the best estimate and revises the number of equity instrument that can be exercised according to the latest subsequent information such as change of number of employees who can exercise rights.

Use fair value and the number of equity instrument stated above to calculate cumulative amount of costs and expenses that should be recognized by this period and then deduct the cumulative amount already recognized in the previous period. The balance is the amount of cost and expense that should be recognized in the current period.

*(3) Accounting treatment after the date when rights can be exercised*

For equity-settled share-based payment, after the date when rights can be exercised, no adjustment shall be made to the total amount of the cost expense and equity already recognized. The Company recognizes share capital and capital premium, and carry forward the capital reserve (other capital reserve) recognized within vesting period at the date when rights can be exercised.

For cash-settled share-based payment, the Company shall not recognize costs and expenses. The change of fair value of liability (employee benefit payable) should be recorded into current profit or loss (profit or loss arising from fair value changes) after the date when rights can be exercised.

*(4) Accounting treatment for repurchasing shares regarding employee option incentive*

When the Company encourages employees in the form of repurchasing shares, total expenditure of repurchasing shares is regarded as treasury stock and registered for check. At each balance sheet date within vesting period, charge the employee service acquired into costs and expenses, and meanwhile increase capital reserve (other capital reserve), using fair value of the equity instrument at the date of granting. When the employee exercises the right to buy the Company's shares and receives the amount, write off the cost of treasury stock delivered to the employee and the cumulative amount of capital reserve (other capital reserve) recognized within the vesting period, meanwhile the balance adjusting capital reserve (share capital premium).

## **25. Revenue**

*(1) Principle and measurement method of revenue recognition*

a) Revenue recognition

The Company has fulfilled its contractual performance obligation to recognize revenue when the customer acquires control of the relevant goods. On the beginning date of the contract, the Company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point. Then, the Company recognizes the revenue when the individual performance obligations are fulfilled.

b) Revenue measurement

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the commodity or service committed by each single performance obligation, and measure the revenue according to the transaction price apportioned to each single performance obligation. In determining the transaction price, the Company will take into account the impact of variable consideration, material financing elements existing in the contract, non-cash consideration and customer consideration payable, and it is assumed that the goods will be transferred to the customer in accordance with the provisions of the existing contract and that the contract will not be canceled, renewed or changed.

(2) *Specific revenue recognition policies*

a) Sales contract

- i. Domestic sales: Since the control of commodity sales is transferred to the customer when the company sends the commodity and the customer accepts it, the company recognizes the sales revenue after sending the commodity and the customer accepts it.
  - ii. Overseas sales: When the company sells abroad, the sales revenue is recognized after the goods are delivered, the export customs declaration formalities are completed and the customs declaration documents are obtained.
- b) Service contract: After the corresponding service contents are completed according to the terms of the technical service contract and confirmed by the customer, the revenue is recognized when the price is received or the evidence of receiving the price is obtained.

**26. Contract cost**

Assets related to contract costs include contract acquisition costs and contract performance costs.

The cost of contract fulfillment incurred by the company to perform the contract shall be recognized as an asset if the following conditions are met:

- (1) The cost is directly related to a current or anticipated contract.
- (2) The cost increases the company's resources for future performance obligations.
- (3) The cost is expected to be recovered.

The incremental cost incurred by the company in obtaining the contract is expected to be recovered shall be recognized as an asset as the cost of obtaining the contract.

The Company amortizes the asset related to the contract cost on the same basis as the recognition of the revenue of the goods or services related to the asset, and includes it in the profit or cost for the current period. If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make an impairment provision for the excess part and confirm it as the impairment loss of the assets:

- (1) The transfer of the goods or services related to the asset less the estimated cost;
- (2) Estimated impending costs for the transfer of the related goods or services.

If the impairment provision of the above asset is subsequently reversed, the book value of the asset after reversal shall not exceed the carrying amount the asset would have reached on the date of reversal had the provision for impairment been not made.

## **27. Government grants**

### *(1) Types of government grants*

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

### *(2) Recognition principles of government grants*

Government grants are recognized when both of the following conditions are met:

- a) The Company can meet the attached conditions for the government grants;
- b) The Company can receive the grants.

### *(3) Measurement of government grants*

- a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.
- b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

### *(4) Accounting treatment method of government grants*

- a) The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.
- b) Government grants related to income shall be separately handled according to the following circumstances:
  - i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.

- ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off of the related costs.
- c) Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.
- d) Government grants related to daily operation shall be recoded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.
- e) Government grants already recognized required to be refunded shall be handled according to the following circumstances:
  - i. If the grants have written down the book value of assets, the book value shall be adjusted.
  - ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.
  - iii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

## **28. *Deferred Tax Assets/Deferred Tax Liabilities***

The Company adopts the balance sheet liability method to account for income tax.

### **(1) *Recognition of deferred tax assets or deferred tax liabilities***

- a) The Company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities and the tax base. If there are temporary differences in book value of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.
- b) Recognition basis of deferred tax assets
  - i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

- ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.
  - iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.
- c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill; transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

*(2) Measurement of deferred tax assets or deferred tax liabilities*

- a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.
- b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.
- c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.
- d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

**29. Lease**

*(1) Accounting treatment for operating lease*

According to the nature of the assets, the company will include the assets used as operating lease in the relevant items of the balance sheet. The Company shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income. Lease payment received shall be recognized as lease income on a straight-line basis within the period. The depreciation policy for depreciable underlying fixed assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets. Amortization for other underlying assets subject to operating lease shall be on reasonable systematic basis. The variable lease payments obtained by the company related to operating leases, which are not included in the lease payment received, shall be included in the current profit and loss when actually incurred.



A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

*(2) Accounting treatment for finance lease*

At the commencement date of the lease term, the Company recognizes the finance lease receivable at the net value of lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term that are discounted at the interest rate in the lease) and derecognizes the finance lease asset. Over the term of the relevant lease, the Company calculates and recognizes interest income based on the interest rate in the lease.

The company shall account for a finance lease modification as a separate lease if both condition are satisfied:

- ① the modification increases the scope of the lease by adding the right to use one or more underlying assets or extending the contractual lease term.
- ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope or the contractual lease term extension and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

**30. Right-of-use assets**

*(1) Recognition of right-of-use assets*

A right of use asset is the right of the Company as the lessee to use the leased asset within the lease term.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise: ① the amount of the initial measurement of the lease liability, ② any lease payments made at or before the commencement date, less any lease incentives received, which is the incremental cost for the lease ③ any initial direct costs incurred by the lessee; and ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

*(2) Depreciation of the right-of-use assets*

Straight line method is used for depreciation based on the expected way of consuming of economic benefit related to the right-of-use. If the ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation shall be calculated and deducted during the remaining service life of the leased asset; Where it is not certain that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be calculated during the period of the shorter of the lease term and the remaining service life of the leased asset.

*(3) The impairment test and impairment is regarding to Note 3-19*

### **31. Other significant accounting policies and estimates**

#### **(1) Share repurchase**

If, in accordance with legal procedures, the Company obtains approval to reduce the capital by acquiring the Company's shares, then it shall reduce its share capital according to the total face value of the cancelled shares, adjust the owner's equity according to the difference between the price paid for the repurchase of the shares (including transaction cost) and the face value of the shares, and use the amount exceeding the total face value to offset the capital reserve (share premium), surplus reserve and undistributed profit in turn; if it is less than the total face value, the difference thereof shall be used to increase the capital reserve (share premium).

The shares repurchased by the Company shall be managed as treasury shares before they are cancelled or transferred, and all the expenses of the repurchased shares shall be transferred to the cost of treasury shares.

When the treasury shares are transferred, the portion of the transfer income that is higher than the cost of the treasury shares will be used to increase the capital reserve (share premium); the portion below the cost of the treasury shares will be used to offset the capital reserve (share premium), surplus reserve and undistributed profit in turn.

#### **(2) Restricted stock**

In the equity incentive plan, the Company grants restricted shares to the motivated objects and the motivated objects will first subscribe for the shares. If the unlocking conditions specified in the equity incentive plan are not met subsequently, the Company will repurchase the shares at the previously agreed price. If the capital increase procedures such as registration for the restricted shares issued to employees have been completed in accordance with the relevant regulations, then, on the grant date, the Company shall recognize the share capital and capital reserve (share premium) based on the subscription money paid by the employees; and recognize the treasury shares and other payables regarding the repurchase obligations.

### **32. Changes in significant accounting policies and estimates**

#### **(1) Changes in significant accounting policies**

Since January 1st 2021 (the "First Adoption Date"), the Company has implemented the Accounting Standards for Business Enterprises No. 21—Leases revised by the Ministry of Finance in December, 2018 (hereinafter referred to as the "New Lease Standards," and the Lease Standards before the revision referred to as the "Original Lease Standards").

#### **(2) Changes in significant accounting estimates**

There is no changes in accounting estimates during the reporting period.

- (3) *The first implementation of new leasing standards will be adjusted to implement the items related to financial statements at the beginning of the year*

The relevant items in the consolidated balance sheet

Item	December 31st 2020	January 1st 2021	Adjustments
Right-of-use assets . . . . .		11,015,846.35	11,015,846.35
Non-current liabilities due within one year . . . . .		3,018,554.57	3,018,554.57
Lease liabilities . . . . .		7,997,291.78	7,997,291.78

*Note:* There is no effect on the financial statements at the beginning period of parent company by the first implementation of new leasing standards.

## IV. Taxation

### 1. Major Categories of Taxes and Tax Rates

Category of tax	Basis of tax computation	Tax rate
VAT . . . . .	Output tax-deductible input tax	13%, 6%
City maintenance and construction tax . . . . .	Actual payable turnover tax	7%, 5%
Education surcharges . . . . .	Actual payable turnover tax	3%
Local education surcharges . . . . .	Actual payable turnover tax	2%
Real estate tax . . . . .	Cost of own property or revenue from leasing property	1.2%, 12%
Corporate income tax . . . . .	Taxable income	15%, 25%/overseas subsidiaries are applicable to corresponding local tax rate

Disclosure of taxpayers with different rates of corporate income tax

Taxpayer	Rate of enterprise income tax	Note
The Company . . . . .	25%	—
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	15%	See tax incentives
Suzhou Tianli . . . . .	25%	—
Nantong Asitong Electric Appliance Manufacturing Co., Ltd . . . . .	25%	—
Nantong Gotion New Energy Co., Ltd . . . . .	15%	See tax incentives
Hefei Gotion High-tech Power Energy Co., Ltd . . . . .	15%	See tax incentives
Nanjing Gotion Battery Co., Ltd . . . . .	15%	See tax incentives
Nanjing Gotion New Energy Co., Ltd. . . . .	25%	—

Taxpayer	Rate of enterprise income tax	Note
Anhui Gotion New Energy Vehicle Technology Co., Ltd. . . . .	25%	—
Shanghai Xuanyi New Energy Development Co., Ltd . . . . .	25%	—
Hefei Gotion Battery Material Co., Ltd . . . . .	15%	See tax incentives
Shanghai Gotion New Energy Co., Ltd. . . . .	25%	—
Shanghai Gotion New Energy (Hefei) Energy Storage Technology Co., Ltd . . . . .	25%	—
Qingdao Gotion Battery Co., Ltd . . . . .	15%	See tax incentives
Tangshan Gotion Battery Co., Ltd . . . . .	15%	See tax incentives
Gotion New Energy (Lujiang) Co., Ltd. . . . .	25%	—
Hefei Gotion Precision Coating Material Co., Ltd . . . . .	25%	—
Hefei Gotion Battery Co., Ltd . . . . .	15%	See tax incentives
Hefei Jiachi Technology Co., Ltd. . . . .	25%	—
Liuzhou Gotion Battery Co., Ltd . . . . .	25%	—
Gotion High-tech (USA) Co., Ltd. . . . .	Special business tax	\$800 per year
Gotion High-tech Japan Co., Ltd . . . . .	Applicable local laws	—
Singapore Gotion Co., Ltd. . . . .	Applicable local laws	—
Jiangsu Gotion New Energy Technology Co., Ltd . . . . .	25%	
Feidong Gotion Battery Material Co., Ltd. . . . .	25%	
Hefei Gotion Recycling Technology Co., Ltd . .	25%	
Hefei Gotion New Material Technology Co., Ltd . . . . .	25%	
Neimenggu Gotion Zero Carbon Technology Co., Ltd . . . . .	25%	
Jiangxi Gotion New Energy Co., Ltd . . . . .	25%	
Yichun Gotion Battery Co., Ltd . . . . .	25%	
Yichun Gotion Lithium Industry Co., Ltd . . . . .	25%	
Fengxin Gotion Lithium Industry Co., Ltd . . . . .	25%	
Yifeng Gotion Lithium Industry Co., Ltd . . . . .	25%	
Tongcheng Gotion New Energy Co., Ltd . . . . .	25%	
Yichun Gotion Mining Co., Ltd . . . . .	25%	
Anhui Fumo New Material Technology Co., Ltd . . . . .	25%	
Beijing Xuanyi Gotion New Energy Co., Ltd . . . . .	25%	
Hefei Gotion Battery Technology Co., Ltd . . . . .	25%	
Hefei Gotion Kehong New Energy Technology Co., Ltd . . . . .	25%	
Tianjin Hengtian New Energy Vehicle Research Institute Co., Ltd . . . . .	25%	
Nanjing Gotion Battery Research Institute Co., Ltd . . . . .		Not operating
Gotion High-tech (Hong Kong) Co., Ltd. . . . .		Not operating

## 2. *Tax incentives*

- (1) On December 6, 2019, Jiangsu Dongyuan Electrical Group Co., Ltd., a subsidiary of the Company, passed the reexamination of high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR201932008871, valid for three years. Since January 1, 2019, Jiangsu Dongyuan Electrical Group Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.
- (2) On November 3, 2021, Nantong Gotion New Energy Co., Ltd, a subsidiary of the Company, was recognized as a high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR202132002831, valid for three years. Since January 1, 2021, Nantong Gotion New Energy Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.
- (3) On October 30, 2020, Hefei Gotion High-tech Power Energy Co., Ltd, a subsidiary of the Company, passed the reexamination of high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR202034002742, valid for three years. Since January 1, 2020, Hefei Gotion High-tech Power Energy Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.
- (4) On November 22, 2019, Nanjing Gotion Battery Co., Ltd, a subsidiary of the Company, passed the reexamination of high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR201932003373, valid for three years. Since January 1, 2019, Nanjing Gotion Battery Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.
- (5) On October 30, 2020, Hefei Gotion Battery Material Co., Ltd, a subsidiary of the Company, was recognized as a high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR202034003724, valid for three years. Since January 1, 2020, Hefei Gotion Battery Material Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.
- (6) On December 1, 2020, Qingdao Gotion Battery Co., Ltd, a subsidiary of the Company, was recognized as a high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR202037101533, valid for three years. Since January 1, 2020, Qingdao Gotion Battery Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.

- (7) On September 10, 2019, Tangshan Gotion Battery Co., Ltd, a subsidiary of the Company, was recognized as a high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR201913000133, valid for three years. Since January 1, 2019, Tangshan Gotion Battery Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.
- (8) On August 17, 2020, Hefei Gotion Battery Co., Ltd, a subsidiary of the Company, was recognized as a high-tech enterprise and obtained a Certificate of High-tech Enterprise numbered GR202034000742, valid for three years. Since January 1, 2020, Hefei Gotion Battery Co., Ltd has been enjoying relevant national tax preference as a high-tech enterprise and paying the enterprise income tax at a preferential rate of 15% for three consecutive years in accordance with the Enterprise Income Tax Law of the People's Republic of China.

**V. Notes to items in the consolidated financial Statements (all currency unit is RMB, except other statements)**

**1. Cash and bank balances**

Item	Closing Balance	Opening Balance
Cash. . . . .	198,023.52	214,929.76
Bank deposit. . . . .	9,656,493,565.43	2,448,890,813.27
Other cash and cash equivalents. . . . .	1,728,359,492.52	894,421,520.76
Total . . . . .	11,385,051,081.47	3,343,527,263.79
Including: deposited in overseas banks. . . . .	83,152,147.67	128,400,052.64

*Note:* As at the end of 2021, there is RMB219,662,040.00 restricted to use, RMB279,639.25 frozen by judicial organ and RMB80,000.00 for ETC guarantee deposit among the RMB9,656,493,565.43 of deposit in bank; among the RMB1,728,359,492.52 of other cash and cash equivalents, RMB1,651,115,443.21 is the security fund deposited by the Company for issuing bank acceptance bills, RMB22,781,949.09 is the security fund for factoring business, the RMB9,543,905.05 is the security fund for letter of guarantee, RMB42,484,865.63 is the security fund for letter of credit, RMB. 2,433,329.54 is securities account funds.

Except for that, there is no amount in the Closing balance of cash and cash which is restricted for use due to mortgage, pledge or freeze, or has potential risk in recovery.

**2. Held-for-trading financial assets**

Item	Closing Balance	Opening Balance
Financial asset at fair value through profit and loss. .	53,385,792.58	411,114,371.81
Including: . . . . .		
Structured deposit . . . . .	30,578,783.33	410,414,840.18
Treasury product . . . . .		699,531.63
Equity instrument . . . . .	22,807,009.25	
Total . . . . .	53,385,792.58	411,114,371.81

*Note:* RMB30,578,783.33 of the structured deposit is pledged to issue the Bank acceptance bill in the current period.

### 3. Notes receivable

#### (1) Classification of notes receivables

Item	Closing Balance	Opening Balance
Commercial Acceptance Bill . . . . .	164,024,116.21	426,640,727.37

(2) There is no notes receivable of the company pledged at the end of the reporting period

(3) Notes receivable of the Company that have been endorsed or discounted and are not yet due as of the balance sheet date at the end of the reporting period

Item	Derecognized amount as of December 31st 2021	Amount not derecognized as of December 31st 2021
Commercial Acceptance Bill . . . . .		96,138,802.81

(4) The company transferred the defaulted notes receivable into accounts receivable at the end of the reporting period

Item	Amounts transferred into accounts receivable as of December 31st 2021
Commercial Acceptance Bill . . . . .	94,414,753.70

#### (5) Presentation of notes receivable by provisions

Category	Closing balance				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Provision for credit loss on a single basis . . . . .					
Provision for credit loss by portfolios . . . . .	177,347,732.34	100.00	13,323,616.13	7.51	164,024,116.21
Including: Commercial Acceptance Bill. . . . .	177,347,732.34	100.00	13,323,616.13	7.51	164,024,116.21
Bank Acceptance Bill . . . . .					
Total . . . . .	177,347,732.34	100.00	13,323,616.13	7.51	164,024,116.21

Category	Opening balance				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Provision for credit loss on a single basis . . . . .					
Provision for credit loss by portfolios . . . . .	481,111,405.96	100.00	54,470,678.59	11.32	426,640,727.37
Including: Commercial Acceptance Bill. . . . .	481,111,405.96	100.00	54,470,678.59	11.32	426,640,727.37
Bank Acceptance Bill . . . . .					
Total . . . . .	481,111,405.96	100.00	54,470,678.59	11.32	426,640,727.37

Provision for credit loss by portfolios:

Unit: RMB

Item	Closing balance		
	Carrying amount	Credit loss provision	Proportion (%)
Commercial Acceptance Bill . . . . .	177,347,732.34	13,323,616.13	7.51

(6) *Provision for credit loss by portfolios for notes receivable*

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Other	
Provision for notes receivables . . . .	54,470,678.59		41,147,062.46			13,323,616.13

(7) *There is no write-off of notes receivable during current reporting period.*

#### 4. *Accounts receivable*

(1) *Disclosure by aging*

Aging	Closing balance	Opening balance
Within 1 year . . . . .	4,703,609,953.28	4,300,178,189.51
1~2 year . . . . .	1,728,864,145.19	1,754,660,138.00
2~3 year . . . . .	575,665,074.53	1,203,724,856.99
3~4 year . . . . .	736,943,130.35	294,530,586.33
4~5 year . . . . .	289,307,694.20	12,809,134.57
Over 5 years . . . . .	62,186,546.09	57,213,002.42
Subtotal . . . . .	8,096,576,543.64	7,623,115,907.82
Less: Credit loss provision . . . . .	1,377,201,039.82	1,035,764,509.26
Total . . . . .	6,719,375,503.82	6,587,351,398.56

(2) *Disclosure by credit loss provision by methods*

Category	Closing balance				Book value
	Carrying amount		Credit loss provision		
	Amount	Proportion	Amount	Proportion	
		(%)		(%)	
Provision for credit loss on a single basis . . . . .	602,830,130.07	7.45	355,396,357.56	58.95	247,433,772.51
Provision for credit loss by portfolios . . . . .	7,493,746,413.57	92.55	1,021,804,682.26	13.64	6,471,941,731.31
Including: portfolio1 . . . . .	7,493,746,413.57	92.55	1,021,804,682.26	13.64	6,471,941,731.31
Portfolio2 . . . . .					
Total . . . . .	8,096,576,543.64	100.00	1,377,201,039.82	17.12	6,719,375,503.82



Category	Opening balance				
	Carrying amount		Credit loss provision		Book value
	Amount	Proportion	Amount	Proportion	
		(%)		(%)	
Provision for credit loss on a single basis . . . . .	603,711,399.13	7.92	212,336,397.38	35.17	391,375,001.75
Provision for credit loss by portfolios . . . . .	7,019,404,508.69	92.08	823,428,111.88	11.73	6,195,976,396.81
Including: portfolio1 . . . . .	7,019,404,508.69	92.08	823,428,111.88	11.73	6,195,976,396.81
Portfolio2 . . . . .					
Total . . . . .	7,623,115,907.82	100.00	1,035,764,509.26	13.59	6,587,351,398.56

Provision for credit loss on a single basis:

Accounts receivable (customer)	Closing balance			
	Carrying amount	Credit loss provision	Proportion	Reason
			(%)	
Hubei Xinchufeng Automobile Co., Ltd . .	390,820,513.40	195,410,256.70	50.00	Expected to be non-recoverable
Jiangxi Youte Automobile Technology Co., Ltd . .	61,881,050.52	43,316,735.36	70.00	Expected part to be non-recoverable
Hunan Jiangnan Automobile Manufacturing Co., Ltd. Chongqing Branch . . . . .	40,959,880.59	28,868,544.20	70.48	Expected part to be non-recoverable
Hefei Hanxing Energy Storage Technology Co., Ltd . . . . .	37,566,903.72	18,783,451.86	50.00	Expected part to be non-recoverable
Zhidou Electric Vehicle Co., Ltd . . . . .	32,206,070.59	32,206,070.59	100.00	Expected to be non-recoverable
Chongqing Zhongtai Automobile Industry Co., Ltd . . . . .	8,474,874.46	8,474,874.46	100.00	Expected to be non-recoverable
Hunan Cheetah Automobile Co., Ltd . .	7,358,720.28	7,358,720.28	100.00	Expected to be non-recoverable
Zhaoqing Aoyou Power Battery Co., Ltd . . . . .	4,083,592.70	2,858,514.89	70.00	Expected part to be non-recoverable
Anhui Jia'an Automobile Co., Ltd . . . . .	3,787,440.00	3,787,440.00	100.00	Expected to be non-recoverable
Jiangsu Youyi Automobile Co., Ltd . .	3,777,640.00	3,777,640.00	100.00	Expected to be non-recoverable
Yangzi River Automobile Group Co., Ltd . . . . .	3,544,356.00	3,544,356.00	100.00	Expected to be non-recoverable
Borui Electric Co., Ltd . .	1,934,183.81	1,353,928.67	70.00	Expected part to be non-recoverable
Suzhou Kangsheng Wind Power Co., Ltd . . . . .	1,412,420.00	1,361,902.70	96.42	Expected part to be non-recoverable

Accounts receivable (customer)	Closing balance			
	Carrying amount	Credit loss provision	Proportion (%)	Reason
Jiangsu Sinuo complete equipment Engineering Co., Ltd. of people's Electric Appliance Group . . . . .	1,070,000.00	749,000.00	70.00	Expected part to be non-recoverable
Xi'an Guangda Electric Furnace Co., Ltd . . . . .	710,000.00	710,000.00	100.00	Expected to be non-recoverable
Beijing Sifang Honghai Electric power Appliance Co., Ltd . . . . .	702,597.00	702,597.00	100.00	Expected to be non-recoverable
Jiangsu Xinhuang Aluminum Development Co., Ltd . . . . .	511,646.51	511,646.51	100.00	Expected to be non-recoverable
Jiangsu Sunan Special Equipment Group Co., Ltd . . . . .	460,000.00	322,000.00	70.00	Expected part to be non-recoverable
Suzhou Industrial Park Baoshigao Electric Co., Ltd . . . . .	380,000.00	380,000.00	100.00	Expected to be non-recoverable
Haike Engineering Co., Ltd . . . . .	276,750.00	193,725.00	70.00	Expected part to be non-recoverable
Jiangsu Sunan Heavy Industry Machinery Technology Co., Ltd . . . . .	233,830.49	163,681.34	70.00	Expected part to be non-recoverable
Sichuan Bozhou Electromechanical Equipment Co., Ltd . . . . .	152,000.00	152,000.00	100.00	Expected to be non-recoverable
Sihong Gaochuan Wind Power Generation Co., Ltd . . . . .	124,600.00	87,220.00	70.00	Expected part to be non-recoverable
Changshu Hongtai Real Estate Co., Ltd . . . . .	88,360.00	61,852.00	70.00	Expected part to be non-recoverable
Zhongji Rizao Diesel Engine Co., Ltd. . . . .	79,000.00	79,000.00	100.00	Expected to be non- recoverable
Xinjiang Yineng electric power industry (Group) Co., Ltd . . . . .	70,000.00	49,000.00	70.00	Expected part to be non-recoverable
Shanxi Huashi Low Carbon Technology Research Institute Co., Ltd . . . . .	60,000.00	42,000.00	70.00	Expected part to be non-recoverable
Jiangsu Aohai Ship Fittings Co., Ltd . . . . .	45,000.00	31,500.00	70.00	Expected part to be non-recoverable
Jiangsu Duliang Xiangyu Power Equipment Co., Ltd . . . . .	30,700.00	30,700.00	100.00	Expected to be non-recoverable
Zibo Senti New Material Co., Ltd . . . . .	28,000.00	28,000.00	100.00	Expected to be non-recoverable
Total . . . . .	602,830,130.07	355,396,357.56	58.95	

Provision for credit loss by portfolios

Item	Closing balance		
	Accounting receivable	Credit loss provision	Proportion (%)
Portfolio1 . . . . .	7,493,746,413.57	1,021,804,682.26	13.64
Portfolio2 . . . . .			
Total . . . . .	7,472,485,770.37	1,021,804,682.26	13.64

The credit risk and expected credit losses of accounts receivable from portfolio 1 are as follows:

Overdue aging	Closing balance			Opening balance		
	Carrying amount	Credit loss provision	Proportion (%)	Carrying amount	Credit loss provision	Proportion (%)
Not overdue . . . . .	4,652,995,963.28	232,649,798.16	5.00	4,298,381,255.11	214,919,062.74	5.00
Overdue within						
1 year . . . . .	1,559,159,806.67	155,915,980.66	10.00	1,542,575,500.75	154,257,550.09	10.00
Overdue 1~2 year . . . .	521,425,426.37	156,427,627.91	30.00	820,542,991.01	246,162,897.31	30.00
Overdue 2~3 year . . . .	454,385,759.27	227,192,879.65	50.00	294,530,586.33	147,265,293.17	50.00
Overdue 3~4 year . . . .	280,805,310.48	224,644,248.38	80.00	12,754,334.57	10,203,467.65	80.00
Overdue over 4 years. . .	24,974,147.50	24,974,147.50	100.00	50,619,840.92	50,619,840.92	100.00
Total . . . . .	7,493,746,413.57	1,021,804,682.26	13.64	7,019,404,508.69	823,428,111.88	11.73

(3) Credit loss provision

Category	Opening balance	Changes in current period				Closing balance
		Provision	Recovered or reversed	Write off	Others	
Provision for bad debt of account receivables. . . .	1,035,764,509.26	361,015,503.94	128,261,999.38	2,619,037.9436	111,302,063.94	1,377,201,039.82

(4) Actual write-off of accounts receivable during current reporting period:

Item	Write-off amount
Write-off of accounts receivable. . . . .	2,619,037.94

(5) Top five debtors based on corresponding closing balance of accounts receivable

Debtor	Closing balance	Proportion of total closing balance of accounts receivable	Closing balance for credit loss provision
Customer1 . . . . .	685,543,642.68	8.47	34,277,182.13
Customer2 . . . . .	553,517,217.00	6.84	111,646,165.10
Customer3 . . . . .	394,844,476.91	4.88	197,309,619.01
Customer4 . . . . .	387,815,856.03	4.79	19,390,792.80
Customer5 . . . . .	303,678,146.21	3.75	20,670,418.52
Total . . . . .	2,325,399,338.83	28.73	383,294,177.56

## 5. Receivables for financing

Item	Closing Balance	Opening Balance
Bank acceptance bill . . . . .	1,148,162,359.10	608,839,017.64

(1) *Receivables for financing of the Company that have been endorsed or discounted and are not yet due as of the balance sheet date at the end of the Reporting period*

Item	Derecognized amount as of December 31st 2021	Amount not derecognized as of December 31st 2021
Bank acceptance bill . . . . .	7,029,162,411.72	

(2) *At the end of the reporting period, the Company's pledged receivables for financing*

Item	Amount pledged
Bank acceptance bill . . . . .	381,230,093.18

## 6. Prepayment

(1) *Prepayments by aging analysis*

Aging	Closing Balance		Closing balance	
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)
Within 1 year . . . . .	217,465,627.50	94.74	230,481,050.84	92.67
1~2 year . . . . .	7,273,428.25	3.17	9,246,367.18	3.72
2~3 year . . . . .	231,097.09	0.10	732,822.64	0.29
Over 3 years . . . . .	4,567,919.52	1.99	8,242,402.72	3.32
Total . . . . .	229,538,072.36	100.00	248,702,643.38	100.00

(2) *No significant prepayment aging over 1 year are recorded in the Closing balance.*

(3) *Closing balances of top five prepayments parties*

Entity	Closing Balance	Proportion to total prepayments (%)
The first . . . . .	26,563,341.01	11.57
The second . . . . .	26,406,612.87	11.50
The third . . . . .	22,113,716.80	9.63
The fourth . . . . .	15,323,548.67	6.68
The fifth . . . . .	10,605,575.22	4.62
Total . . . . .	101,012,794.57	44.00

## 7. Other receivables

Item	Closing Balance	Opening Balance
Interest receivable . . . . .		
Dividends receivable . . . . .		
Other receivables . . . . .	265,294,413.85	134,938,931.80
Total . . . . .	265,294,413.85	134,938,931.80

### (1) Other receivables

#### ① Disclosure by aging

Aging	Closing Balance	Opening Balance
Within 1 year . . . . .	199,499,189.28	115,137,258.54
1~2 year . . . . .	53,968,221.59	22,630,980.04
2~3 year . . . . .	18,757,200.22	2,820,638.55
3~4 year . . . . .	11,579,828.65	6,380,695.34
4~5 year . . . . .	21,357,062.63	129,297.57
Over 5 years . . . . .	7,306,546.10	2,774,238.96
Total . . . . .	312,468,048.47	149,873,109.00

#### ② Disclosure by nature

Item	Closing Balance	Opening Balance
Receivables and payables . . . . .	109,361,590.14	66,433,693.44
Guarantee deposits . . . . .	23,794,276.65	24,547,618.01
Temporary payments and loans . . . . .	6,970,132.16	8,939,998.27
Disposal long-term assets . . . . .	119,540,793.77	33,924,712.77
Others . . . . .	52,801,255.75	16,027,086.51
Total . . . . .	312,468,048.47	149,873,109.00
Less: Credit loss provision . . . . .	47,173,634.62	14,934,177.20
Net value . . . . .	265,294,413.85	134,938,931.80

#### ③ Changes in credit loss provisions for other receivables

	Stage 1	Stage 2	Stage 3	
	Expected credit losses in the next 12 months	Expected credit loss for lifetime (No credit loss occurred)	Expected credit loss for lifetime (Credit loss occurred)	Total
<b>Bad debt</b>				
Balance as at 1 January 2021 . .	14,934,177.20			14,934,177.20
The book balance of other receivables on January 1st 2021 in the current reporting period . . . . .				
— Transfer into stage 2 . . . . .				
— Transfer into stage 3 . . . . .				
— Transfer back to stage 2 . . . .				
— Transfer back to stage 1 . . . .				
Current provision . . . . .	5,608,715.76		5,052,264.23	10,660,979.99
Current recovery . . . . .				
Current write-off . . . . .				
Other increase . . . . .			21,578,477.43	21,578,477.43
Balance as at December 31, 2021 . . . . .	20,542,892.96		26,630,741.66	47,173,634.62

④ Provision for credit loss

Category	Opening balance	Changes in current period				Closing balance
		Provision	Recovered or reversed	Write off	Others	
Provision for bad debt of other receivables . . . .	14,934,177.20	10,660,979.99			21,578,477.43	47,173,634.62

⑤ The actual write-off of other receivables during the current reporting period is nil.

⑥ Top five debtors based on corresponding closing balance of other receivables

Entity	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
The first . . . .	Disposal long-term assets	85,616,081.00	Within 1 year	27.40	4,280,804.05
The second . . .	Temporary deposit	50,000,000.00	Within 1 year	16.00	
The third . . . .	Other	38,345,434.33	Within 1 year	12.27	1,917,271.72
The fourth (Note) . . . .	Receivables and payables	38,043,916.66	Within 1 year RMB32,476.04, 1-2 year RMB109,581.05, 2-3 year RMB14,442,897.48, 3-4 year RMB8,610,816.33, 4-5 year RMB14,848,145.76	12.18	19,021,958.33
The fifth . . . .	Disposal long-term assets	33,924,712.77	1-2 year	10.86	3,392,471.28
Total . . . . .	/	245,930,144.76		78.71	28,612,505.38

*Note:* In this period, the receivables and payables formed by the transactions between Tianjin Hengtian New Energy Automobile Research Institute Co., Ltd., a subsidiary formed by the merger of enterprises not under the common control, and its related party Hubei Xinchufeng Automobile Co., Ltd.

## 8. Inventory

### (1) Category

Category	Opening balance			Closing balance		
	Carrying amount	Provision for stock obsolescence	Book value	Carrying amount	Provision for stock obsolescence	Book value
Raw material . . . . .	933,828,108.76	14,799,872.95	919,028,235.81	270,459,882.10	9,679,981.08	260,779,901.02
Work in progress . . .	526,430,950.23	7,168,594.53	519,262,355.70	356,086,271.83	11,225,089.15	344,861,182.68
Stock goods . . . . .	1,582,811,991.98	47,443,418.84	1,535,368,573.14	1,630,825,611.61	145,095,621.60	1,485,729,990.01
Revolving materials . . . . .	964,705.93		964,705.93	1,157,869.61		1,157,869.61
Goods dispatched . . .	1,696,230,512.82	182,385,843.59	1,513,844,669.23	1,367,450,817.59	239,652,973.29	1,127,797,844.30
Total . . . . .	4,740,266,269.72	251,797,729.91	4,488,468,539.81	3,625,980,452.74	405,653,665.12	3,220,326,787.62

(2) *Provision for decline in value of inventories*

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision	Other	Recovery or reversal	Other	
Raw material . . . . .	9,679,981.08	8,651,313.71		3,531,421.84		14,799,872.95
Work in progress. . . . .	11,225,089.15			4,056,494.62		7,168,594.53
Stock goods . . . . .	145,095,621.60	7,337,879.78		104,990,082.54		47,443,418.84
Goods dispatched . . . . .	239,652,973.29	148,355,918.55		205,623,048.25		182,385,843.59
Total. . . . .	405,653,665.12	164,345,112.04		318,201,047.25		251,797,729.91

**9. *Non-current assets due within one year***

Item	Closing Balance	Opening Balance
Long-term receivable due within one year . . . . .	126,672,370.16	84,217,473.68

**10. *Other current assets***

Item	Closing Balance	Opening Balance
VAT to be deducted. . . . .	676,829,799.74	552,232,732.67
Advance payment of income tax . . . . .	23,638,421.52	1,097,778.12
Deferred expenses. . . . .		517,906.80
Total . . . . .	700,468,221.26	553,848,417.59

**11. *Other debt investment***

(1) *Details of other debt investment*

Item	Opening balance	Increase in current period	Changes in the fair value	Changes in the foreign currency	Closing balance	Cost	Accumulated changes in fair value
Convertible bond of GRU ENERGY. . . . .	4,567,430.00			-104,440.00	4,462,990.00	4,462,990.00	

(2) *There is no sign of impairment in other creditor's right investments at the end of the period, so no provision for impairment is made*

## 12. Long-term receivables

### (1) Details of long-term receivables

Item	Closing balance			Opening balance			Discount rate
	Carrying amount	Credit loss provision	Book value	Carrying amount	Credit loss provision	Book value	
Installments for selling goods . . . . .	25,973,593.63	1,298,679.68	24,674,913.95	75,235,435.34	3,761,771.77	71,473,663.57	

### (2) Credit loss provision

Bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for lifetime (No credit loss occurred)	Expected credit loss for lifetime (Credit loss occurred)	
Balance as at 1 January 2021 . . .	3,761,771.77			3,761,771.77
The book balance of other receivables on January 1st 2021 in the current reporting period . . . . .				
— Transfer into stage 2 . . . . .			—	
— Transfer into stage 3 . . . . .				
— Transfer back to stage 2 . . . .		—		—
— Transfer back to stage 1 . . . .				
Current provision . . . . .				
Current recovery . . . . .	2,463,092.09			2,463,092.09
Current write-off . . . . .				
Other increase . . . . .				
Balance as at December 31, 2021 . . . . .	1,298,679.68			1,298,679.68



### 13. Long-term equity investment

Investee	Changes in current period							Closing balance for impairment provision
	Opening balance	Additional Investments	Investment reduction	Investment Profit (Loss) recognized under the equity Method	Adjustment: Other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	
Associates . . . . .								
Hefei Xingyuan new energy material Co., Ltd. . . . .	22,956,866.57	126,000,000.00		8,768,167.39				157,725,033.96
MCC Ruimu New Energy Technology Co., Ltd. . . . .	276,667,257.56			1,987,519.37	-1,431,384.41			277,223,392.52
Beijing Fuweisi Oil and Gas Technology Co., Ltd. . . . .	52,665,059.79			-18,447,619.86			-22,241,335.95	11,976,103.98
Anhui Tongguan Copper Foil Co., Ltd. . . . .	105,162,982.05			12,909,706.54				118,072,688.59
Jiangxi Yunwei New Material Co., Ltd. . . . .		55,000,000.00		-196,324.22				54,803,675.78
Huabei Aluminum New Material Technology Co., Ltd. . . . .		114,000,000.00		523,157.83				114,523,157.83
Litong Energy Technology Co., Ltd. . . . .	1,964,760.23			737,731.58				2,702,491.81

Changes in current period

Investee	Opening balance	Additional Investments	Investment reduction	Investment Profit (Loss) recognized under the equity Method	Adjustment: Other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Disposal	Closing balance	Closing balance for impairment provision
Shanghai Gotion Wuyang Shipping Technology Co., Ltd . . . . .		2,000,000.00		-73,446.65				-1,926,553.35			1,926,553.35
Beijing Gotion fuweisi optical storage and charging technology Co., Ltd . . . . .	9,228,535.85							-9,228,535.85			
Anhui YijiaNeng Digital Technology Co., Ltd . . . . .		16,000,000.00		-5,536,078.74						10,463,921.26	
Shanghai Electric Gotion New Energy Technology Co., Ltd . . . . .	199,353,463.48			21,691,939.72						221,045,403.20	
Anhui Anwa New Energy Technology Co., Ltd . . . . .		65,000,000.00		-56,637.46						64,943,362.54	
Subtotal. . . . .	667,998,925.53	378,000,000.00		22,308,115.50	-1,431,384.41			-33,396,425.15		1,033,479,231.47	24,167,889.30

Note: The external investment held by Hefei Xuanyi Investment Management Co, Ltd. is disposed in current period.

#### 14. Other equity investment

Item	Closing Balance	Opening Balance
Listed equity instrument investment . . . . .	309,411,751.39	441,676,430.89
Unlisted equity instrument investment . . . . .	712,055,239.69	473,630,516.50
Total . . . . .	1,021,466,991.08	915,306,947.39

#### 15. Fixed assets

##### (1) Category

Item	Closing Balance	Opening Balance
Fixed Assets . . . . .	8,761,582,173.91	7,159,879,961.36
Fixed Assets to be disposal of . . . . .		
Total . . . . .	8,761,582,173.91	7,159,879,961.36

##### (2) Fixed assets

##### ① Details of fixed assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
I. Total original carrying amount:					
1. Opening balance . . . . .	2,876,506,639.67	5,657,169,309.80	102,379,584.50	446,172,529.94	9,082,228,063.91
2. Increase in the current reporting period . . . . .	1,262,039,809.15	1,009,907,798.19	34,804,282.73	68,020,598.89	2,374,772,488.96
(1) Purchase. . . . .		76,018,116.87	21,002,050.61	48,582,345.80	145,602,513.28
(2) Transferred from construction in progress . . . . .	1,089,263,273.15	898,335,993.32		14,570,203.02	2,002,169,469.49
(3) Increase due to business combination . . . . .	172,776,536.00	35,553,688.00	13,802,232.12	4,868,050.07	227,000,506.19
3. Decrease in the current reporting period . . . . .	77,039,015.59	571,280.76	5,761,618.98	14,397,070.69	97,768,986.02
(1) Disposal or write-off . . . . .	77,039,015.59	571,280.76	5,761,618.98	14,370,300.35	97,742,215.68
(2) Decrease due to business combination . . . . .				26,770.34	26,770.34
4. Closing balance . . . . .	4,061,507,433.23	6,666,505,827.23	131,422,248.25	499,796,058.14	11,359,231,566.85
II. Accumulated depreciation					
1. Opening balance . . . . .	371,428,831.61	1,288,510,958.56	39,223,897.22	218,307,072.70	1,917,470,760.09
2. Increase in the current reporting period . . . . .	110,001,692.02	544,462,449.07	18,518,500.76	54,604,812.03	727,587,453.88
(1) Accrual . . . . .	110,001,692.02	544,462,449.07	18,518,500.76	54,604,812.03	727,587,453.88
(2) Increase due to business combination . . . . .					
3. Decrease in the current reporting period . . . . .	42,543,006.82	180,457.32	218,287.78	4,467,069.11	47,408,821.03
(1) Disposal or write-off . . . . .	42,543,006.82	180,457.32	218,287.78	4,448,303.56	47,390,055.48
(2) Decrease due to business combination . . . . .				18,765.55	18,765.55
4. Closing balance . . . . .	438,887,516.81	1,832,792,950.31	57,524,110.20	268,444,815.62	2,597,649,392.94

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
III. Provision for impairment					
1. Opening balance . . . . .		4,877,342.46			4,877,342.46
2. Increase in the current reporting period . . . . .					
(1) Accrual . . . . .					
(2) Increase due to business combination . .					
3. Decrease in the current reporting period . . . . .		4,877,342.46			4,877,342.46
(1) Disposal or write-off . .		4,877,342.46			4,877,342.46
(2) Decrease due to business combination . .					
4. Closing balance . . . . .					
VI. Book value . . . . .					
1. Closing balance on book value . . . . .	3,622,619,916.42	4,833,712,876.92	73,898,138.05	231,351,242.52	8,761,582,173.91
2. Opening balance on book value . . . . .	2,505,077,808.06	4,363,781,008.78	63,155,687.28	227,865,457.24	7,159,879,961.36

② As of December 31st 2021, the Group did not have any significant idle fixed assets.

③ As of December 31st 2021, the Group had not rent out any fixed asset through operating leasing.

④ Fixed assets of which certificates of title have not been granted as of December 31st 2021

Item	Carrying amount	Reason for certificates of title not granted
Dongyuan absorbed Taifu. . . . .	8,384,628.11	Obtained the real estate certificates on January, 2022
Tangshan Phase I and II workshop . .	138,081,016.77	In the process of obtaining the real estate certificates
Hefei Phase III workshop. . . . .	198,192,778.80	In the process of obtaining the real estate certificates
Qingdao Phase I and II workshop. . .	218,732,867.34	In the process of obtaining the real estate certificates
Gotion Nanjing Phase II workshop . .	139,927,972.24	In the process of obtaining the real estate certificates
Nanjing New Energy Workshop . . . .	321,523,541.97	In the process of obtaining the real estate certificates
Gotion Lujiang Phase II workshop . .	418,160,468.88	In the process of obtaining the real estate certificates
Tianjin Hengtian Phase I workshop. .	169,516,139.00	In the process of obtaining the real estate certificates
Total. . . . .	1,612,519,413.11	

## 16. Construction in progress

### (1) Category

Item	Closing Balance	Opening Balance
Construction in progress . . . . .	2,632,201,747.37	1,151,952,297.82
Materials hold for construction in progress . . . . .		
Total . . . . .	2,632,201,747.37	1,151,952,297.82

### (2) Construction in progress

#### ① Details of the construction in progress

Item	Closing balance			Opening balance		
	Carrying amount	Provision	Book value	Carrying amount	Provision	Book value
Hefei directly-subordinate 1st plant construction project. . . . .	68,363,617.06		68,363,617.06	18,687,925.35		18,687,925.35
Directly-subordinate 3rd plant reconstruction project. . . . .	19,022,929.83		19,022,929.83	17,556,649.90		17,556,649.90
Hefei Gotion 600 million Ah (annual production) high-energy-density power lithium battery industrialization project .	22,963,619.67		22,963,619.67	24,826,800.91		24,826,800.91
Shanghai R&D Center . . .	588,188,321.01		588,188,321.01	299,319,249.69		299,319,249.69
10,000 t (annual production) high nickel ternary cathode materials and 5,000 t (annual production) silicon-based anode materials project .	34,501,345.09		34,501,345.09	140,962,432.08		140,962,432.08
New plant project in the Economic Development Zone . . .	550,907,083.61		550,907,083.61	12,252,083.72		12,252,083.72
BMS R&D and production (annual production of 500,000 sets) and Hefei Central . . . . .	42,769,588.05		42,769,588.05	226,293,495.66		226,293,495.66
New plant project of Tangshan Gotion . . . .	416,496,690.30		416,496,690.30	16,561,369.20		16,561,369.20
Nanjing Gotion 300 million Ah (annual production) high-energy- density power lithium battery industrialization project. . . . .				13,926,844.04		13,926,844.04
Nanjing Gotion New Energy Co., Ltd . . . . .	11,645,419.78		11,645,419.78	328,028,298.34		328,028,298.34
Intelligent manufacturing base and supporting projects . . . . .	137,812,138.43		137,812,138.43			

Item	Closing balance			Opening balance		
	Carrying amount	Provision	Book value	Carrying amount	Provision	Book value
Gotion new energy (Lujiang) phase II project. . . . .	55,580,009.51		55,580,009.51			
Liuzhou phase I project . .	359,181,486.43		359,181,486.43	2,831,478.08		2,831,478.08
Construction of 15gwh/a lithium battery and pack production base . . . . .	157,336,410.03		157,336,410.03			
Power battery project with an annual output of 20gwh . . . . .	60,028,301.89		60,028,301.89			
Lithium battery cathode material project . . . . .	33,762,164.70		33,762,164.70			
Lujiang 200000 t/a high-end cathode material project. . . . .	35,000,000.00		35,000,000.00			
Others . . . . .	38,642,621.98		38,642,621.98	50,705,670.85		50,705,670.85
Total. . . . .	2,632,201,747.37		2,632,201,747.37	1,151,952,297.82		1,151,952,297.82

② Changes in significant construction in progress during the current reporting period

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period		Closing balance
			Transferred to fixed assets	Other	
Hefei directly-subordinate 1st plant construction project . . . . .	18,687,925.35	56,852,762.29	7,177,070.58		68,363,617.06
Directly-subordinate 3rd plant reconstruction project . . . . .	17,556,649.90	9,402,878.13	7,936,598.20		19,022,929.83
Hefei Gotion 600 million Ah (annual production) high-energy-density power lithium battery industrialization project . .	24,826,800.91	97,345.13	1,960,526.37		22,963,619.67
Shanghai R&D Center . . . .	299,319,249.69	288,869,071.32			588,188,321.01
10,000 t (annual production) high nickel ternary cathode materials and 5,000 t (annual production) silicon-based anode materials project . .	140,962,432.08	84,255,038.55	190,716,125.54		34,501,345.09
New plant project in the Economic Development Zone . . . . .	12,252,083.72	539,256,931.90	601,932.01		550,907,083.61
BMS R&D and production (annual production of 500,000 sets) and Hefei Central . . . . .	226,293,495.66	435,378,499.87	618,902,407.48		42,769,588.05
New plant project of Tangshan Gotion. . . . .	16,561,369.20	463,202,700.66	63,267,379.56		416,496,690.30

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period		Closing balance
			Transferred to fixed assets	Other	
Nanjing Gotion 300 million Ah (annual production) high-energy-density power lithium battery industrialization project . .	13,926,844.04	524,376.44	14,451,220.48		
Nanjing Gotion New Energy Co., Ltd . . . . .	328,028,298.34	125,558,584.83	441,941,463.39		11,645,419.78
Intelligent manufacturing base and supporting projects . . . . .		137,812,138.43			137,812,138.43
Gotion new energy (Lujiang) phase II project . . . . .		110,061,913.23	54,481,903.72		55,580,009.51
Liuzhou phase I project . . .	2,831,478.08	944,272,580.41	587,922,572.06		359,181,486.43
Construction of 15gwh/a lithium battery and pack production base . . . . .		157,336,410.03			157,336,410.03
Power battery project with an annual output of 20gwh . . . . .		60,028,301.89			60,028,301.89
Lithium battery cathode material project . . . . .		33,762,164.70			33,762,164.70
Lujiang 200000 t/a high-end cathode material project . .		35,000,000.00			35,000,000.00
Others . . . . .	50,705,670.85	747,221.23	12,810,270.10		38,642,621.98
Total . . . . .	1,151,952,297.82	3,482,418,919.05	2,002,169,469.49		2,632,201,747.37

Item	Accumulated capitalized interest and profit/loss on exchange	Including: capitalized interest and profit/loss on exchange for the current reporting period	Capitalization rate for interest in the current reporting period (%)	Source of funds
Hefei directly-subordinate 1st plant construction project . . . . .				Self financing
Directly-subordinate 3rd plant reconstruction project . . . . .				Self financing
Hefei Gotion 600 million Ah (annual production) high- energy-density power lithium battery industrialization project . .				Raised funds + Self financing
Shanghai R&D Center . . . .	17,373,401.57	17,373,401.57	6.01	Self financing
10,000 t (annual production) high nickel ternary cathode materials and 5,000 t (annual production) silicon-based anode materials project . .				Raised funds

Item	Accumulated capitalized interest and profit/loss on exchange	Including: capitalized interest and profit/loss on exchange for the current reporting period	Capitalization rate for interest in the current reporting period (%)	Source of funds
New plant project in the Economic Development Zone. . . . .	20,849,773.47	20,849,773.47	3.87	Self financing
BMS R&D and production (annual production of 500,000 sets) and Hefei Central . . . . .				Raised funds
New plant project of Tangshan Gotion. . . . .				Self financing
Nanjing Gotion 300 million Ah (annual production) high-energy-density power lithium battery industrialization project . .				Raised funds
Nanjing Gotion New Energy Co., Ltd . . . . .	43,094,004.67	11,654,546.11	9.28	Raised funds + Self financing
Intelligent manufacturing base and supporting projects. . . . .				Self financing
Gotion new energy (Lujiang) phase II project . . . . .	20,237,383.89	5,828,000.00	5.30	Raised funds + Self financing
Liuzhou phase I project. . .	5,983,824.54	5,983,824.54	0.63	Self financing
Construction of 15gwh/a lithium battery and pack production base . . . . .				Self financing
Power battery project with an annual output of 20gwh . . . . .				Self financing
Lithium battery cathode material project . . . . .				Self financing
Lujiang 200000 t/a high-end cathode material project . .				Self financing
Others . . . . .	3,225,606.26			Self financing
Total . . . . .	110,763,994.40	61,689,545.69		

- ③ As of December 31st 2021, the Company did not have any sign of impairment of projects under construction; therefore, no provision for impairment loss was booked.



## 17. Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
I. Total original carrying amount			
1. Opening balance . . . . .	11,015,846.35		11,015,846.35
2. Increase in the current reporting period . . . .		1,437,256.47	1,437,256.47
(1) New lease . . . . .		1,437,256.47	1,437,256.47
(2) Increase due to business combination . . . .			
(3) Other . . . . .			
3. Decrease in the current reporting period . . . .			
(1) The lease contract expires or terminates . . .			
(2) Decrease due to business combination. . . .			
(3) Other . . . . .			
4. Closing balance. . . . .	11,015,846.35	1,437,256.47	12,453,102.82
II. Accumulated depreciation			
1. Opening balance . . . . .			
2. Increase in the current reporting period . . . .	3,018,554.57	143,725.65	3,162,280.22
(1) Accrual . . . . .	3,018,554.57	143,725.65	3,162,280.22
(2) Increase due to business combination . . . .			
3. Decrease in the current reporting period . . . .			
(1) The lease contract expires or terminates . . .			
(2) Decrease due to business combination. . . .			
4. Closing balance. . . . .	3,018,554.57	143,725.65	3,162,280.22
III. Provision for impairment			
1. Opening balance . . . . .			
2. Increase in the current reporting period . . . .			
(1) Accrual . . . . .			
(2) Increase due to business combination . . . .			
3. Decrease in the current reporting period . . . .			
(1) The lease contract expires or terminates . . .			
(2) Decrease due to business combination. . . .			
4. Closing balance. . . . .			
VI. Book value			
1. Closing balance on book value. . . . .	7,997,291.78	1,293,530.82	9,290,822.60
2. Opening balance on book value . . . . .	11,015,846.35		11,015,846.35

## 18. Intangible assets

### (1) Details of intangible assets

Item	Land use right	Intellectual property right	Software and other	Total
I. Total original carrying amount				
1. Opening balance . . . . .	1,015,770,954.93	344,048,876.28	35,625,871.11	1,395,445,702.32
2. Increase in the current reporting period . . . . .	392,448,530.53	319,754,222.74	32,710,073.55	744,912,826.82
(1) Purchase . . . . .	286,052,726.53		31,599,976.55	317,652,703.08
(2) In-house R&D . . . . .		281,339,665.79		281,339,665.79
(3) Increase due to business combination . . . . .	106,395,804.00	38,414,556.95	1,110,097.00	145,920,457.95

Item	Land use right	Intellectual property right	Software and other	Total
3. Decrease in the current reporting period . . . . .	51,092,642.21	67,140.00	4,488.68	51,164,270.89
(1) Disposal . . . . .	21,701,590.13			21,701,590.13
(2) Decrease due to business combination . . . . .	29,391,052.08		4,488.68	29,395,540.76
(3) Other . . . . .		67,140.00		67,140.00
4. Closing balance . . . . .	1,357,126,843.25	663,735,959.02	68,331,455.98	2,089,194,258.25
II. Accumulated amortization				
1. Opening balance . . . . .	77,654,234.50	39,373,420.01	14,281,591.44	131,309,245.95
2. Increase in the current reporting period . . . . .	25,737,138.91	39,958,600.99	8,487,462.62	74,183,202.52
(1) Accrual . . . . .	25,737,138.91	39,958,600.99	8,487,462.62	74,183,202.52
(2) Increase due to business combination . . . . .				
3. Decrease in the current reporting period . . . . .	11,600,269.57		2,161.32	11,602,430.89
(1) Disposal . . . . .	7,387,551.87			7,387,551.87
(2) Decrease due to business combination . . . . .	4,212,717.70		2,161.32	4,214,879.02
4. Closing balance . . . . .	91,791,103.84	79,332,021.00	22,766,892.74	193,890,017.58
III. Provision for impairment				
1. Opening balance . . . . .				
2. Increase in the current reporting period . . . . .				
(1) Accrual . . . . .				
(2) Increase due to business combination . . . . .				
3. Decrease in the current reporting period . . . . .				
(1) Disposal . . . . .				
(2) Decrease due to business combination . . . . .				
4. Closing balance . . . . .				
VI. Book value				
1. Closing balance on book value . . . . .	1,265,335,739.41	584,403,938.02	45,564,563.24	1,895,304,240.67
2. Opening balance on book value . . . . .	938,116,720.43	304,675,456.27	21,344,279.67	1,264,136,456.37

*Note:* The proportion of intangible assets formed not through internal research and development of the Company in the balance of intangible assets at the end of this period is 28.97%.

## 19. Development expenditure

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		In-house development expenditure	Other	Recognized intangible assets	Transfer to current profit or loss	
180wh/kg Lithium iron phosphate cell development . .	59,403,165.57	9,854,790.20		69,257,955.77		
14.5ah Lithium iron phosphate cell development . . . . .	43,056,931.65	15,548,238.49		58,605,170.14		
50Ah single-crystal low-cost cell cell development . . . . .	17,576,071.33	45,375,792.71		62,951,864.04		
50160116100Ah iron phosphate cell development . . . . .	15,381,601.94	48,545,217.04				63,926,818.98
Development and application of 712 single crystal ternary material . . . . .	14,398,046.38	59,534,318.02		73,932,364.40		
PESS . . . . .		22,151,084.53			22,151,084.53	
Development and introduction of testing CCD technology and welding process of sealing plate . . . . .		57,528,812.45			57,528,812.45	
Greatwall ES11-400KM(CP-21-03-01) . .		54,471,591.64			54,471,591.64	
Nio 75kWh (DJ1953) . . . . .		20,391,548.68				20,391,548.68
160Wh/kg Commercial vehicle battery system development project . . . . .		41,457,734.97			41,457,734.97	
Complex fluid collecting production line construction project . . . . .		37,790,576.43			37,790,576.43	
DJ2136 Jizhi PA2A(CP-21-03-65). . . . .		31,118,937.94			31,118,937.94	
55AH cell development . . . . .		50,095,023.63				50,095,023.63
Ternary material development . .		47,231,899.82				47,231,899.82
124ah cell development . . . . .		44,630,878.11				44,630,878.11
low temperature cell development . . . . .		35,656,181.27				35,656,181.27
Lithium iron phosphate materials development . . . . .		34,852,842.44				34,852,842.44
230ah cell development . . . . .		29,131,415.97				29,131,415.97
150ah cell development . . . . .		25,815,024.52				25,815,024.52
Others . . . . .		455,445,349.73		16,592,311.44	399,678,324.51	39,174,713.78
Total . . . . .	149,815,816.87	1,166,627,258.59		281,339,665.79	644,197,062.47	390,906,347.20

## 20. Goodwill

### (1) Goodwill book value

The name of the investee or the matter that forming a goodwill	Opening balance	Increased		Decreased		Closing balance
		Business combination	Other	Liquidation & cancellation	Other	
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	80,427,604.58					80,427,604.58
Shanghai Gotion Wuyang Shipping Technology Co., Ltd . . . . .	938,729.04			938,729.04		
Tianjin Hengtian Car Research Institute Co., Ltd . . . . .		67,496,148.69				67,496,148.69
Total . . . . .	81,366,333.62	67,496,148.69		938,729.04		147,923,753.27

### (2) Goodwill impairment provision

During the reporting period, the Company did not find that the recoverable amount of the relevant asset group including the apportioned goodwill was lower than its book value, so it is considered that there is no need to accrue impairment loss for goodwill.

### (3) Related information regarding to the assets or assets group of the goodwill

According to the relevant provisions of Accounting Standards for Business Enterprises No. 8—Impairment of Assets, the asset groups or portfolio of asset groups related to goodwill impairment test should be those that can benefit from the synergy effects of business combination. Details are as follows:

The goodwill of Jiangsu Dongyuan Electrical Group Co, Ltd was initially formed in September 2015 from the Company's reverse purchase of Dongyuan Electrical. The business system of Dongyuan Electrical and its subsidiaries is clear, their production and operation are independent and their primary business is directly connected with the market with the price determined by the market, which is in line with the relevant requirements of the asset group. Therefore, the Company finally decided to identify Jiangsu Dongyuan Electrical Group Co, Ltd and its subsidiaries as a portfolio of asset group, and conduct goodwill impairment test on such basis.

### (4) Explain the process of goodwill impairment test

On the balance sheet date, the Company conducted an impairment test on the goodwill formed by the business combination not under common control as mentioned above. In the calculation, the Company first determined the asset group, then selected the corresponding method to calculate the recoverable amount of the asset group without goodwill, and compared the recoverable amount of the asset group with the book value of the asset group to determine whether the asset group is impaired or not. Then, the Company conducted an impairment test on the asset group with goodwill, and compared the recoverable amount of the asset group with the book value of the asset group (including the book value of the apportioned goodwill) to determine whether the goodwill is impaired.

According to the test, the goodwill formed as mentioned above has not been impaired at the end of this period.

The goodwill of Tianjin Hengtian New Energy Vehicle Research Institute Co., Ltd was initially formed in May, 2021 through the conversion of Accounts receivable to capital. It is based on the Daxin certified public accountants dxsz [2020] No. 1-04304, [2021] NO. 26-00016 audit report and Walker Sen (Beijing) International Assets Appraisal Co., Ltd. Walker Sen Ping Bao Zi [2020] No. 2013 appraisal report. After the adjustment, the fair value of identified net assets of Tianjin Hengtian is RMB182,656,511.95 after the capital increase; The goodwill RMB67,496,148.69 is formed by the difference between the carrying amount of account receivables RMB183,483,033.78 and the entitled identified net assets RMB115,986,885.09. The business system of Tianjin Hengtian is clear, the production and operation are relatively independent, and the main businesses are directly connected with the market and priced by the market, which meets the relevant requirements of the asset group. So the Company decide to identify Tianjin Hengtian as an assets group and test the goodwill impairment on this basis.

## 21. Long-term deferred expenses

Item	Opening balance	Increased	Decreased		Closing balance
			Amortized	Other	
Projects of rebuilding and decoration . . . . .	7,825,354.83	6,576,230.27	3,847,761.40		10,553,823.70
Landscape engineering . .	4,216,760.44	1,769,535.71	793,387.25		5,192,908.90
Equipment transformation . . . . .		3,223,996.46	264,467.72		2,959,528.74
Total . . . . .	12,042,115.27	11,569,762.44	4,905,616.37		18,706,261.34

## 22. Deferred tax assets/Deferred tax liability

### (1) Deferred tax assets that are not presented on net off basis

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for credit loss . . . . .	1,315,927,472.39	199,405,282.80	1,098,060,424.90	165,567,686.79
Provision for impairment losses of inventory . . . . .	240,697,274.64	36,832,151.30	388,868,925.23	59,024,848.34
Provisions . . . . .	275,879,048.79	47,402,224.68	281,617,439.77	48,262,983.33
Deferred income . . . . .	154,633,262.20	24,114,989.33	235,637,648.52	37,152,647.28
Unrealized profit from intergroup transactions . . . . .	87,306,332.32	13,095,949.83	110,739,932.88	16,610,989.90
Deductible losses . . . . .	1,217,907,349.64	213,320,142.40	771,181,395.07	139,588,764.29
Share-based payment . . . . .	58,212,003.31	10,020,364.30		
Right-of-use assets . . . . .	12,526.00	1,878.90		
Changes in the fair value of derivative financial instruments . . . . .	754,247.55	113,137.13		
Total . . . . .	3,351,329,516.84	544,306,120.67	2,886,105,766.37	466,207,919.93

(2) *Deferred tax liabilities that are not presented on net off basis*

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax liability	Deductible temporary differences	Deferred tax liability
Difference in installments . . . . .	24,798,821.21	3,719,823.18	53,807,156.59	8,071,073.49
Difference in depreciation of fixed assets . . . . .	152,811,430.10	27,902,400.95	150,431,369.25	24,673,313.48
Estimated added value of assets not under common control . . .	75,016,161.30	11,282,844.67	41,348,689.01	6,253,109.25
Changes in the fair value of derivative financial instruments . . . . .	578,783.33	86,817.50	283,333.33	42,500.00
Intertemporal interest of discount bills not derecognized internally . . . . .	18,562,918.32	3,169,922.03		
Total . . . . .	271,768,114.26	46,161,808.33	245,870,548.18	39,039,996.22

(3) *Details of unrecognized deferred tax assets*

Item	Closing Balance	Opening Balance
Provision for credit loss of account receivable . . . . .	148,039,199.07	20,591,910.25
Provision for impairment losses of inventory . . . . .	11,100,455.27	16,784,739.89
Provision for impairment of long-term equity investment . . . . .	24,167,889.30	
Provision for impairment of fixed assets . . . . .		4,877,342.46
Deferred income . . . . .	2,252,082.46	11,644,781.81
Deductible losses . . . . .	573,509,698.19	383,160,292.26
Share-based payment . . . . .	6,496,779.01	
Total . . . . .	765,566,103.30	437,059,066.67

(4) *Deductible losses for unrecognized deferred tax assets will expire in the following years*

Year	Closing balance	Opening balance	Note
2021 . . . . .		333,787.08	
2022 . . . . .	4,904,740.05	6,840,559.05	
2023 . . . . .	27,967,133.85	48,632,438.05	
2024 . . . . .	21,760,318.82	59,740,013.80	
2025 . . . . .	102,903,147.98	42,000,070.82	
2026 . . . . .	170,942,174.28		
Total . . . . .	328,477,514.98	157,546,868.80	

### 23. Other non-current assets

Item	Closing Balance	Opening Balance
Prepayments for equipment . . . . .	1,695,536,969.73	262,645,218.73
Prepayments for equity investment . . . . .	97,639,636.64	
Prepayments for acquisition of land and building . . .	48,641,320.40	
Unguaranteed residual value formed by financial leasing business of self owned products . . . . .	6,845,319.74	7,712,070.72
Total . . . . .	1,848,663,246.51	270,357,289.45

### 24. Short-term borrowings

Item	Closing Balance	Opening Balance
Guaranteed borrowings . . . . .	5,158,575,274.66	2,903,886,000.00
Pledge loan . . . . .	100,000,000.00	
Credit borrowings . . . . .	51,005,600.00	80,000,000.00
Mortgaged borrowings . . . . .	141,000,000.00	268,000,000.00
Add: Unexpired interest of short-term borrowings . .	29,866,180.56	
Total . . . . .	5,480,447,055.22	3,251,886,000.00

As of December 31st 2021, the Company did not have any overdue short-term loans that were failed to repay.

### 25. Notes payable

Category	Closing Balance	Opening Balance
Bank acceptance Bill . . . . .	4,322,061,054.47	2,400,881,901.04
Commercial acceptance Bill . . . . .	507,238,151.58	631,110,577.4
Total . . . . .	4,829,299,206.05	3,031,992,478.44

As of December 31st 2021, the Company did not have any unpaid matured notes payable.

### 26. Accounts payable

#### ① List of accounts payable

Item	Closing Balance	Opening Balance
Payments for goods . . . . .	3,524,243,000.84	2,705,263,912.96
Payables on equipment . . . . .	1,881,465,510.66	1,311,492,466.26
Total . . . . .	5,405,708,511.50	4,016,756,379.22

② As of December 31st 2021, the Company did not have any significant accounts payable with aging above one year.

## 27. Contract liabilities

Item	Closing Balance	Opening Balance
Advanced receipts from sales of products . . . . .	553,370,197.48	115,519,624.84
Advanced receipts from lease. . . . .	7,840,497.01	7,840,497.01
Total . . . . .	561,210,694.49	123,360,121.85

## 28. Employee benefits payable

### (1) Details of employee benefits payable

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
I. Short-term remuneration . .	106,325,002.54	1,225,806,540.44	1,144,371,201.85	187,760,341.13
II. Post-employment benefits- defined benefit plan . . . . .	7,061,895.44	78,538,887.65	84,485,924.81	1,114,858.28
III. Termination benefits . . . .		113,097.00	113,097.00	
Total. . . . .	113,386,897.98	1,304,458,525.09	1,228,970,223.66	188,875,199.41

### (2) Short-term remuneration

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies . . . .	103,012,746.97	1,101,723,902.43	1,018,772,668.04	185,963,981.36
2. Staff welfare . . . . .		56,115,040.89	56,115,040.89	
3. Social insurance contributions . . . . .	2,863,678.36	43,036,288.13	44,850,027.17	1,049,939.32
Including: Medical insurance . .	2,727,312.72	39,539,916.44	41,686,338.08	580,891.08
Injury insurance . . . . .	136,365.64	2,286,387.35	1,953,704.75	469,048.24
Maternity insurance . . . . .		1,209,984.34	1,209,984.34	
4. Housing funds . . . . .	329,630.60	21,291,101.02	21,114,968.54	505,763.08
5. Labor union and education fund . . . . .	118,946.61	3,640,207.97	3,518,497.21	240,657.37
Subtotal . . . . .	106,325,002.54	1,225,806,540.44	1,144,371,201.85	187,760,341.13

### (3) Defined contribution plan

Item	Opening balance	Increase in the current reporting period	Decrease in the current reporting period	Closing balance
1. Basic pension insurance . . . .	6,848,824.13	76,048,011.40	81,939,441.26	957,394.27
2. Unemployment insurance . . . .	213,071.31	2,490,876.25	2,546,483.55	157,464.01
Subtotal . . . . .	7,061,895.44	78,538,887.65	84,485,924.81	1,114,858.28



## 29. Taxes payable

Item	Closing Balance	Opening Balance
Corporate income tax . . . . .	26,005,874.96	105,509,559.17
VAT . . . . .	165,481,010.04	99,074,236.25
Personal Income Tax . . . . .	1,181,292.12	516,648.69
City construction and maintenance tax . . . . .	181,633.36	531,464.79
Education surcharges and local education surcharges . . . . .	155,772.70	447,724.47
Real estate tax . . . . .	14,248,040.34	7,536,251.09
Urban land use tax . . . . .	2,665,412.87	3,305,383.29
Other . . . . .	9,578,377.35	3,507,524.73
Total . . . . .	219,497,413.74	220,428,792.48

## 30. Other payables

### (1) Category

Item	Closing Balance	Opening Balance
Interest payable. . . . .	14,784,265.56	43,348,953.78
Dividend payable . . . . .	2,033,891.80	2,033,891.80
Other payables . . . . .	267,523,725.10	193,638,662.65
Total . . . . .	284,341,882.46	239,021,508.23

### (2) Interest payable

Item	Closing Balance	Opening Balance
Long-term borrowings interest . . . . .	14,784,265.56	6,658,635.69
Bond interest . . . . .		25,100,000.00
Short-term borrowings interest . . . . .		7,966,701.78
Other . . . . .		3,623,616.31
Total . . . . .	14,784,265.56	43,348,953.78

### (3) Dividend payable

Item	Closing Balance	Opening Balance
Cash dividend. . . . .	2,033,891.80	2,033,891.80

### (4) Other payables

#### ① List of other payables according to the nature of the payment

Item	Closing Balance	Opening Balance
Obligation for repurchase of restricted shares . . . . .	78,755,040.16	70,966,336.66
Accrued expenses . . . . .	75,193,721.08	55,379,653.60
Receivables and payables. . . . .	14,373,140.43	16,284,711.20
Guarantee . . . . .	40,875,200.39	34,555,816.79
Subscribed capital contribution . . . . .	16,000,000.00	
Other . . . . .	42,326,623.04	16,452,144.40
Total . . . . .	267,523,725.10	193,638,662.65

- ② As of December 31st 2021, the Company did not have any significant other payables aging over one year.

### 31. Non-current liabilities due within one year

Item	Closing Balance	Opening Balance
Long-term borrowings due within one year. . . . .	1,094,126,761.00	519,200,289.92
Long-term payables interest due within one year. . .	14,461,070.89	
Long-term payables due within one year. . . . .	130,241,811.27	363,215,513.89
Total . . . . .	1,238,829,643.16	882,415,803.81

As of December 31st 2021, the Company have RMB80,000,000.00 overdue short-term loans that were failed to repay. It is formed by Tianjin Hengtian which is the subsidiary not under common control.

### 32. Other current liabilities

Item	Closing Balance	Opening Balance
Unrealized profits of internal sales corresponding to the inventory committed to repurchase [note]. . . .	4,464,531.65	4,464,531.65
Output VAT to be transferred. . . . .	69,592,562.98	13,053,079.17
Total . . . . .	74,057,094.63	17,517,610.82

*Note:* In November 2012, Hefei Gotion Hi-Tech Power Energy Co., Ltd, a subsidiary of the Company, sold to its former subsidiary Shanghai Huayue Investment Development Co., Ltd. (formerly known as Shanghai Gotion New Energy Co., Ltd., hereinafter “Shanghai Huayue”) battery packs, which formed an unrealized internal sales profit of RMB4,464,531.65. In August 2013, the Company transferred the equity held by it in Shanghai Huayue to a non-related party. It is provided in the equity transfer agreement that the Company shall repurchase the battery packs sold to Shanghai Huayue. After the equity transfer, the unrealized internal sales profit corresponding to the said internal transaction will be recognized as other current liabilities before the repurchase obligation is fulfilled.

### 33. Long-term borrowings

Item	Closing Balance	Opening Balance
Guaranteed borrowings . . . . .	3,852,400,000.00	1,733,625,321.67
Mortgaged borrowings. . . . .	1,459,795,684.36	1,089,000,000.00
Factoring loans . . . . .	156,261,761.00	231,803,880.50
Pledge loans . . . . .		51,428,571.43
Less: Long-term borrowings due within one year . .	1,094,126,761.00	519,200,289.92
Add: Unexpired interest of long-term borrowings . .	3,531,666.67	
Total . . . . .	4,377,862,351.03	2,586,657,483.68

### 34. Bonds payable

#### (1) Bonds payables

Item	Closing Balance	Opening Balance
18 Gotion Green Bond 01 . . . . .	498,699,420.14	497,996,060.06
18 Gotion Green Bond 02 . . . . .		497,803,569.02
Total . . . . .	498,699,420.14	995,799,629.08

(2) *Changes in the bonds payables*

Name	Nominal value	Issuance date	Maturity period	Issuance amount	Opening balance	Amount issued in the current period
18 Gotion Green Bond 01 . . . . .	500,000,000.00	2018/4/12	5年	500,000,000.00	497,996,060.06	
18 Gotion Green Bond 02 . . . . .	500,000,000.00	2018/11/14	5年	500,000,000.00	497,803,569.02	
Total . . . . .	1,000,000,000.00			1,000,000,000.00	995,799,629.08	

Name	Interest accrued by nominal value	Amortization of premiums or discounts	Amount repaid off in the current period	Interest repaid off in the current period	Reclassified into non-current liabilities due within one year	Closing balance
18 Gotion Green Bond 01 . . . . .	32,500,000.00	703,360.08		12,087,500.00	20,412,500.00	498,699,420.14
18 Gotion Green Bond 02 . . . . .	15,860,445.21	2,196,430.98	500,000,000.00	15,860,445.21		
Total . . . . .	48,360,445.21	2,899,791.06	500,000,000.00	27,947,945.21	20,412,500.00	498,699,420.14

**35. Lease liabilities**

Item	Closing Balance	Opening Balance
Lease liabilities-Lease payments . . . . .	6,483,906.36	8,417,130.00
Less: Lease liabilities-Unrecognized financing expenses . . . . .	284,004.40	419,838.22
Total . . . . .	6,199,901.96	7,997,291.78

**36. Long-term payables**

(1) *Category*

Item	Closing Balance	Opening Balance
Long-term payables . . . . .	589,800,000.00	697,551,884.79

(2) *List of long-term payables according to the nature of the payment*

Item	Closing Balance	Opening Balance
Purchase assets . . . . .	106,725,864.63	467,948,844.11
Repurchase shares . . . . .	589,800,000.00	589,800,000.00
Less: Long-term payables due within one year . . . . .	106,725,864.63	360,196,959.32
Total . . . . .	589,800,000.00	697,551,884.79

**37. Provisions**

Item	Closing balance	Opening balance	Reason
Product quality warranty . . . . .	275,879,048.79	281,617,439.77	Accrued product quality warranty

### 38. Deferred income

Item	Opening balance	Increase in current reporting period	Decrease in current reporting period	Other	Closing balance	Reasons
Government Grants . . .	253,228,448.98	3,480,100.00	85,837,552.92	9,364,900.00	161,506,096.06	Related to assets
Unrealized profit and loss from sale and leaseback . . . . .	11,644,781.81			11,011,579.53	633,202.28	Related to lease
Total . . . . .	264,873,230.79	3,480,100.00	85,837,552.92	20,376,479.53	162,139,298.34	/

Note: Details of government grants is disclosed in Note V-64.

### 39. Share capital

Item	Opening balance	Changes for the current reporting period					Closing balance
		New issue of shares	Bonus issue	Transfer from Capital Reserve	Other	Subtotal	
Total share . . . . .	1,280,544,489.00	384,163,346.00					1,664,707,835.00

Note: In accordance with resolutions of the forth meeting of the eighth session of the Board of Directors, the resolution of the 1st Extraordinary General Meeting of 2020, and CSRC's Official Reply on Approving the Registration of Share Offering to Special Objects by Gotion Hi-Tech Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1421), the Company is approved to issue 384,163,346.00 shares to specific investee Volkswagen (China) Investment Co., Ltd, the par value per share is RMB1.00 and the issue price per share is RMB19.01. The net amount of funds raised by the Company after deducting underwriting fees, attorney's fees, capital verification and other expenses (excluding tax) totaled RMB7,230,855,085.62, in which RMB384,163,346.00 is recognized in share capital and RMB6,846,691,739.62 is recognized in capital reserve (equity premium). After this change, the share capital is changed to 1,664,707,835.00, and the registered capital is changed to RMB1,664,707,835.00.

### 40. Capital reserves

Item	Opening balance	Increase in current reporting period	Decrease in current reporting period	Closing balance
Share premium . . . . .	6,202,095,406.68	6,907,008,615.34	7,950,208.89	13,101,153,813.13
Other capital reserves. .	29,208,661.69	64,004,535.98		93,213,197.67
Total. . . . .	6,231,304,068.37	6,971,013,151.32	7,950,208.89	13,194,367,010.80

#### (1) Share premium:

Increase in current period: ① see the Note-39; ② Withdraw the first batch of unlocking restricted shares that fail to meet the standards of the second phase of the employee stock ownership plan, and transfer in RMB28,291,397.34; ③ The shareholders of Liuzhou Gotion Battery Co., Ltd increase their capital in different proportions, the company shall enjoy RMB32,025,478.38 according to the shareholding ratio.

Decrease in current period: formed by the purchase of equity held by minority shareholders of Nantong Aston Electric Appliance Manufacturing Co., Ltd.

#### (2) Other capital reserves

Increase in current period: The recognized option fee by stock option incentive plan in 2021.

#### **41. Treasury shares**

<b>Item</b>	<b>Opening balance</b>	<b>Increase in current reporting period</b>	<b>Decrease in current reporting period</b>	<b>Closing balance</b>
Restricted shares incentive scheme . . .	51,832,115.66	28,291,397.34		80,123,513.00
Equity of parent company held by subsidiaries . . . . .	59,000,000.00			59,000,000.00
Total. . . . .	110,832,115.66	28,291,397.34		139,123,513.00

42. *Other comprehensive income*

Item	Current period						
	Opening balance	Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax
I. Other comprehensive income that will not be reclassified to profit or loss . . . . .	184,797,660.82	454,660,886.98		143,273,477.24		311,387,409.74	
Including: Changes in fair value of other equity investment . . . . .	184,797,660.82	454,660,886.98		143,273,477.24		311,387,409.74	
II. Other comprehensive income that will be reclassified to profit or loss . . . . .	3,504,785.89	-3,777,375.56				-3,777,375.56	
Including: Other comprehensive income that will be reclassified into profit or loss under equity method . . . . .		-1,431,384.41				-1,431,384.41	
Effect on conversion of financial statements denominated in foreign currencies . . . . .	3,504,785.89	-2,345,991.15				-2,345,991.15	
Total . . . . .	188,302,446.71	450,883,511.42		143,273,477.24		307,610,034.18	

#### 43. Surplus reserves

Item	Opening balance	Increase in current reporting period	Decrease in current reporting period	Closing balance
Statutory surplus reserves . . . . .	158,973,015.65	19,365,287.40		178,338,303.05

#### 44. Retained earnings

Item	Closing Balance	Opening Balance
Retained earnings at the beginning of prior period before adjustment . . . . .	3,157,722,575.92	2,996,159,435.79
Retained earnings at the beginning of the period after adjustment . . . . .	3,157,722,575.92	2,996,159,435.79
Add: Net profit attributable to the parent company for the current reporting period. . . . .	101,890,171.25	149,673,020.43
Transformed from disposal of other equity instrument . . . . .	143,273,477.24	11,890,119.70
Less: Appropriation to statutory surplus reserve . . .	19,365,287.40	
Retained earnings at the end of the current reporting period . . . . .	3,383,520,937.01	3,157,722,575.92

#### 45. Operating revenue and cost

##### (1) Operating revenue and operating cost

Item	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Operating income . . . . .	10,223,470,462.10	8,417,887,643.76	6,620,680,786.67	5,013,405,396.06
Other operating income . . . . .	132,610,729.66	11,357,489.42	103,552,443.89	14,514,053.85
Total . . . . .	10,356,081,191.76	8,429,245,133.18	6,724,233,230.56	5,027,919,449.91

##### (2) Operating business (by product)

Category	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Power lithium battery products . . . . .	9,765,130,447.26	8,019,046,370.27	6,277,156,718.09	4,725,476,227.25
Transmission and distribution products . . . . .	458,340,014.84	398,841,273.49	343,524,068.58	287,929,168.81
Total . . . . .	10,223,470,462.10	8,417,887,643.76	6,620,680,786.67	5,013,405,396.06

(3) *Operating business (by region)*

Region	Amount for the current period		Amount for the prior period	
	Income	Cost	Income	Cost
Mainland China . . . . .	9,695,809,851.14	8,083,469,634.70	6,462,022,737.66	4,921,107,798.70
Overseas . . . . .	527,660,610.96	334,418,009.06	158,658,049.01	92,297,597.36
Total . . . . .	10,223,470,462.10	8,417,887,643.76	6,620,680,786.67	5,013,405,396.06

(4) *Revenue of top five customers*

Customer name	Operating income	Proportion of total closing balance of revenue (%)
Customer 1 . . . . .	879,404,271.84	8.49
Customer 2 . . . . .	811,757,868.63	7.84
Customer 3 . . . . .	767,031,628.42	7.41
Customer 4 . . . . .	709,618,483.36	6.85
Customer 5 . . . . .	540,954,693.00	5.22
Total . . . . .	3,708,766,945.25	35.81

**46. Taxes and surcharges**

Item	Amount for the current period	Amount for the prior period
Urban maintenance and construction tax . . . . .	609,579.31	1,406,076.35
Educational surcharge . . . . .	500,907.09	1,140,305.55
Real estate tax . . . . .	32,892,463.42	20,823,134.47
Land use tax . . . . .	14,518,582.34	8,483,618.70
Stamp tax . . . . .	16,471,170.95	6,138,566.00
Other . . . . .	9,947,493.14	5,481,913.89
Total . . . . .	74,940,196.25	43,473,614.96

**47. Selling expenses**

Item	Amount for the current period	Amount for the prior period
Warranty and after sale expenses . . . . .	171,646,783.99	183,137,195.95
Payroll . . . . .	78,328,516.37	49,136,329.89
Travelling expenses . . . . .	38,413,440.71	14,521,413.44
Marketing expenses . . . . .	7,894,222.37	3,248,773.79
Bidding expenses . . . . .	1,366,992.84	2,683,300.80
Office expenses . . . . .	10,281,237.55	2,018,995.28
Depreciation and amortization expenses . . . . .	12,000,346.17	3,517,161.64
Other . . . . .	10,285,039.45	7,846,219.18
Total . . . . .	330,216,579.45	266,109,389.97



#### **48. Administrative expenses**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Payroll . . . . .	268,035,448.42	207,724,425.09
Office expenses . . . . .	73,951,851.28	44,283,124.23
Depreciation and amortization expenses . . . . .	94,681,152.93	68,892,422.20
Agency expenses . . . . .	10,982,179.68	23,406,473.70
Business entertainment and promotion expenses . . . . .	13,355,160.66	11,836,145.47
Repairing expenses . . . . .	8,387,590.41	13,524,551.78
Travelling expenses . . . . .	10,356,808.09	6,353,620.64
Option fee . . . . .	64,708,782.32	
Other . . . . .	24,955,444.28	21,806,346.90
Total . . . . .	569,414,418.07	397,827,110.01

#### **49. R&D expenses**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Research materials . . . . .	231,206,123.84	118,852,479.92
Payroll . . . . .	236,160,310.14	209,516,331.47
Office expenses . . . . .	30,073,149.45	24,593,863.72
Depreciation and amortization expenses . . . . .	100,455,215.91	66,212,542.24
Cooperative development and patent fee . . . . .	12,129,666.86	44,572,548.59
Testing expenses . . . . .	7,080,286.54	9,481,487.27
Travelling expenses . . . . .	5,828,562.16	3,743,315.41
Other . . . . .	21,263,747.57	21,541,328.20
Total . . . . .	644,197,062.47	498,513,896.82

#### **50. Financial expenses**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Interest expenses . . . . .	389,648,394.41	352,621,952.04
Less: Interest income . . . . .	59,383,695.10	58,979,679.81
Add: Foreign exchange losses . . . . .	270,405.92	11,112,318.01
Add: Service charge and other . . . . .	4,710,123.93	7,166,202.94
Total . . . . .	335,245,229.16	311,920,793.18

#### **51. Other Income**

<b>Source of other income</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>	<b>Amount included in current non recurring profit and loss</b>
Government grants . . . . .	558,361,234.21	393,270,804.63	558,361,234.21
Other . . . . .	262,786.32	43,380.17	262,786.32
Total . . . . .	558,624,020.53	393,314,184.80	558,624,020.53

## 52. Investment income

Item	Amount for the current period	Amount for the prior period
Long-term equity investment gains based on equity method . . . . .	27,581,994.31	-6,120,725.12
Investment income from disposal of long-term equity investment. . . . .	4,562,592.03	44,481,194.86
Investment income from disposal of held-for-trading financial assets . . . . .	830,239.73	4,827,762.22
Other . . . . .	-18,459,939.57	17,780,288.76
Total . . . . .	14,514,886.50	60,968,520.72

## 53. Gains (losses) from changes in fair values

Sources of gains (losses) from changes in fair values	Amount for the current period	Amount for the prior period
Held-for-trading financial assets. . . . .	-175,464.22	414,840.18

## 54. Credit impairment losses

Item	Amount for the current period	Amount for the prior period
Credit impairment losses of notes receivable. . . . .	41,147,062.46	-15,429,535.40
Credit impairment losses of accounts receivable . . . . .	-361,015,503.94	-317,559,411.33
Credit impairment reverses (losses) of other receivables . .	-10,660,979.99	2,831,979.09
Credit impairment losses of long-term receivables. . . . .	2,463,092.09	-5,753,859.03
Credit impairment losses of non-current assets due within one year . . . . .	-15,248,502.88	
Total . . . . .	-343,314,832.26	-335,910,826.67

## 55. Impairment losses of assets

Item	Amount for the current period	Amount for the prior period
Losses on inventory devaluation. . . . .	-164,345,112.04	-134,840,176.17
Long-term equity investment impairment loss . . . . .	-33,396,425.15	
Total . . . . .	-197,741,537.19	-134,840,176.17

## 56. Asset disposal income

Item	Amount for the current period	Amount for the prior period	Amount included in current non recurring profit and loss
Income from disposal of fixed assets. . . .	34,432,634.00	5,189,719.48	34,432,634.00

## 57. Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in current non recurring profit and loss
Fines and confiscations . . . . .	13,234,669.29	4,690,532.66	13,234,669.29
Government subsidies . . . . .	41,200.00	50,200.00	41,200.00
Payment unable to be made and other . . .	3,649,629.52	4,985,963.23	3,649,629.52
Total . . . . .	16,925,498.81	9,726,695.89	16,925,498.81

## 58. Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in current non recurring profit and loss
Losses on disposal of non-current assets. .	1,051,596.72		1,051,596.72
Donation expenses . . . . .	6,795,777.00	8,200,727.88	6,795,777.00
Compensation expenditures . . . . .	203,579.39	1,989,302.95	203,579.39
Other . . . . .	201,925.77	700,976.98	201,925.77
Total . . . . .	8,252,878.88	10,891,007.81	8,252,878.88

## 59. Income tax expenses

### (1) Details of Income tax expenses

Item	Amount for the current period	Amount for the prior period
Current income tax expenses . . . . .	48,949,135.09	100,652,927.63
Deferred income tax expenses . . . . .	-78,040,648.38	-81,115,932.76
Total . . . . .	-29,091,513.29	19,536,994.87

### (2) Reconciliation of income tax expenses to the accounting profit

Item	Amount for the current period
Total profit . . . . .	47,834,900.47
Income tax expense calculated based on statutory/applicable tax rate . . . . .	11,958,725.12
Influence of application of different tax rates by subsidiaries. . . . .	10,423,274.19
Impact of non-deductible costs, expenses and losses . . . . .	9,625,694.72
Impact of additional deduction of R&D expenses . . . . .	-92,488,836.33
Impact of using deductible temporary differences or deductible losses for which no deferred income tax assets was recognized for the prior periods. .	31,389,629.01
Income tax expenses . . . . .	-29,091,513.29

## 60. Notes to Consolidated Cash Flow Statement Items

### (1) Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Government subsidies . . . . .	469,699,141.82	359,729,008.25
Receivables and payments and other. . . . .	105,914,783.50	1,565,031.01
Total . . . . .	575,613,925.32	361,294,039.26

### (2) Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
R&D expenses . . . . .	76,375,412.58	107,311,836.70
Office expense . . . . .	84,233,088.83	46,302,119.51
Travelling expenses. . . . .	48,770,248.80	20,875,034.08
Marketing expenses. . . . .	21,249,383.03	15,084,919.26
Agency expenses. . . . .	10,982,179.68	23,406,473.70
Repairing expenses . . . . .	8,387,590.41	13,524,551.78
Bidding expenses . . . . .	1,366,992.84	2,683,300.80
Warranty and after sale expenses . . . . .	7,426,312.28	5,065,167.49
Receivables and payments and other. . . . .	336,457,087.88	32,946,069.80
Total . . . . .	595,248,296.33	267,199,473.12

### (3) Other cash receipts relating to investing activities

Item	Amount for the current period	Amount for the prior period
Loan repayment of related party funds . . . . .		40,000,000.00
Interest income and other . . . . .		40,833,449.84
Cash and cash equivalents by acquiring subsidiaries . . . . .	323,217.73	
Total . . . . .	323,217.73	80,833,449.84

### (4) Other cash payments relating to investing activities

Item	Amount for the current period	Amount for the prior period
Net cash payment for disposal of subsidiaries and other business units. . . . .	1,926,364.40	

### (5) Other cash receipts relating to financing activities

Item	Amount for the current period	Amount for the prior period
Subscription for equity incentive . . . . .	27,622,519.05	
Loans from non-financing institute. . . . .		261,525,000.00
Disposal of repurchased ESOP. . . . .		180,200,682.25
Recovery of guarantees for acceptance bill. . . . .		42,365,020.19
Total . . . . .	27,622,519.05	484,090,702.44

(6) *Other cash payments relating to financing activities*

Item	Amount for the current period	Amount for the prior period
Private placement fee . . . . .	37,756,953.45	
Deposit guarantees for acceptance bill . . . . .	500,944,581.42	
Return void restricted share . . . . .		121,045,849.24
Loans from non-financing institute . . . . .	360,196,959.32	251,938,651.63
The consideration paid for the acquisition of minority shareholders' equity . . . . .	18,500,000.00	
Total . . . . .	917,398,494.19	372,984,500.87

**61. Supplementary Information about Cash Flow Statement**

(1) *Supplementary information about of cash flow statement*

Item	Amount for the current period	Amount for the prior period
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit . . . . .	76,926,413.76	146,903,931.26
Add: Impairment of assets . . . . .	197,741,537.19	134,840,176.17
Provision for credit losses . . . . .	343,314,832.26	335,910,826.67
Fixed assets and right-of-use assets depreciation . . . . .	730,749,734.10	553,355,294.97
Amortization of intangible assets . . . . .	74,183,202.52	46,983,421.41
Long-term deferred expenses amortization . . . . .	4,905,616.37	7,173,322.70
Gains on disposal of fixed assets, intangible assets and other long-term assets . . . . .	-34,432,634.00	-5,189,719.48
Fixed asset scrapping losses . . . . .	1,051,596.72	
Losses (gains) from changes in fair value . . . . .	175,464.22	-414,840.18
Financial expenses . . . . .	381,477,242.68	304,754,590.24
Investment income . . . . .	-14,514,886.50	-60,968,520.72
Decrease in deferred income tax assets . . . . .	-79,159,196.86	-81,165,579.12
Increase in deferred income tax liabilities . . . . .	1,118,548.48	49,646.36
Increase in inventories . . . . .	-1,095,351,782.88	717,565,834.10
Increase in operating receivables . . . . .	-2,370,954,617.99	-1,803,391,029.04
Increase in operating payables . . . . .	3,651,415,268.26	514,497,387.50
Other . . . . .	-810,436,305.21	-125,950,911.42
Net cash flows from operating activities . . . . .	1,058,210,033.12	684,953,831.42
<b>2. Significant investing and financing activities not involving cash receipts and payments</b>		
Conversion of debt into capital . . . . .	213,695,574.96	
Convertible corporate bonds due within 1 year . . . . .		
Fixed assets under financing lease . . . . .		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash . . . . .	9,439,103,239.24	2,437,055,743.03
Less: Opening balance of cash . . . . .	2,437,055,743.03	2,677,963,153.23
Add: Closing balance of cash equivalents . . . . .		
Less: Opening balance of cash equivalents . . . . .		
Net Increase (decrease) in cash and cash equivalents . . . . .	7,002,047,496.21	-240,907,410.20

(2) *Net cash paid for obtaining subsidiaries and other business units during the current year*

Item	Amount
Cash or cash equivalents paid for the business combination in this year . . . .	
Including: Tianjin Hengtian . . . . .	
Less: Cash and cash equivalents held by the Company on the acquisition date . . . . .	323,217.73
Including: Tianjin Hengtian . . . . .	323,217.73
Add: Cash and cash equivalents paid in the current year for business combination occurred in the previous period . . . . .	
Net cash paid for obtaining the subsidiary . . . . .	-323,217.73

(3) *Constituents of cash and cash equivalents*

Item	Closing balance	Opening balance
I. Cash . . . . .	9,439,103,239.24	2,437,055,743.03
Including: Cash on hand. . . . .	198,023.52	214,929.76
Bank deposit for payment at any time . . . . .	9,436,471,886.18	2,436,840,813.27
Other monetary capital for payment at any time . . . . .	2,433,329.54	
II. Cash equivalents . . . . .		
III. Closing balance of cash and cash equivalents . . . . .	9,439,103,239.24	2,437,055,743.03

**62. Assets with Restriction in Ownership or Use Rights**

Item	Book value at the end of the current reporting period	Cause of restriction
Cash and bank balances. . . . .	1,945,947,842.23	Including: RMB1,726,006,162.98 is guaranteed, RMB219,662,040.00 is pledged for financing, RMB279,639.25 is judicially frozen
Held-for-trading financial assets. . . . .	30,578,783.33	Pledged for financing
Receivables for financing . . . . .	381,230,093.18	Pledged for financing
Accounts receivable . . . . .	336,391,761.00	Pledged for financing
Fixed assets . . . . .	1,166,326,274.26	Mortgaged for financing
Intangible assets . . . . .	235,698,177.35	Mortgaged for financing
Fixed assets . . . . .	364,982,106.87	Pledged for financing
Total . . . . .	4,461,155,038.22	/

**63. Monetary Items of Foreign Currencies**

Items	Balance in foreign currency at the end of the reporting period	Exchange rate for conversion	Balance of RMB converted at the end of the reporting period
Cash and bank balances. . . . .			326,421,999.39
Including: USD. . . . .	50,794,682.34	6.3757	323,851,656.19
JPY . . . . .	6,729,114.00	0.0554	372,893.85
EUR. . . . .	146,072.09	7.2197	1,054,596.67
SGD. . . . .	242,237.58	4.7179	1,142,852.68
Accounts receivable . . . . .			411,891,518.00
Including: USD. . . . .	63,044,880.01	6.3757	401,955,241.50
EUR. . . . .	1,376,272.77	7.2197	9,936,276.50
Other receivables . . . . .			268,696.52

Items	Balance in foreign currency at the end of the reporting period	Exchange rate for conversion	Balance of RMB converted at the end of the reporting period
Including: USD. . . . .	42,000.00	6.3757	267,779.40
JPY . . . . .	16,550.00	0.0554	917.12
Short-term borrowings. . . . .			51,005,600.00
Including: USD. . . . .	8,000,000.00	6.3757	51,005,600.00
Other payables . . . . .			9,597,555.08
Including: USD. . . . .	1,503,113.60	6.3757	9,583,401.38
SGD. . . . .	3,000.00	4.7179	14,153.70

#### 64. Government Grants

##### (1) Details of government grants included in profit or reduced related costs in the current period

Item	Category (Related to income/Related to assets)	Amount	Financial Report Items	Amount booked in current profit and loss
USA epidemic relief subsidy . . . . .	Related to income	5,226,239.47	Other Income	5,226,239.47
Nantong Tongzhou District new energy industry transformation support fund. . . . .	Related to income	3,980,000.00	Other Income	3,980,000.00
Subsidies for key R & D plans (major scientific and technological innovation projects) of Shandong Province in 2020 . . . . .	Related to income	2,550,000.00	Other Income	2,550,000.00
Policy support funds for “double recruitment and double introduction” in Jiangshan Town, Laixi City . . . . .	Related to income	9,450,000.00	Other Income	9,450,000.00
Tangshan industrial support fund. . . . .	Related to income	21,315,150.00	Other Income	21,315,150.00
Special award and subsidy fund for industrial development in Hebei Province. . . . .	Related to income	7,000,000.00	Other Income	7,000,000.00
Lujiang scientific research support fund. . . . .	Related to income	44,343,200.00	Other Income	44,343,200.00
Guangxi Supporting fund for scientific and technical innovation . . . .	Related to income	4,000,000.00	Other Income	4,000,000.00
2021 Liuzhou Automobile whole industry chain industry support fund . . .	Related to income	62,450,000.00	Other Income	62,450,000.00
Liuzhou enterprise support fund in 2021. . . . .	Related to income	2,400,000.00	Other Income	2,400,000.00
Subsidy for preliminary work of Liuzhou GuoXuan high tech production base with an annual output of 10gwh power battery . . . . .	Related to income	2,000,000.00	Other Income	2,000,000.00

Item	Category (Related to income/Related to assets)	Amount	Financial Report Items	Amount booked in current profit and loss
Award and subsidy funds for the development of new energy industry in Yichun Economic Development Zone. . . . .	Related to income	73,236,000.00	Other Income	73,236,000.00
Major special subsidy funds for science and technology in Anhui Province in 2021 . . . . .	Related to income	1,000,000.00	Other Income	1,000,000.00
Anhui Industrial Internet policy award and subsidy fund in 2021. . . . .	Related to income	1,000,000.00	Other Income	1,000,000.00
Industrial support fund of GuoXuan battery technology company of Hefei Xinzhan District Trade Development Bureau . . . . .	Related to income	100,000,000.00	Other Income	100,000,000.00
Industrial policy subsidy and financial increment contribution reward of Hefei Xinzhan District . .	Related to income	5,000,000.00	Other Income	5,000,000.00
Anhui Province Industrial intelligent optimization system state allocated funds . . . . .	Related to income	1,500,000.00	Other Income	1,500,000.00
Hefei Xinzhan district “three important and one innovation” innovation platform award and subsidy fund. . . . .	Related to income	3,500,000.00	Other Income	3,500,000.00
Baohe Economic technological Development Area Industrial Assistance Fund . . . . .	Related to income	6,229,776.00	Other Income	6,229,776.00
Tongcheng Economic-technological Development Area Industrial Assistance Fund . . . . .	Related to income	100,000,000.00	Other Income	100,000,000.00
Subtotal of other government grants . . . . .	Related to income	16,343,315.82	Other Income/ Non-operating income	16,343,315.82
Transformed from deferred income. . . . .	Related to assets	85,837,552.92	Other Income	85,837,552.92
Total . . . . .		558,361,234.21		558,361,234.21



(2) Details of government grants included in deferred income

Item	Category (Related to income/Related to assets)	Opening balance	Increase amount	Amount c into profit or loss or offset relevant costs in the current period	Other changes	Closing balance	Amount booked in current profit and loss
Fixed assets investment subsidy .....	Related to assets	6,199,505.38		1,083,489.00		5,116,016.38	Other Income
Industrial revitalization and technological transformation projects .....	Related to assets	4,388,627.63		3,264,313.32		1,124,314.31	Other Income
Special fund for tackling key technologies of lithium ion battery and key systems .....	Related to assets	236,224.90		59,867.52		176,357.38	Other Income
Hefei 2014 provincial strategic emerging industry development guidance fund project .....	Related to assets	6,290,000.11		1,480,000.00		4,810,000.11	Other Income
Xinzhao economic and Trade Development Bureau strengthened the core competitiveness of manufacturing industry in 2016 .....	Related to assets	59,731,182.39		9,940,170.92		49,791,011.47	Other Income
Key special subsidies for “new energy vehicles” of the high technology R&D center of the Ministry of science and technology .....	Related to assets	45,520,550.89		45,520,550.89			Other Income
Subsidy fund for 2016 national intelligent standardization application project of Hefei EITC .....	Related to assets	23,117,016.12		3,852,835.96		19,264,180.16	Other Income

Item	Category (Related to income/Related to assets)	Amount c into profit or loss or offset relevant costs in the current period			Amount booked in current profit and loss
		Opening balance	Increase amount	Other changes	Closing balance
2017 national new energy vehicle key project high safety and high specific energy lithium ion . . . . .	Related to assets	9,005,910.80			396,154.37
Hefei Xinzhan district “three important and one innovation” innovation platform award and subsidy fund in 2017. . . . .	Related to assets	14,795,580.00			12,329,650.00
Xinzhan economic and trade bureau promotes the development of new industrialization and lithium ion power battery production line. . . . .	Related to assets	3,000,000.00			2,500,000.00
Xinzhan economic and trade bureau promotes the automation of new industrialization standardized ternary cell production line. . . . .	Related to assets	6,000,000.00			5,000,000.00
Hefei Industrial Development subsidy fund in the second half of 2018. . . . .	Related to assets	3,000,000.00			2,500,000.00
Key projects of “solid waste recycling” in the national key R & D plan . . . . .	Related to assets	1,952,100.00	1,064,100.00	1,119,600.00	1,896,600.00
Anhui Province will support new projects with “Three Emphases and one innovation” . . . . .	Related to assets	1,135,490.65			998,680.65

Item	Category (Related to income/Related to assets)	Amount c into				Amount booked in current profit and loss
		Opening balance	Increase amount	profit or loss or offset relevant costs in the current period	Other changes	Closing balance
Fixed asset investment subsidies . . . . .	Related to assets	10,088,491.23		519,578.95		9,568,912.28
Received from the financial system of Anhui Provincial Department of science and technology . . . . .	Related to assets	1,000,000.00		666,666.66		333,333.34
Fixed assets support subsidy . . . . .	Related to assets	8,583,333.33		1,000,000.00		7,583,333.33
Subsidies from ECIT . . . . .	Related to assets	3,692,085.00		471,330.00		3,220,755.00
Construction of three major and one innovation projects . . . . .	Related to assets	4,664,104.17		589,150.00		4,074,954.17
Return of supporting infrastructure . . . . .	Related to assets	3,067,445.92		183,131.11		2,884,314.81
Inclusive award and subsidy funds for technical equipment investment of industrial enterprises . . . . .	Related to assets	2,100,000.00		300,000.00		1,800,000.00
Fixed assets support subsidy . . . . .	Related to assets	10,400,000.00		1,200,000.00		9,200,000.00
Special fund for intelligent switchgear . . . . .	Related to assets	6,033,286.98		779,333.30		5,253,953.68
Equipment technical transformation project . . . . .	Related to assets	1,032,213.48		133,333.30		898,880.18
Subsidies for promotion of new energy vehicles . . . . .	Related to assets	2,280,000.00		1,560,000.00		720,000.00
Financial incentive fund . . . . .	Related to assets	8,245,300.00			8,245,300.00	
Return of supporting infrastructure . . . . .	Related to assets	7,670,000.00	2,416,000.00	21,305.56		10,064,694.44
Total . . . . .	Related to assets	253,228,448.98	3,480,100.00	85,837,552.92	9,364,900.00	161,506,096.06

## VI. Changes in Consolidation Scope

### 1. Business combination of enterprises not under the same control

#### (1) Business combination of enterprises not under the same control in the current period

Name of the acquiree	Time of equity acquisition	Equity acquisition cost	Equity acquisition ratio (%)	Equity acquisition method	Date of acquisition	Basis for determining the acquisition date	Income of acquiree from acquisition data to the end of the reporting period	Net profit of acquiree from acquisition data to the end of the reporting period
Tianjin Hengtian.	May 24th, 2021	183,483,033.78	63.50	Debt to equity swap	May 24th, 2021	Obtaining actual control of the purchased party	14,611,863.17	-33,588,898.08

#### (2) Cost of business combination and goodwill

Cost of business combination	Tianjin Hengtian
— Cash . . . . .	
— Fair value of assets other than cash . . . . .	
— Fair value of debts issued or ass . . . . .	
— Fair value of equity securities issued . . . . .	
— Fair value of contingent consideration . . . . .	
— Fair value of equities held before the acquisition date on the acquisition date . . . . .	
— Others . . . . .	183,483,033.78
Total Cost of business combination . . . . .	183,483,033.78
Less: Fair value of identifiable net assets acquired . . . . .	115,986,885.09
Goodwill/difference between the lower combination costs and the fair value of identifiable net assets. . . . .	67,496,148.69

#### (3) Identifiable assets and liabilities of the acquiree on the acquisition date

Item	Tianjin Hengtian	
	Fair value on the date of acquisition	Book value on the date of acquisition
Assets:		
Cash and bank balances. . . . .	323,217.73	323,217.73
Accounts receivable . . . . .	134,412,053.05	134,412,053.05
Prepayments . . . . .	2,498,562.18	2,498,562.18
Other receivables . . . . .	63,809,748.93	63,809,748.93
Inventories . . . . .	18,938,334.10	18,938,334.10
Other current assets. . . . .	12,479,205.05	12,479,205.05
Fixed assets . . . . .	227,000,506.19	222,918,182.28
Intangible assets . . . . .	145,920,457.95	109,981,024.33
Long-term deferred expenses . . . . .	2,344,306.34	2,344,306.34
Liabilities:		
Accounts payable . . . . .	74,779,046.53	74,779,046.53
Other payables . . . . .	24,156,678.37	24,156,678.37
Other current liabilities . . . . .	4,189,088.22	4,189,088.22
Long-term borrowings . . . . .	315,013,166.22	315,013,166.22

Item	Tianjin Hengtian	
	Fair value on the date of acquisition	Book value on the date of acquisition
Long-term payables . . . . .	928,636.60	928,636.60
Deferred tax liabilities . . . . .	6,003,263.63	
Net assets . . . . .	182,656,511.95	148,638,018.05
Less: Minority equity . . . . .	66,669,626.86	54,252,876.59
Net assets acquired . . . . .	115,986,885.09	94,385,141.46

*Note:* On March 31, 2021, the Company signed the Debt-for-equity Swap Agreement with Tianjin Hengtian New Energy Vehicle Research Institute Co., Ltd and Beijing Hengtianxinneng New Energy Vehicle Technology Co., Ltd. The agreement stipulates that the Company will increase the capital of Tianjin Hengtian with its creditor's rights of RMB213,695,574.96 held by Tianjin Hengtian. After the capital increase is completed, the company will hold 63.50% equity of Tianjin Hengtian and become its controlling shareholder. Tianjin Hengtian completed the industrial and commercial modification procedures and the reorganization of the board of directors on May 24, 2021. At the same time, the company and its original sole shareholder Beijing Hengtianxinneng New Energy Vehicle Technology Co., Ltd. have completed the handover procedures of corresponding property rights.

## 2. Disposal of a Subsidiary

### *Loss of control of a subsidiary due to a single disposal of investment in the subsidiary*

Item	Shanghai Gotion Wuyang Shipping Technology Co., Ltd	Hefei Guorui New Energy Automobile Technology Co., Ltd	Hefei Xuanyi Investment Management Co., Ltd
Proceeds from disposal . . . . .	2,200,000.00	13,000,000.00	4,500,000.00
Disposal proportion (%) . . . . .	51.00%	55.00%	100.00%
Method of disposal . . . . .	Sale	Sale	Sale
Time of losing control . . . . .	Nov 17th, 2021	Aug 31th, 2021	Dec 1st, 2021
Basis for establishing the time of losing control . . . . .	Transfer of control	Transfer of control	Transfer of control
The difference between the disposal consideration and the share that corresponding to the disposal of the subsidiary's net assets at the consolidated financial statement level . . . . .	993,848.62	3,467,731.67	101,011.74

#### *Other notes:*

- (1) In September 2021, the subsidiary Hefei Gotion High-tech Power Energy Co., Ltd. signed the equity transfer agreement with Hu Jianjun. Hefei Gotion high-tech power energy Co., Ltd. transferred its 51% equity of Shanghai GuoXuan Wuyang Shipping Technology Co., Ltd. to Hu Jianjun, and the handover procedures of corresponding property rights were completed in November 2021.
- (2) In July 2021, the subsidiary Hefei Gotion High-tech Power Energy Co., Ltd. signed the equity transfer agreement with Anhui ChaoHu Economic Development Zone Chengxin construction investment (Group) Co., Ltd., and the subsidiary Hefei Gotion high-tech power energy Co, Ltd transferred its 55.00% equity of Hefei Guorui New Energy Automobile Technology Co., Ltd. (accounting for 65.00% of the actual capital contribution of each shareholder on the delivery date) to Anhui ChaoHu Economic Development Zone Chengxin construction investment (Group) Co., Ltd., and the handover procedures of corresponding property rights were completed in August 2021.
- (3) In November 2021, the subsidiary Hefei Gotion High-tech Power Energy Co., Ltd. signed the equity transfer agreement with Nanjing Gotion Holding Group Co., Ltd. the subsidiary Hefei Gotion high-tech power energy Co., Ltd. transferred 100.00% of the equity of Hefei Xuanyi Investment Management Co., Ltd. held by it to Nanjing Gotion Holding Group Co., Ltd. and the handover procedures of corresponding property rights were completed in December 2021.

### 3. Changes of Consolidation Scope due to Other Causes

#### (1) The subsidiaries newly established

Company Name	Time of establishment	Registered capital	Amount of contribution
Jiangsu Gotion New Energy Technology Co., Ltd. ....	2021-06-25	1 billion	Gotion High-Tech Co., Ltd. holds 100.00%
Feidong Gotion New Material Co., Ltd. ....	2021-04-30	8 billion	Gotion High-Tech Co., Ltd. holds 100.00%
Hefei Gotion Recycling Technology Co., Ltd. ....	2021-03-09	50 million	Feidong Gotion New Material Co., Ltd holds 100.00%
Hefei Gotion New Material Technology Co., Ltd. ....	2021-03-09	50 million	Feidong Gotion New Material Co., Ltd holds 100.00%
Neimenggu Gotion Zero Carbon Technology Co., Ltd. ....	2021-08-02	1 billion	Feidong Gotion New Material Co., Ltd holds 100.00%
Jiangxi Gotion New Energy Technology Co., Ltd. ....	2021-04-22	5 billion	Gotion High-Tech Co., Ltd. holds 100.00%
Yichun Gotion Battery Co., Ltd. ....	2021-04-23	1 billion	Jiangxi Gotion New Energy Technology Co., Ltd holds 100.00%
Yichun Gotion Lithium Industry Co., Ltd. ....	2021-06-28	2 billion	Jiangxi Gotion New Energy Technology Co., Ltd holds 55.00%, Yichun Xinrui Ronghe investment partnership (limited partnership) holds 35.00%, Yichun Yixuan investment partnership (limited partnership) holds 10%
Fengxin Gotion Lithium Industry Co., Ltd. ....	2021-06-29	50 million	Yichun Gotion Lithium Industry Co., Ltd holds 100.00%
Yifeng Gotion Lithium Industry Co., Ltd. ....	2021-06-29	50 million	Yichun Gotion Lithium Industry Co., Ltd holds 100.00%
Tongcheng Gotion New Energy Technology Co., Ltd. ....	2021-10-15	1 billion	Hefei Gotion High-tech Power Energy CO., Ltd holds 100.00%
Beijing Xuanyi New Energy Technology Co., Ltd. ....	2021-09-02	2 million	Hefei Gotion High-tech Power Energy CO., Ltd holds 100.00%
Hefei Gotion Battery Technology Co., Ltd. ....	2021-07-23	1 billion	Hefei Gotion High-tech Power Energy CO., Ltd holds 95.00%, Jiangsu Gotion New Energy Technology Co., Ltd holds 5.00%
Hefei Gotion Kehong New Energy Technology Co., Ltd. ....	2021-08-19	50 million	Hefei Gotion High-tech Power Energy CO., Ltd holds 90%, Hefei Yaoke equity investment partnership (limited partnership) holds 10%
Yichun Gotion Mining Co., Ltd. ....	2021-04-22	1 billion	Jiangxi Gotion New Energy Technology Co., Ltd holds 51%, Yichun Mining Co., Ltd. holds 49%
Anhui Fumo New Material Technology Co., Ltd. ....	2021-06-28	50 million	Gotion High-Tech Co., Ltd. holds 70%, Hefei Fumo equity investment partnership (limited partnership) holds 20% and Lai Xiaoyan holds 10%

(2) *Absorption and merger*

- ① In August, 2021, Jiangsu Dongyuan Electrical Group Co., Ltd absorbed its subsidiary Nantong Taifu Electric Appliance Manufacturing Co., Ltd, and Nantong Taifu Electric Appliance Manufacturing Co., Ltd finished procedures for cancellation of registration in the same month.
- ② In July, 2021, Nantong Gotion New Energy Technology Co., Ltd absorbed its subsidiary Nantong Dongyuan Electric Power Intelligent Equipment Co., Ltd, and Nantong Dongyuan Electric Power Intelligent Equipment Co., Ltd finished procedures for cancellation of registration in the same month.

## VII. Interest in Other Entities

### 1. *Equity in Subsidiaries*

(1) *Composition of the corporate group*

Name Of Subsidiary	Location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition Method
				Direct	Indirect	
Suzhou Dongyuan Tianli Electric Appliance Co., Ltd. . . . .	Suzhou, Jiangsu	Suzhou, Jiangsu	Industrial production	—	100	Establishment
Nantong Asitong Electric Appliance Manufacturing Co., Ltd. . . . .	Nantong, Jiangsu	Nantong, Jiangsu	Industrial production	—	100	Establishment
Jiangsu Dongyuan Electrical Group Co., Ltd. . . . .	Nantong, Jiangsu	Nantong, Jiangsu	Industrial production	99.82	0.18	Establishment
Nantong Gotion New Energy Technology Co., Ltd. . . . .	Nantong, Jiangsu	Nantong, Jiangsu	Industrial production	—	100	Establishment
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	100	—	Reverse purchase
Anhui Gotion New Energy Vehicle Technology Co., Ltd. . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	100	Reverse purchase
Shanghai Xuanyi New Energy Development Co., Ltd. . . . .	Shanghai	Shanghai	Research and Sale	—	100	Reverse purchase
Nanjing Gotion Battery Co., Ltd. . . . .	Nanjing, Jiangsu	Nanjing, Jiangsu	Industrial production	—	100	Reverse purchase
Hefei Gotion Battery Material Co., Ltd . . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	95.23	Reverse purchase
Shanghai Gotion New Energy Co., Ltd . . . . .	Shanghai	Shanghai	Research	—	100	Establishment
Qingdao Gotion Battery Co., Ltd. . . . .	Qingdao, Shandong	Qingdao, Shandong	Industrial production	—	100	Establishment
Tangshan Gotion Battery Co., Ltd. . . . .	Tangshan, Hebei	Tangshan, Hebei	Industrial production	—	100	Establishment

Name Of Subsidiary	Location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition Method
				Direct	Indirect	
Gotion New Energy (Luijiang) Co., Ltd . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	100	Establishment
Gotion High-tech (USA) Co., Ltd. . . . .	USA	California	Research	—	100	Reverse purchase
Japan Gotion Co., Ltd . . .	Japanese	Ibaraki	Research	—	100	Establishment
Singapore Gotion Co., Ltd. . . . .	Singapore	Singapore	Research	—	100	Establishment
Hefei Gotion Precision Coating Material Co., Ltd. . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	100	Establishment
Shanghai Gotion New Energy (Hefei) Energy Storage Technology Co., Ltd. . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	100	Establishment
Nanjing Gotion New Energy Co., Ltd. . . . .	Nanjing, Jiangsu	Nanjing, Jiangsu	Industrial production	—	100	Establishment
Hefei Gotion Battery Co., Ltd. . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	100	Establishment
Gotion High-tech (Hong Kong) Co., Ltd . . . . .	Hongkong	Hongkong	Research	100	—	Establishment
Nanjing Gotion Battery Research Institute Co., Ltd. . . . .	Nanjing, Jiangsu	Nanjing, Jiangsu	Research	—	100	Establishment
Hefei Jiachi Technology Co., Ltd. . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	88.89	Establishment
Liuzhou Gotion Battery Co., Ltd. . . . .	Liuzhou, Guangxi	Liuzhou, Guangxi	Industrial production		55.96	Establishment
Jiangsu Gotion New Energy Technology Co., Ltd. . . . .	Nanjing, Jiangsu	Nanjing, Jiangsu	Industrial production	100.00		Establishment
Feidong Gotion New Material Co., Ltd . . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	100.00		Establishment
Hefei Gotion Recycling Technology Co., Ltd . . .	Hefei, Anhui	Hefei, Anhui	Service		100.00	Establishment
Hefei Gotion New Material Technology Co., Ltd . . .	Hefei, Anhui	Hefei, Anhui	Research		100.00	Establishment
Neimenggu Gotion Zero Carbon Technology Co., Ltd. . . . .	Wuhai, Neimeng	Wuhai, Neimeng	Industrial production		100.00	Establishment
Jiangxi Gotion New Energy Technology Co., Ltd. . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Industrial production	100.00		Establishment
Yichun Gotion Battery Co., Ltd. . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Industrial production		100.00	Establishment
Yichun Gotion Lithium Industry Co., Ltd . . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Mineral mining		55.00	Establishment
Fengxin Gotion Lithium Industry Co., Ltd . . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Mineral mining		55.00	Establishment
Yifeng Gotion Lithium Industry Co., Ltd . . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Mineral mining		55.00	Establishment



Name Of Subsidiary	Location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition Method
				Direct	Indirect	
Tongcheng Gotion New Energy Co., Ltd. . . . .	Anqing, Anhui	Anqing, Anhui	Industrial production		100.00	Establishment
Yichun Gotion Mining Co., Ltd. . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Mineral mining		51.00	Establishment
Anhui Fumo New Material Technology Co., Ltd . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	70.00		Establishment
Beijing Xuanyi new energy Co., Ltd. . . . .	Fengtai, Beijing	Fengtai, Beijing	Research		100.00	Establishment
Hefei Gotion Battery Technology Co., Ltd . . .	Hefei, Anhui	Hefei, Anhui	Industrial production		100.00	Establishment
Hefei Gotion Kehong New Energy Technology Co., Ltd. . . . .	Hefei, Anhui	Hefei, Anhui	Industrial production		90.00	Establishment
Tianjin Hengtian New Energy Vehicle Research Institute Co., Ltd . . . .	Binhai, Tianjin	Binhai, Tianjin	Industrial production		63.50	Business combination not involving enterprises under common control

(2) Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio by minority shareholders	Profit or loss attributable to minority interests for the current period	Dividends declared for distribution to minority shareholders for the current period	Closing balance of minority interest
Liuzhou Gotion Battery Co., Ltd. . . . .	44.04%	4,759,829.45		426,807,934.62
Hefei Gotion Battery Material Co., Ltd. . . . .	4.77%	-7,742,014.13		117,710,261.53

(3) Key financial information of significant non-wholly owned subsidiaries

Item	Closing balance/Amount for the current period		Opening balance/Amount for the prior period	
	Liuzhou Gotion Battery Co., Ltd	Hefei Gotion Battery Material Co., Ltd	Liuzhou Gotion Battery Co., Ltd	Hefei Gotion Battery Material Co., Ltd
Current Assets . . . . .	1,384,628,272.03	4,201,785,924.76	61,638,313.48	3,760,950,239.84
Non-current Assets . .	1,199,012,453.44	772,171,073.16	71,497,895.56	717,090,947.30
Total Assets . . . . .	2,583,640,725.47	4,973,956,997.92	133,136,209.04	4,478,041,187.14
Current liabilities . . .	1,020,569,739.12	2,072,822,975.43	59,930,070.47	1,317,991,371.78
Non-current liabilities . . . . .	594,000,000.00	435,481,288.12		533,554,112.06
Total liabilities . . . . .	1,614,569,739.12	2,508,304,263.55	68,000,000.00	1,851,545,483.84
Operating income . . .	407,662,060.72	1,611,815,660.76	22,025,396.20	727,985,999.07
Net profit. . . . .	10,807,232.59	-162,170,383.91	5,206,138.57	36,037,763.15
Comprehensive income . . . . .	10,807,232.59	-162,170,383.91	5,206,138.57	36,037,763.15

**2. *Changes in the share of owners' equity in subsidiaries and still controls the transactions of subsidiaries.***

- (1) In April 2021, the subsidiary Jiangsu Dongyuan Electrical Group Co., Ltd. signed the equity transfer agreement on Nantong Aston Electrical Manufacturing Co., Ltd. with Nantong Zisheng Technology Co., Ltd., and Nantong Zisheng Technology Co., Ltd. gave its 31.34% equity of Nantong Aston Electrical Manufacturing Co., Ltd. to Jiangsu Dongyuan Electrical Group Co., Ltd. at the price of RMB18.5 million. After this transfer, Nantong Aston Electric Appliance Manufacturing Co., Ltd. was changed to a wholly-owned subsidiary of Jiangsu Dongyuan Electrical Group Co., Ltd., and the corresponding industrial and commercial change registration procedures were completed on June 30, 2021.
- (2) In October 2021, the subsidiary Hefei Gotion High-tech Power Energy Co., Ltd. signed a capital increase agreement with Guangxi Guangtou Dongcheng Lithium Battery Industry Fund Partnership (Limited Partnership), Guangxi Liuzhou Dongcheng investment and Development Group Co., Ltd. and Liuzhou Gotion Battery Co., Ltd. The registered capital of the company is changed from RMB300 million (RMB200 million contributed by Hefei Gotion High-tech Power Energy Co., Ltd., accounting for 66.67% of the capital contribution; RMB100 million contributed by Guangxi Liuzhou Dongcheng Investment and Development Group Co., Ltd., accounting for 33.33% of the capital contribution) to RMB474.074047 million (among them, Hefei Gotion high-tech power energy Co., Ltd. contributed RMB265,277,778.00, accounting for 55.96% of the capital contribution; Guangxi Guangtou Dongcheng Lithium Industry Fund Partnership (limited partnership) contributed RMB108,796,269.00, accounting for 22.95% of the capital contribution; Guangxi Liuzhou Dongcheng Investment and Development Group Co., Ltd. invested RMB100 million, accounting for 21.09% of the capital contribution). As of the issuance date of this report, Liuzhou Gotion Battery Co., Ltd. has not completed the industrial and commercial modification registration procedures.

**3. *Equity in Joint Ventures or Associates***

Name	Location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting method
				Direct	Indirect	
Hefei Xingyuan New Energy Material Co., Ltd. . . . . .	Luijiang, Anhui	Luijiang, Anhui	Industrial production	—	26.92	Equity method
MCC Ruimu New Energy Technology Co., Ltd . . .	Tangshan, Hebei	Tangshan, Hebei	Industrial production	—	30.00	Equity method
Beijing Fuweisi Oil and Gas Technology Co., Ltd. . . . . .	Beijing	Beijing	Industrial production	—	40.00	Equity method
Anhui Tongguan copper foil Group Co., Ltd. . . .	Hefei, Anhui	Hefei, Anhui	Industrial production	—	3.50	Equity method
Jiangxi Yunwei New Material Co., Ltd . . . . .	Yichun, Jiangxi	Yichun, Jiangxi	Industrial production		22.00	Equity method
Huabei Aluminum New Material Technology Co., Ltd. . . . . .	Baoding, Hebei	Baoding, Hebei	Industrial production		10.00	Equity method

Name	Location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting method
				Direct	Indirect	
Litong Energy Technology Co., Ltd. . . . .	Taiwan	Taiwan	Industrial production	—	20.00	Equity method
Shanghai Gotion Wuyang Shipping Technology Co., Ltd. . . . .	Shanghai	Shanghai	Industrial production		17.23	Equity method
Shanghai Electric GuoXuan New Energy Technology Co., Ltd . . .	Shanghai	Shanghai	Industrial production	45.40		Equity method
Anhui Anwa New Energy Technology Co., Ltd . . .	Wuhu, Anhui	Wuhu, Anhui	Industrial production	7.20		Equity method
Anhui YiJiaNeng Digital Technology Co., Ltd . . .	Hefei, Anhui	Hefei, Anhui	Technology service		16.00	Equity method

## VIII. Risks Associated with Financial Instrument

The Company is exposed to various financial risks in the ordinary course of business, mainly including: credit risk, liquidity risk, market risk, etc. The Company's management is fully responsible for the formulation of risk management objectives and policies, and takes responsibility for risk management objectives and policies. The objective of the Company's risk management is to identify and analysis risk, minimizing the adverse impact of financial risks without excessive influence on the company's competitiveness and resilience.

### 1. Credit risks

Credit risk refers to the risk that one party of the financial instruments fails to perform its obligations and causes the financial losses of the other party. Credit risk mainly related to notes receivables and accounts receivable, in order to control the risk, the Company takes the following measures:

#### (1) Bank deposit

The company's bank deposits are mainly deposited in state-owned holding banks, large and medium-sized listed banks and other commercial banks with high credit. There is no significant credit risk and no significant loss caused by default.

#### (2) Notes receivables and accounts receivables

The Company mainly trades with dealers, according to company credit policy, and adopts the way of delivery after the payments finished. For some group purchase business, it only deals with the reputable group clients, and continuously monitors the balance of notes receivables and accounts receivables, as a result, there is no collateral required, and credit risk management concentrates on the clients. The balance of notes receivables and accounts receivables are small till 31 December 2021. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivables.

(3) *Other receivable*

The other receivables are mainly saving deposits involving infringement dispute, deposits and petty cash, employee business loan and so on. The Company manages other receivables and continuously monitors its balance, to ensure the Company not to face significant bad debt risks.

**2. *Liquidity risk***

Liquidity risk refers to the risk of capital shortage when enterprise performs its obligations related to financial liabilities. The Company uses various financing methods such as bill clearing and bank loan to optimize the financing structure and maintain the balance between financing continuity and flexibility.

**3. *Market risk***

Market risk is the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of market price, and it mainly includes: interest rate risk, foreign exchange risk, etc.

(1) *Interest rate risk*

Interest rate risk refers to the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of interest rate. The Company faces the risk of market interest rate change mainly related to the Company's borrowing limit.

(2) *Foreign exchange risk*

Foreign exchange risk arises from fluctuation in exchange rate, relevant to the assets and liabilities in foreign currency. The less import and export business happened, the lower impact of exchange rate fluctuation on company's operation.

**IX. Fair Value Disclosure**

**1. *The Financial Assets and Financial Liabilities Measured at Fair Value at the end of the Reporting Period***

Item	Closing fair value			
	Level 1	Level 1	Level 1	Total
<b>I. Continuous fair value measurement . . . . .</b>				
(I) Held-for-trading financial assets . . . . .	22,807,009.25		30,578,783.33	53,385,792.58
1. Financial assets at fair value through profit or loss. . . . .	22,807,009.25		30,578,783.33	53,385,792.58
(1) Debt instruments investment . . . . .				
(2) Equity instruments investment . . . . .	22,807,009.25			22,807,009.25
(3) Structured deposit. . .			30,578,783.33	30,578,783.33

Item	Closing fair value			
	Level 1	Level 1	Level 1	Total
2. Financial assets at fair value through profit or loss . . . . .				
(1) Debt instruments investment . . . . .				
(2) Equity instruments investment . . . . .				
(II) Derivative financial assets . . . . .				
(III) Receivables for financing . . . . .			1,148,162,359.10	1,148,162,359.10
(IV) Other debt investment . . . . .			4,462,990.00	4,462,990.00
(V) Other equity instrument investment . . . . .	309,411,751.39		712,055,239.69	1,021,466,991.08
<b>II. Total assets measured continuously at fair value. . . . .</b>	<b>332,218,760.64</b>		<b>1,895,259,372.12</b>	<b>2,227,478,132.76</b>
<b>III. Total liabilities measured continuously at fair value. . . . .</b>				

**2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement**

Item	Fair value	Active market quotation			Source
		Main market	Transaction price	Historical trading volume	
Continuous fair value measurement . . . . .					
Other equity instrument investment: . . . . .					
BAIC Langu New Energy Technology Co., Ltd . . . .	309,411,751.39	A-share market			<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
*STZhongtai . . . . .	22,807,009.25	A-share market			<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Total assets of continuous fair value . . . . .	332,218,760.64				

**3. The Third Level of Fair Value Measurement Item, the Valuation Techniques and Important Parameters Used**

The structured deposit predict future cashflow is according to expected rate of return, the expected rate of return is the unexpected rate of return; Other debt investment, other Equity instrument investment and Receivables for financing are determined according to the best estimate.

## **X. Related Party Relationships and Transactions**

### **1. Information on Parent Company of the Company**

<b>Name</b>	<b>Place of registration</b>	<b>Business nature</b>	<b>Registered capital</b>	<b>Percentage of the Company's equities held by the parent company</b>	<b>Ratio of voting right of the parent company in the Company</b>	<b>Final controller</b>
Nanjing GuoXuan Holding Group Co., Ltd . . . . .	Nanjing, Jiang	Commercial wholesale and retail	19,830,000.00	10.26	10.26	Li Zhen

Li Zhen and Li Chen, who acted in concert, directly held 103,276,150.00 shares and 28,472,398.00 shares of Gotion High-tech respectively, and controlled 170,751,887.00 shares of Gotion High-tech through Nanjing Gotion Holding Group Co., Ltd. Li Zhen and the person acting in concert total control 358,968,072.00 shares of Gotion High-tech, accounting for 18.17% of the total shares of Gotion High-tech. Therefore, Li Zhen is the actual controller of Gotion High-tech.

### **2. The largest shareholder of the Company**

Volkswagen (China) Investment Co., Ltd. directly holds 440,630,983.00 shares of Gotion High-tech, accounting for 26.47% of the total shares of Gotion High-tech. According to the agreement on shareholders' agreement between Volkswagen (China) Investment Co., Ltd. and Zhuhai Gotion Trading Co., Ltd., Li Zhen and Li Chen on Gotion High-tech Co., Ltd. signed on May 28, 2020, Volkswagen China promises that within 36 months from the date when the relevant shares of the company involved in this non-public offering and share transfer are registered in the name of Volkswagen China or within a longer period determined by Volkswagen China itself. It will irrevocably give up the voting rights of some of its shares in the company, so that the voting rights proportion of Volkswagen China is at least 5% lower than that of the founding shareholders (Gotion holdings, Li Zhen and Li Chen, who acted in concert). That is, Volkswagen (China) Investment Co., Ltd. holds 13.17% or less of the voting rights of Gotion High-tech.

### **3. Information on the Subsidiaries of the Company**

For details of the subsidiaries of the Company, see Note (VII)-1.

### **4. Information on the Joint Ventures and Associated Companies of the Company**

For details of the subsidiaries of the Company, see Note (VII)-3.

Joint ventures and associates that had related party transactions with the Company in the current reporting period, or in the prior periods and formed balances are as follows:

Name of the associates or joint ventures	Relationship with the Company
Hefei Xingyuan New Energy Material Co., Ltd . . . . .	The company holds 26.92% of its equity
MCC Ruimu New Energy Technology Co., Ltd . . . . .	The company holds 30.00% of its equity
Shanghai Electric Gotion New Energy Technology Co., Ltd . . . . .	The company holds 45.40% of its equity
Anhui Tongguan Copper Foil Co., Ltd. . . . .	The company holds 3.50% of its equity
Jiangxi Yunwei New Material Co., Ltd . . . . .	The company holds 22.00% of its equity
Huabei aluminum New Material Technology Co., Ltd . . . . .	The company holds 10.00% of its equity
Shanghai Gotion Wuyang Shipping Technology Co., Ltd . . . . .	The company holds 17.23% of its equity
Litong Energy Technology Co., Ltd. . . . .	The company holds 20.00% of its equity
Beijing Fuweisi Oil and Gas Technology Co., Ltd . . . . .	The company holds 40.00% of its equity
Anhui YiJiaNeng Digital Technology Co., Ltd . . . . .	The company holds 18.00% of its equity

## 5. Information on Other Related Parties

Name	Relationship
Nascent Investment LLC . . . . .	Company controlled by the actual controller's son
Gotion Holding Group Co., Ltd . . . . .	Company controlled by actual controller
Hefei Aolai New Energy Vehicle Sales Co., Ltd . . . . .	Company controlled by actual controller
Hefei Qirong International Village Real Estate Development Co., Ltd. . . . .	Company controlled by actual controller
Anhui Minsheng Property Management Co., Ltd . . . . .	Company controlled by actual controller
Anhui Tangchi Film and Television Culture Industry Co., Ltd . . . . .	Company controlled by actual controller
Anhui Gotion New Energy Investment Co., Ltd . . . . .	Company controlled by actual controller
Anhui Guolian Real Estate Co., Ltd . . . . .	Company controlled by actual controller
Anhui Gotion New Energy Investment Co., Ltd . . . . .	Company controlled by GuoXuan Holding Group Co., Ltd
Jiangsu Jiankang Automobile Co., Ltd. . . . .	Anhui GuoXuan New Energy Investment Co., Ltd. shares 11% and appoints directors
Lixin Electric Bus Co., Ltd. . . . .	Company controlled by actual controller
Tunchang Xinhai New Energy Bus Co., Ltd. . .	Company controlled by actual controller
Wenchang Avenue New Energy Bus Co., Ltd. .	Company controlled by actual controller
Huangshan Dadao New Energy Bus Co., Ltd. .	Company controlled by actual controller
Jingde Dadao New Energy Bus Co., Ltd . . . . .	Company controlled by actual controller
Hebei Xinxuan Transportation Co., Ltd . . . . .	Company controlled by actual controller
Anhui Xinda Road Transportation Co., Ltd . .	Company controlled by actual controller
Yingshang Dadao New Energy Bus Co., Ltd . .	Company controlled by actual controller
Taihe Dadao New Energy Bus Co., Ltd. . . . .	Company controlled by actual controller

Name	Relationship
Shanghai Dajiang Network Technology Co., Ltd . . . . .	Company controlled by actual controller
Shanghai Electric Gotion New Energy Technology (Suzhou) Co., Ltd . . . . .	Subsidiary of Shanghai Electric GuoXuan
Anhui Guolian Real Estate Co., Ltd . . . . .	Company controlled by actual controller
Shanghai Electric Gotion New Energy Technology (Nantong) Co., Ltd . . . . .	Subsidiary of Shanghai Electric GuoXuan
Hefei Dongyu Business Management Co., Ltd . . . . .	Company controlled by actual controller
Hefei Gotion Hotel Management Co., Ltd . . . . .	Company controlled by actual controller
Anhui Guoxuanxiang Aluminum Technology Co., Ltd . . . . .	Company controlled by actual controller
Hefei Imperial Palace Decoration Design Engineering Co., Ltd. . . . .	Company controlled by actual controller
Linlixin Dadao Public Transport Co., Ltd . . . . .	Company controlled by actual controller
Wucheng Dadao New Energy Bus Co., Ltd . . . . .	Company controlled by actual controller
Anhui Chiyu New Material Technology Co., Ltd . . . . .	Company controlled by controlling shareholder
Hefei Qianrui Technology Co., Ltd . . . . .	Company controlled by controlling shareholder
Volkswagen (China) Investment Co., Ltd . . . . .	The largest shareholder
Volkswagen Group . . . . .	Controlling shareholder of the largest shareholder
Volkswagen Automatic Transmission (Tianjin) Co., Ltd . . . . .	Subsidiary of Volkswagen Group, Frank Engel serve as director
Enoway (Suzhou) New Energy Technology Co., Ltd . . . . .	Associate of Volkswagen (China) Investment Co., Ltd
Volkswagen FAW Platform Parts Co., Ltd . . . . .	Subsidiary of Volkswagen (China) Investment Co., Ltd, Frank Engel serve as director

## 6. Related Party Transactions

### (1) Purchase of commodities/receiving of services:

Related party	Transaction type	Amount occurred in 2021	Amount occurred in 2020
Anhui Guoxuanxiang Aluminum Technology Co., Ltd . . . . .	Box, tooling and mould, etc	99,360,967.49	6,967,427.87
Anhui Minsheng Property Management Co., Ltd. . . . .	Property services	18,413,685.48	20,526,103.38
Anhui Tangchi Film and Television Culture Industry Co., Ltd . . . . .	Conference accommodation, catering, etc	481,031.13	1,515,370.98
Anhui Tongguan Copper Foil Group Co., Ltd . . . . .	Copper foil	87,575,180.92	28,691,111.96
Beijing Fuweisi Oil and Gas Technology Co., Ltd . . . . .	Slave module, transfer high-voltage box		330,382.31
Shanghai Electric Gotion new Energy Technology (Suzhou) Co., Ltd . . . . .	Power battery system assembly, module and accessories, pole piece, etc	2,800,545.65	16,097,167.18



Related party	Transaction type	Amount occurred in 2021	Amount occurred in 2020
Hefei Tongguan Electronic Copper foil Co., Ltd. ....	Copper foil		3,029,694.87
Hefei Xingyuan New Energy Material Co., Ltd. ....	Diaphragm	79,355,125.40	42,371,009.54
MCC Ruimu New Energy Technology Co., Ltd. ....	Labor	140,731,536.73	14,070.78
Hefei Imperial Palace Decoration Design Engineering Co., Ltd. ....	Construction		3,085,663.72
Hefei Qianrui Technology Co., Ltd. .	Electrolyte	5,332,741.10	
Huabei Aluminum New Material Technology Co., Ltd. ....	Aluminum foil	39,819,204.01	
Shanghai Electric Gotion New Energy technology (Nantong) Co., Ltd. ....	Cell system	53,854,603.85	
Hefei Dongyu Business Management Co., Ltd. ....	Canteen fee	2,728,884.71	
Volkswagen Automatic Transmission (Tianjin) Co., Ltd. ....	Training fee	1,635,629.01	
Hefei Gotion Hotel Management Co., Ltd. ....	Hospitality	18,197.00	
Hebei Xinxuan Transportation Co., Ltd. ....	Labor	22,646.02	
Volkswagen FAW Platform Parts Co., Ltd. ....	Training fee	218,068.50	
Anhui Chiyu New Material Technology Co., Ltd. ....	Mold development fee	3,835,424.78	

Sales of commodities/rendering of services:

Related party	Transaction type	Amount occurred in 2021	Amount occurred in 2020
Beijing Fuweisi Oil and Gas Technology Co., Ltd. ....	Cell	-46,552,348.35	53,233,869.65
Shanghai Electric Gotion New Energy Technology (Suzhou) Co., Ltd. ....	Power battery system, cell system	15,699,823.02	22,214,023.59
Hebei Xinxuan Transportation Co., Ltd. ....	Charging equipment		1,064,637.90
Huangshan Dadao New Energy Bus Co., Ltd. ....	Charging equipment		5,309,734.53
Jiangsu Jiankang Automobile Co., Ltd. ....	Charging equipment	7,985.85	10,368,314.15
Jingde Dadao New Energy Bus Co., Ltd. ....	Charging equipment		1,061,946.90
Lixin Electric Bus Co., Ltd. ....	Charging equipment	7,964,601.80	3,185,840.72
Linlixin Dadao Public Transport Co., Ltd. ....	Charging equipment		1,061,946.90

Related party	Transaction type	Amount occurred in 2021	Amount occurred in 2020
Shanghai Electric Gotion New Energy Technology (Nantong) Co., Ltd. . . . .	Cell, Lithium iron phosphate and other raw materials; Technical service fee	161,846,985.84	38,898,647.51
Shanghai Electric Gotion New Energy Technology Co., Ltd. . . . .	Cell, controlling box	120,712,754.74	124,923,379.53
Taihe Dadao New Energy Bus Co., Ltd. . . . .	Charging equipment		31,858,407.20
Tunchang Xinhai New Energy Bus Co., Ltd. . . . .	Charging equipment	-2,654,867.25	2,654,867.25
Wenchang Dadao New Energy Bus Co., Ltd. . . . .	Charging equipment	-5,309,734.53	5,752,035.41
Yingshang Dadao New Energy Bus Co., Ltd. . . . .	Charging equipment and Switch cabinet	15,040,747.26	29,203,539.93
Wucheng Dadao New Energy Bus Co., Ltd. . . . .	Charging equipment		530,973.45
Volkswagen Automatic Transmission (Tianjin) Co., Ltd. . . . .	Module	1,599,665.04	
Enoway (Suzhou) New Energy Technology Co., Ltd. . . . .	Module	112,179,168.15	
Anhui Guoxuanxiang Aluminum Technology Co., Ltd. . . . .	Battery box	9,356,692.40	
Anhui Gotion New Energy Technology Co., Ltd. . . . .	Switch cabinet	2,362,758.41	
Anhui YiJiaNeng Digital Technology Co., Ltd. . . . .	Mobile charging pile	221,238,938.00	
Shanghai Gotion Wuyang Shipping Technology Co., Ltd. . . . .	Cell	1,108,849.56	

*(2) Information of other transaction*

In November 2021, Hefei Gotion High-tech Power Energy CO., Ltd signed the equity transfer agreement with Nanjing GuoXuan Holding Group Co., Ltd, Hefei Gotion High-tech Power Energy CO., Ltd transferred 100.00% equity of Hefei Xuanyi Investment Management Co., Ltd. (book net assets on disposal date: RMB4,399,000.00) at the price of RMB4.5 million to Nanjing GuoXuan Holding Group Co., Ltd.

(3) *Related lease*

The Company as the lessor

<u>Name of lessor</u>	<u>Category of leased assets</u>	<u>Lease income recognized in the current period</u>	<u>Lease income recognized in the prior period</u>
Nascent Investment. LLC. . . . .	Property	\$516,000.00	\$516,000.00

(4) *Guaranteed by the related party*

Hefei Gotion as the guaranteed:

<u>Guaranteed</u>	<u>Guarantee amount</u>	<u>Start date of guarantee</u>	<u>Maturity date of guarantee</u>	<u>Whether the guarantee obligation has been discharged</u>
Li Zhen . . . . .	260,050,601.58	2019/9/19	2021/1/5	Yes

The Company as the guarantor

<u>Guaranteed</u>	<u>Guarantee amount</u>	<u>Start date of guarantee</u>	<u>Maturity date of guarantee</u>	<u>Whether the guarantee obligation has been discharged</u>
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	95,000,000.00	2017/6/30	2025/6/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/3/24	2025/3/24	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	30,000,000.00	2020/7/1	2025/7/1	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	40,000,000.00	2020/10/14	2025/10/14	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	40,000,000.00	2020/12/30	2025/12/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2021/1/4	2026/1/4	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	94,500,000.00	2021/1/4	2026/1/4	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/2/9	2026/2/9	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	200,000,000.00	2021/3/19	2026/2/9	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	47,500,000.00	2021/6/18	2026/6/18	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2021/6/29	2026/6/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	105,000,000.00	2020/6/9	2026/6/9	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	175,000,000.00	2020/6/16	2026/6/16	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	80,000,000.00	2021/9/29	2027/9/29	No

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	200,000,000.00	2021/5/14	2025/5/14	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/6/22	2025/6/22	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	200,000,000.00	2020/6/30	2025/6/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2020/12/14	2025/12/14	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/7/1	2025/7/1	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/4/14	2024/4/14	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	40,000,000.00	2021/5/31	2024/5/31	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/8/24	2024/8/24	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/11/25	2024/11/25	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	194,000,000.00	2020/9/1	2025/9/1	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	130,000,000.00	2021/12/1	2025/12/1	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	276,000,000.00	2021/4/30	2025/4/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	90,000,000.00	2021/9/29	2025/9/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	14,000,000.00	2021/10/21	2025/10/21	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/4/30	2026/4/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	200,000,000.00	2020/5/8	2026/5/8	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	220,000,000.00	2021/3/26	2027/3/26	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	200,000,000.00	2021/11/29	2029/11/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	90,000,000.00	2020/10/23	2026/10/23	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/12/28	2025/12/28	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	98,000,000.00	2020/11/20	2025/11/20	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/12/15	2027/12/15	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	140,000,000.00	2021/12/30	2027/12/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	200,000,000.00	2021/9/30	2024/9/30	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	300,000,000.00	2021/7/29	2024/7/29	No

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/8/27	2024/8/27	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/9/23	2024/9/23	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/3/31	2024/3/31	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	21,367,150.00	2019/8/28	2024/2/28	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2021/9/29	2025/3/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	187,500,000.00	2021/5/28	2024/11/28	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	5,000,000.00	2021/12/29	2025/6/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	38,000,000.00	2021/8/20	2025/2/20	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	30,000,000.00	2021/9/29	2025/3/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	45,000,000.00	2021/5/17	2025/5/17	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	36,000,000.00	2021/3/19	2025/3/19	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	86,700,000.00	2021/12/27	2025/6/27	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	105,000,000.00	2021/4/19	2025/1/19	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	77,000,000.00	2021/8/24	2025/2/24	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	60,000,000.00	2021/10/26	2025/4/26	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	168,000,000.00	2021/10/9	2024/4/9	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	140,000,000.00	2021/4/26	2024/1/26	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,700,000.00	2021/7/8	2024/1/8	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	8,910,000.00	2021/6/29	2024/6/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	45,000,000.00	2021/11/5	2025/5/5	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	52,990,000.00	2021/11/19	2025/8/19	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2021/6/29	2025/3/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	98,000,000.00	2021/8/27	2025/2/27	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	70,000,000.00	2021/9/23	2024/3/23	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	70,000,000.00	2021/10/15	2024/7/15	No

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	90,000,000.00	2021/9/18	2024/9/18	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	99,995,000.00	2021/9/29	2025/6/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,400,000.00	2021/12/29	2025/6/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,595,000.00	2021/12/29	2025/9/29	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2021/9/27	2025/3/27	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	140,000,000.00	2021/7/28	2025/1/28	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	98,000,000.00	2021/12/21	2025/9/21	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	99,750,000.00	2021/12/22	2025/6/22	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	31,500,000.00	2021/11/12	2024/5/12	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2021/11/12	2024/8/12	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	70,000,000.00	2021/9/3	2024/3/3	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2021/9/9	2024/6/9	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2021/10/28	2024/4/28	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	39,900,000.00	2021/12/13	2025/6/13	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/11/23	2025/11/23	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/11/24	2025/11/24	No
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2021/9/15	2025/9/15	No
Qingdao Gotion Battery Co., Ltd . . .	90,000,000.00	2021/1/8	2025/1/8	No
Qingdao Gotion Battery Co., Ltd . . .	60,000,000.00	2021/2/1	2025/2/1	No
Qingdao Gotion Battery Co., Ltd . . .	150,000,000.00	2021/3/1	2025/3/1	No
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2021/1/27	2024/1/27	No
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2021/2/8	2024/2/8	No
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2021/3/3	2024/3/3	No
Nanjing Gotion Battery Co., Ltd . . .	49,000,000.00	2021/10/30	2025/10/30	No
Nanjing Gotion Battery Co., Ltd . . .	70,000,000.00	2021/11/26	2025/11/26	No
Nanjing Gotion Battery Co., Ltd . . .	50,000,000.00	2021/11/10	2024/11/10	No
Nanjing Gotion Battery Co., Ltd . . .	50,000,000.00	2021/3/30	2024/3/30	No
Nanjing Gotion Battery Co., Ltd . . .	100,000,000.00	2021/12/8	2025/12/8	No
Nanjing Gotion Battery Co., Ltd . . .	49,833,000.00	2021/10/22	2025/7/22	No
Nanjing Gotion New Energy Co., Ltd . . . . .	105,400,000.00	2020/9/2	2028/3/2	No
Nanjing Gotion New Energy Co., Ltd . . . . .	52,700,000.00	2020/9/10	2028/3/10	No
Nanjing Gotion New Energy Co., Ltd . . . . .	47,430,000.00	2020/9/18	2028/3/18	No

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Nanjing Gotion New Energy Co., Ltd . . . . .	42,160,000.00	2020/9/18	2028/3/18	No
Nanjing Gotion New Energy Co., Ltd . . . . .	15,810,000.00	2020/9/7	2028/3/8	No
Nanjing Gotion New Energy Co., Ltd . . . . .	50,000,000.00	2021/12/8	2025/12/8	No
Gotion New Energy (Lujiang) Co., Ltd . . . . .	200,000,000.00	2021/8/13	2025/8/13	No
Gotion New Energy (Lujiang) Co., Ltd . . . . .	240,000,000.00	2021/6/29	2028/6/29	No
Gotion New Energy (Lujiang) Co., Ltd . . . . .	49,985,000.00	2021/11/26	2025/5/26	No
Tangshan Gotion Battery Co., Ltd . . . . .	100,000,000.00	2021/7/27	2025/7/27	No
Tangshan Gotion Battery Co., Ltd . . . . .	50,000,000.00	2021/7/7	2025/7/7	No
Hefei Gotion Battery Co., Ltd. . . . .	250,000,000.00	2020/12/19	2028/12/19	No
Hefei Gotion Battery Co., Ltd. . . . .	93,000,000.00	2021/1/1	2028/12/19	No
Hefei Gotion Battery Co., Ltd. . . . .	97,000,000.00	2020/8/28	2025/8/28	No
Shanghai Xuanyi New Energy Development Co., Ltd . . . . .	563,015,400.00	2019/12/31	2032/12/31	No
Liuzhou Gotion Battery Co., Ltd. . . . .	66,670,000.00	2021/2/1	2024/2/1	No
Liuzhou Gotion Battery Co., Ltd. . . . .	46,666,000.00	2021/6/23	2025/6/23	No
Liuzhou Gotion Battery Co., Ltd. . . . .	100,000,000.00	2021/6/28	2025/6/28	No
Liuzhou Gotion Battery Co., Ltd. . . . .	400,020,000.00	2021/9/14	2030/9/14	No
Liuzhou Gotion Battery Co., Ltd. . . . .	14,307,400.00	2021/11/25	2025/5/25	No
Hefei Gotion Battery Material Co., Ltd . . . . .	124,478,044.00	2020/5/8	2025/11/8	No
Hefei Gotion Battery Material Co., Ltd . . . . .	49,000,000.00	2021/9/28	2024/3/28	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2019/6/25	2021/6/25	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	40,000,000.00	2020/1/3	2021/1/3	No
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	120,000,000.00	2020/1/21	2021/1/21	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/6/24	2021/6/24	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/7/31	2021/7/31	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	48,000,000.00	2020/1/22	2021/1/22	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	80,000,000.00	2020/3/1	2021/3/1	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/3/27	2021/3/27	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/8/7	2021/8/7	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2020/10/12	2021/10/12	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	45,000,000.00	2020/11/10	2021/11/10	Yes

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2021/3/1	2021/12/14	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	90,000,000.00	2020/9/11	2021/9/11	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	130,000,000.00	2020/12/1	2021/12/1	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/9/30	2021/9/30	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/7/10	2021/7/10	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,000,000.00	2020/8/25	2021/8/25	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	46,000,000.00	2019/11/14	2021/11/14	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	30,000,000.00	2021/3/26	2021/9/26	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	38,000,000.00	2021/2/2	2021/8/2	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	25,000,000.00	2021/3/25	2021/9/25	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	5,000,000.00	2021/3/30	2021/9/30	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	12,000,000.00	2021/6/29	2021/12/29	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	36,000,000.00	2020/7/15	2021/7/15	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	70,000,000.00	2021/3/25	2021/12/25	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2020/11/5	2021/8/5	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2020/12/17	2021/8/17	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	161,000,000.00	2021/1/22	2021/10/22	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	45,000,000.00	2021/2/3	2021/11/3	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2021/5/24	2021/11/24	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	70,000,000.00	2020/12/9	2021/12/9	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	70,000,000.00	2021/1/7	2021/10/7	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2020/12/24	2021/12/24	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	98,000,000.00	2021/1/29	2021/10/29	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	98,000,000.00	2021/6/24	2021/12/24	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	80,500,000.00	2021/5/17	2021/11/17	Yes



Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	75,000,000.00	2021/2/8	2021/8/8	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	28,000,000.00	2021/3/30	2021/12/30	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2020/6/23	2021/6/23	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	112,500,000.00	2020/6/11	2021/6/11	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	75,000,000.00	2020/7/27	2021/7/27	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	36,410,000.00	2020/9/8	2021/3/8	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	18,000,000.00	2020/3/20	2021/3/20	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	27,000,000.00	2020/10/30	2021/4/30	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	36,000,000.00	2020/7/15	2021/7/15	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	105,000,000.00	2020/4/3	2021/4/3	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	105,000,000.00	2020/5/14	2021/5/14	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2020/11/5	2021/11/5	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2020/12/17	2021/12/17	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	50,000,000.00	2020/9/24	2021/3/24	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	25,000,000.00	2020/9/28	2021/3/28	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	56,000,000.00	2020/3/31	2021/3/31	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	89,600,000.00	2020/4/3	2021/4/3	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	100,100,000.00	2020/4/13	2021/4/13	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	8,910,000.00	2020/6/24	2021/6/24	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	52,500,000.00	2020/10/28	2021/10/28	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2020/8/21	2021/8/21	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	49,000,000.00	2020/9/25	2021/9/25	Yes
Hefei Gotion High-tech Power Energy CO., Ltd . . . . .	87,500,000.00	2020/7/17	2021/7/17	Yes
Qingdao Gotion Battery Co., Ltd . . .	90,000,000.00	2020/1/6	2021/1/6	Yes
Qingdao Gotion Battery Co., Ltd . . .	150,000,000.00	2020/3/24	2021/3/24	Yes
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2020/3/6	2021/3/6	Yes
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2020/3/10	2021/3/10	Yes
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2020/3/18	2021/3/18	Yes

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2017/1/3	2021/12/31	Yes
Qingdao Gotion Battery Co., Ltd . . .	100,000,000.00	2020/9/11	2021/9/11	Yes
Nanjing Gotion Battery Co., Ltd . . . .	49,000,000.00	2020/10/30	2021/10/30	Yes
Nanjing Gotion Battery Co., Ltd . . . .	50,000,000.00	2021/1/1	2021/11/8	Yes
Nanjing Gotion Battery Co., Ltd . . . .	100,000,000.00	2021/1/1	2021/12/8	Yes
Nanjing Gotion Battery Co., Ltd . . . .	49,000,000.00	2021/4/15	2021/10/15	Yes
Tangshan Gotion Battery Co., Ltd . . .	150,000,000.00	2021/1/24	2021/7/27	Yes
Gotion New Energy (Lujiang) Co., Ltd . . . . .	100,000,000.00	2020/7/30	2021/7/30	Yes
Liuzhou Gotion Battery Co., Ltd . . .	34,620,000.00	2020/10/29	2021/10/29	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	29,000,000.00	2021/4/1	2024/4/1	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	30,000,000.00	2021/7/21	2024/7/21	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	30,000,000.00	2021/7/31	2024/7/31	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	10,000,000.00	2021/8/19	2024/8/19	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2021/8/20	2024/8/20	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2021/8/24	2024/8/24	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2021/6/9	2022/6/8	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2021/9/9	2023/6/9	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2021/10/22	2023/7/22	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	31,000,000.00	2021/12/23	2022/12/23	No
Nantong Gotion New Energy Technology Co., Ltd . . . . .	40,000,000.00	2021/6/30	2024/6/30	No
Nantong Gotion New Energy Technology Co., Ltd . . . . .	10,000,000.00	2021/7/27	2024/7/27	No
Nantong Asitong Electric Appliance Manufacturing Co., Ltd . . . . .	29,000,000.00	2021/6/11	2025/6/11	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	14,000,000.00	2020/2/12	2021/2/12	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	31,000,000.00	2021/1/21	2022/1/21	No
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	60,000,000.00	2020/2/24	2021/2/24	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	30,000,000.00	2020/3/17	2021/3/17	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	10,000,000.00	2020/7/10	2021/7/10	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	40,000,000.00	2020/9/25	2021/3/25	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2020/6/10	2021/6/9	Yes

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	10,000,000.00	2020/8/31	2021/8/27	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2020/9/4	2021/9/1	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2020/10/29	2021/10/28	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	30,000,000.00	2020/12/25	2021/12/24	Yes
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	20,000,000.00	2021/1/1	2021/12/29	Yes
Nantong Taifu Electric Appliance Manufacturing Co., Ltd . . . . .	15,000,000.00	2020/6/17	2021/6/17	Yes
Nantong Gotion New Energy Technology Co., Ltd . . . . .	20,000,000.00	2020/6/29	2021/6/27	Yes
Nantong Gotion New Energy Technology Co., Ltd . . . . .	10,000,000.00	2020/8/3	2021/7/28	Yes
Nantong Asitong Electric Appliance Manufacturing Co., Ltd . . . . .	29,000,000.00	2020/6/18	2021/6/11	Yes

Hefei Gotion High-tech Power Energy CO., Ltd guarantee for other subsidiary

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
Nanjing Gotion Battery Co., Ltd . . . .	20,000,000.00	2021/3/1	2025/3/1	No
Nanjing Gotion Battery Co., Ltd . . . .	30,000,000.00	2021/4/20	2025/4/20	No
Nanjing Gotion Battery Co., Ltd . . . .	50,000,000.00	2021/6/30	2025/6/30	No
Nanjing Gotion Battery Co., Ltd . . . .	20,000,000.00	2020/3/22	2021/3/22	Yes
Nanjing Gotion Battery Co., Ltd . . . .	30,000,000.00	2020/6/1	2021/6/1	Yes

Guaranteed by the related party

Guaranteed	Guarantee amount	Start date of guarantee	Maturity date of guarantee	Whether the guarantee obligation has been discharged
MCC Ruimu New Energy Technology Co., Ltd . . . . .	300,000,000.00	2019/1/31	2025/1/31	No
Shanghai Electric GuoXuan New Energy Technology Co., Ltd . . . . .	91,140,000.00	2018/11/22	2026/11/22	No
Shanghai Electric GuoXuan New Energy Technology Co., Ltd . . . . .	294,000,000.00	2020/5/9	2030/5/9	No

(5) Compensation for key managers

Item	Amount occurred in 2021	Amount occurred in 2020
Compensation for key managers. . . . .	11,857,400.00	10,625,000.00

## 7. Receivables from and payables to related parties

### (1) Receivables from related parties

Item	Related Party	Closing balance		Opening balance	
		Carrying balance	Credit loss provision	Carrying balance	Credit loss provision
Accounts receivable . .	Shanghai Electric Gotion New Energy Technology (Suzhou) Co., Ltd	23,015,035.90	1,891,774.69	9,507,326.72	475,366.34
Accounts receivable . .	Beijing Fuweisi Oil and Gas Technology Co., Ltd			57,052,033.63	2,852,601.68
Accounts receivable . .	Hebei Xinxuan Transportation Co., Ltd	1,200,000.00	120,000.00	1,200,000.00	60,000.00
Accounts receivable . .	Huangshan Dadao New Energy Bus Co., Ltd	6,280,000.00	740,000.00	6,280,000.00	384,000.00
Accounts receivable . .	Jiangsu Jiankang Automobile Co., Ltd	247,634,490.02	127,249,797.73	247,634,490.02	43,876,939.05
Accounts receivable . .	Jingde Dadao New Energy Bus Co., Ltd	1,582,500.00	234,750.00	1,582,500.00	98,250.00
Accounts receivable . .	Lixin Electric Bus Co., Ltd	12,600,000.00	810,000.00	3,600,000.00	180,000.00
Accounts receivable . .	Linlixin Dadao Public Transport Co., Ltd	1,200,000.00	120,000.00	1,200,000.00	60,000.00
Accounts receivable . .	Shanghai Electric Gotion New Energy technology (Nantong) Co., Ltd			42,600,398.26	2,191,039.83
Accounts receivable . .	Shanghai Electric Gotion New Energy Technology Co., Ltd	257,108,857.61	17,521,863.09	181,801,383.18	11,806,544.84
Accounts receivable . .	Taihe Dadao New Energy Bus Co., Ltd	16,300,000.00	1,840,000.00	36,300,000.00	1,950,000.00
Accounts receivable . .	Tunchang Xinhai New Energy Bus Co., Ltd	140,122.00	70,061.00	3,140,122.00	192,036.60
Accounts receivable . .	Wenchang Avenue New Energy Bus Co., Ltd	49,980.00	4,998.00	6,049,980.00	302,499.00
Accounts receivable . .	Wucheng Dadao New Energy Bus Co., Ltd	600,000.00	60,000.00	600,000.00	30,000.00
Accounts receivable . .	Yingshang Dadao New Energy Bus Co., Ltd	33,420,000.00	3,636,000.00	16,423,955.60	1,010,197.78
Accounts receivable . .	Volkswagen Automatic Transmission (Tianjin) Co., Ltd	1,727,682.18	86,384.11		
Accounts receivable . .	Enoway (Suzhou) New Energy Technology Co., Ltd	41,435,524.00	2,071,776.20	13,948,536.00	697,426.80
Accounts receivable . .	Shanghai Wuyang Shipping Technology Co., Ltd	1,607,992.00	98,149.20		
Accounts receivable . .	Litong Energy Technology Co., Ltd	12,367,395.38	1,297,066.61	15,357,614.16	1,590,844.25
Accounts receivable . .	Anhui YiJiaNeng Digital Technology Co., Ltd	200,000,000.00	10,000,000.00		
Prepayments . .	Hefei Tongguan Gotion Copper Material Co., Ltd			768.92	
Prepayments . .	MCC Ruimu New Energy Technology Co., Ltd			33.00	

Item	Related Party	Closing balance		Opening balance	
		Carrying balance	Credit loss provision	Carrying balance	Credit loss provision
Prepayments . .	Company controlled by actual controller			40,937.00	
Prepayments . .	Beijing Fuweisi Oil and Gas Technology Co., Ltd			424,000.00	
Other receivables . .	Hefei Aolai New Energy Vehicle Sales Co., Ltd			171,491.27	52,236.98
Other receivables . .	Nanjing Gotion Holding Group Co., Ltd	1,800,000.00	90,000.00		
Other receivables . .	Beijing Fuweisi Oil and Gas Technology Co., Ltd	4,447,880.00	4,447,880.00		
Other receivables . .	Shanghai Electric Gotion New Energy Technology Co., Ltd	72,520.00	7,252.00	72,520.00	3,626.00
Total . . . . .	/	864,589,979.09	172,397,752.63	645,343,081.76	67,831,358.75

(2) *Payables to related parties*

Item	Related Party	Closing balance	Opening balance
Account payables . .	Anhui Minsheng Property Management Co., Ltd		1,591,838.85
Account payables . .	Anhui Tongguan Copper Foil Group Co., Ltd	31,533,174.28	13,936,526.05
Account payables . .	Beijing Fuweisi Oil and Gas Technology Co., Ltd	23,332.00	123,332.00
Account payables . .	Shanghai Electric Gotion New Energy Technology (Suzhou) Co., Ltd		38,866,587.62
Account payables . .	Hefei Xingyuan New Energy Material Co., Ltd	38,742,567.92	31,548,536.26
Account payables . .	Shanghai Dajiang Network Technology Co., Ltd	808,000.00	8,000.00
Account payables . .	Anhui Guoxuanxiang Aluminum Technology Co., Ltd	31,026,560.69	
Account payables . .	Huabei Aluminum New Material Technology Co., Ltd	14,289,887.61	
Account payables . .	MCC Ruimu New Energy Technology Co., Ltd	58,465,632.24	
Account payables . .	Shanghai Electric Gotion New Energy Technology (Nantong) Co., Ltd	13,025,629.20	
Account payables . .	Anhui Chiyu New Material Technology Co., Ltd	4,334,030.00	
Account payables . .	Hefei Qianrui Technology Co., Ltd	5,516,000.00	
Receipts in advance . . . . .	Beijing Gotion Fuweisi Optical Storage and Charging Technology Co., Ltd		543,506.39
Receipts in advance . . . . .	Shanghai Electric Gotion New Energy Technology (Suzhou) Co., Ltd		604,275.80
Receipts in advance . . . . .	Jiangsu Jiankang Automobile Co., Ltd	1,216.00	
Receipts in advance . . . . .	Anhui Gotion New Energy Investment Co., Ltd	693,800.00	
Other payables . . . .	Anhui Gotion New Energy Investment Co., Ltd	859,026.00	859,026.00

Item	Related Party	Closing balance	Opening balance
Other payables . . . .	Anhui Minsheng Property Management Co., Ltd	1,236,758.00	2,367,255.52
Other payables . . . .	Anhui Tangchi Film and Television Culture Industry Co., Ltd	13,062.00	13,062.00
Other payables . . . .	Hebei Xinxuan Transportation Co., Ltd		220,000.00
Other payables . . . .	Hefei Dongyu Business Management Co., Ltd	3,880,029.72	
Total . . . . .		204,448,705.66	90,681,946.49

## XI. Share-based payment

### 1. Overview of Share-based Payments

Item	Amount in current period
Total of equity instruments granted (share dividend) during the current reporting period . . . . .	29,880.00 per share
Total of equity instruments vested during the current reporting period . . . . .	
Total of equity instruments forfeited during the current reporting period. . . . .	
The exercise price (ex-rights) of the outstanding Share-based payments of the Company at the end of the reporting period and the remaining period of the contract . . . . .	RMB39.30, 10-33 months

### 2. Information of the Share-based Payment through Equity Settlements

Item	Amount in current period
Method of determine the fair value of equity instruments at the grant date. . . . .	Black-Scholes Model
Recognition basis of the number of the equity instruments qualified for vesting. . . . .	Determined based on the results estimation of each vesting period
Reasons of the significant difference between the estimates of the current reporting period with that of the prior year . . . . .	None
Accumulative amount of share-based payment through equity settlement and further included in the capital reserve. . . . .	RMB64,004,535.98
Total amount of the expenses recognized according to share-based payment through equity settlement in the current reporting period . . . . .	RMB64,708,782.32

According to the proposal on the company's 2021 stock option incentive plan (Draft) and its summary deliberated and adopted at the third extraordinary general meeting of the company in 2021 and the resolution of the 13th meeting of the eighth board of directors, a total of 29.98 million stock options were granted to 1063 incentive objects such as Wang Qiang, Hou Fei and Meng Linghui, and October 28, 2021 was determined as the grant date. The price of a share issued by the company to the incentive object is 39.0 yuan, and the source of the incentive share is 30.0 yuan. Within the exercisable right, if the exercise conditions specified in the plan are met, and the incentive object meets the exercise conditions after one year from the date of grant of the stock option first granted by the plan, it can be unlocked year by year in batches at the proportion of 40%: 30%: 30% per year during the exercise period.

## **XII. Commitments and Contingencies**

### **1. Significant Commitments**

- (1) In August 2013, Hefei Gotion transferred all 80% of the equity held by it in Shanghai Huayue. After the equity transfer, the business scope of Shanghai Huayue was changed. In order to divest the original battery business of Shanghai Huayue, according to the equity transfer agreement, Hefei Gotion committed to repurchase the 10 battery packs held by Shanghai Huayue at a price of RMB10 million (tax included). As the 10 battery packs have been leased to Shanghai Songjiang Bus Co., Ltd for a term of 8 years, the rights and obligations under the lease agreement will be succeeded by Hefei Gotion after the battery packs are repurchased.
- (2) In October 2015, Hefei Urban Construction Investment Holding Co., Ltd invested RMB500 million in Lujiang Gotion for the construction of Lujiang Gotion 10000 ton phosphate cathode material production base. The investment period is 10 years, and the average annual return on investment within the investment period is 1.29%. At the end of the investment period, Lujiang Gotion shall repurchase the equity according to the agreed repurchase plan. As of December 31, 2020, the balance of the said repurchase obligations of Lujiang Gotion is RMB410.7 million.
- (3) In February 2016, Hefei Urban Construction Investment Holding Co., Ltd invested RMB179.10 million in Hefei Gotion for the construction of Hefei Gotion 600 million Ah lithium battery project production base. The investment period is 11 years, and the average annual return on investment within the investment period is 1.29%. At the end of the investment period, Hefei Gotion shall repurchase the equity according to the agreed repurchase plan. As of December 31, 2020, the balance of the said repurchase obligations of Hefei Gotion is RMB179.10 million.

Apart from the above items, as at December 31, 2021, the Company has no other major matters required to be disclosed.

### **2. Contingencies**

The Company has no significant contingencies to be disclosed at December 31, 2021

## **XIII. Events after the Balance Sheet Date**

### **1. Profit Distribution**

Pursuant to the proposal of the 16th meeting of the 8th session of the Board of Directors on April 27th 2022, the Company proposed to distribute cash dividend of RMB1 (tax inclusive) per each 10 shares to all shareholders, the total cash dividend amount is RMB166,470,783.50 (tax inclusive). The above dividend distribution plan is still subject to the approval of the general meeting of shareholders.

## 2. *Business combination not under the common control*

During the reporting period, the subsidiary Jiangxi Gotion New Energy Technology Co., Ltd. signed an agreement with Yichun Kefeng New Material Co., Ltd. and its controlling shareholders Pingxiang Sanxin Investment Control Co., Ltd. and Lu Wenjun (the actual controller of Pingxiang Sanxin Investment Control Co., Ltd.). Jiangxi Gotion New Energy Technology Co., Ltd. plans to increase the capital of Yichun Kefeng New Material Co., Ltd. with monetary capital of RMB600 million. After the capital increase is completed, Jiangxi Gotion New Energy Technology Co., Ltd. holds 78.67% of the equity of Yichun Kefeng new materials Co., Ltd. As of the disclosure date of this report, RMB184 million of consideration has been paid.

## XIV. Other Significant Events

By the end of 31 December 2021, there were no other significant events needed to be disclosed.

## XV. Notes to Major Items of Financial Statements of the Parent Company (all currency unit is RMB, except other statements)

### 1. *Accounts receivable*

#### (1) *Disclosure by aging*

<u>Aging</u>	<u>Closing balance</u>	<u>Opening balance</u>
Within 1 year . . . . .		175,770.00
1~2 year . . . . .	16,370.00	
2~3 year . . . . .		1,052,448.11
3~4 year . . . . .		775,309.95
4~5 year . . . . .	600,000.00	273,667.33
Over 5 years . . . . .	28,684.55	
Total . . . . .	645,054.55	2,277,195.39

#### (2) *Disclosure by credit loss provision by methods*

Category	Closing balance				Book value
	Carrying amount		Credit loss provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Provision for credit loss on a single basis . . . . .					
Provision for credit loss by portfolios . . . . .	645,054.55	100.00	510,321.55	79.11	134,733.00
Including: portfolio 1 . . . . .	645,054.55	100.00	510,321.55	79.11	134,733.00
Portfolio 2 . . . . .					
Total . . . . .	645,054.55	100.00	510,321.55	79.11	134,733.00



Category	Opening balance				Book value
	Carrying amount		Credit loss provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Provision for credit loss on a single basis . . . . .					
Provision for credit loss by portfolios . . . . .	2,277,195.39	100.00	931,111.77	40.89	1,346,083.62
Including: portfolio 1 . . . . .	2,277,195.39	100.00	931,111.77	40.89	1,346,083.62
Portfolio 2 . . . . .					
Total . . . . .	2,277,195.39	100.00	931,111.77	40.89	1,346,083.62

Provision for credit loss by portfolios

Item	Closing balance		
	Accounting receivable	Credit loss provision	Proportion (%)
Portfolio 1 . . . . .	645,054.55	510,321.55	79.11
Portfolio 2 . . . . .			
Total . . . . .	645,054.55	510,321.55	79.11

The credit risk and expected credit losses of accounts receivable from portfolio 1 are as follows:

Overdue aging	Closing balance			Opening balance		
	Carrying amount	Credit loss provision	Proportion (%)	Carrying amount	Credit loss provision	Proportion (%)
Not overdue . . . . .			5.00	175,770.00	8,788.50	5.00
Overdue within 1 year . .	16,370.00	1,637.00	10.00			10.00
Overdue 1~2 year . . . . .			30.00	1,052,448.11	315,734.43	30.00
Overdue 2~3 year . . . . .			50.00	775,309.95	387,654.98	50.00
Overdue 3~4 year . . . . .	600,000.00	480,000.00	80.00	273,667.33	218,933.86	80.00
Overdue over 4 years . . .	28,684.55	28,684.55	100.00			100.00
Total . . . . .	645,054.55	510,321.55	79.11	2,277,195.39	931,111.77	40.89

(3) Credit loss provision

Category	Opening balance	Changes in current period			Closing balance
		Provision	Recovered or reversed	Write off	
Provision for bad debt of account receivables. . . .	931,111.77		420,790.22		510,321.55

(4) Main debtors based on corresponding closing balance of accounts receivable

Debtor	Closing balance	Proportion of total closing balance of accounts receivable	Closing balance for credit loss provision
Customer 1 . . . . .	600,000.00	93.02	480,000.00
Customer 2 . . . . .	28,684.55	4.45	28,684.55
Customer 3 . . . . .	16,370.00	2.54	1,637.00
Total . . . . .	645,054.55	100.00	510,321.55

- (5) *There is no accounts receivable derecognized due to transfer of financial assets at the end of the reporting period*
- (6) *There is no amount of assets and liabilities arising from transfer of accounts receivable under continuing involvement at the end of the reporting period*

## 2. *Other receivables*

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
Interest receivable . . . . .		
Dividends receivable . . . . .	326,769,081.20	106,769,081.20
Other receivables . . . . .	285,522,902.83	716,444,183.67
Total . . . . .	612,291,984.03	823,213,264.87

### (1) *Dividends receivable*

<u>Investee</u>	<u>Closing balance</u>	<u>Opening balance</u>
Hefei Gotion High-tech Power Energy Co., Ltd . . . . .	326,769,081.20	106,769,081.20

### (2) *Other receivables*

#### ① Disclosure by aging

<u>Aging</u>	<u>Closing Balance</u>	<u>Opening Balance</u>
Within 1 year . . . . .	285,242,133.15	713,925,892.68
1~2 year . . . . .	34,155.00	2,397,176.04
2~3 year . . . . .		500,000.00
3~4 year . . . . .	500,000.00	27,270.00
4~5 year . . . . .	23,164.00	
Over 5 years . . . . .		
Total . . . . .	285,799,452.15	716,850,338.72

#### ② Disclosure by nature

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
Receivables and payables . . . . .	285,150,080.75	713,869,843.68
Guarantee deposits . . . . .	593,371.40	583,679.00
Other . . . . .	56,000.00	2,396,816.04
Total . . . . .	285,799,452.15	716,850,338.72
Less: Credit loss provision . . . . .	276,549.32	406,155.05
Net value . . . . .	285,522,902.83	716,444,183.67

③ Changes in credit loss provisions for other receivables

Bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for lifetime (No credit loss occurred)	Expected credit loss for lifetime (Credit loss occurred)	
Balance as at 1 January 2021..	406,155.05			406,155.05
The book balance of other receivables on January 1st 2021 in the current reporting period . . . . .				
—Transfer into stage 2 . . . . .				
—Transfer into stage 3 . . . . .				
—Transfer back to stage 2 . . . .				
—Transfer back to stage 1 . . . .				
Current provision . . . . .				
Current recovery . . . . .	129,605.73			129,605.73
Current write-off . . . . .				
Other increase . . . . .				
Balance as at December 31, 2021 . . . . .	276,549.32			276,549.32

④ Provision for credit loss

Category	Opening balance	Changes in current period			Closing balance
		Provision	Recovered or reversed	Write off	
Provision for bad debt of other receivables . . . . .	406,155.05		129,605.73		276,549.32

⑤ The actual write-off of other receivables during the current reporting period is nil

⑥ Top five debtors based on corresponding closing balance of other receivables

Entity	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
The first . . . . .	Receivables and payables	186,640,000.00	Within 1 year	65.30	
The second . . .	Receivables and payables	35,694,228.62	Within 1 year	12.49	
The third . . . . .	Receivables and payables	25,630,118.13	Within 1 year	8.97	
The fourth . . . .	Receivables and payables	22,776,350.11	Within 1 year	7.97	
The fifth . . . . .	Receivables and payables	14,409,383.89	Within 1 year	5.04	
Total . . . . .	/	285,150,080.75	/	99.77	

- ⑦ There is no other receivables relevant to government grants
- ⑧ There is no other receivable derecognized due to transfer of financial assets
- ⑨ There is no amount of assets and liabilities arising from transfer of other receivables under continuing involvement

### 3. Long-term equity investment

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investment in subsidiaries . . .	10,167,444,596.16		10,167,444,596.16	9,784,759,596.16		9,784,759,596.16
Investment in joint ventures and associates . . . .	285,988,765.74		285,988,765.74	199,353,463.48		199,353,463.48
Total . . . . .	10,453,433,361.90		10,453,433,361.90	9,984,113,059.64		9,984,113,059.64

#### (1) Investment in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of provision for impairment
Hefei Gotion High-tech Power Energy Co., Ltd . . . . .	8,975,718,715.05			8,975,718,715.05		
Jiangsu Dongyuan Electrical Group Co., Ltd . . . . .	809,040,881.11			809,040,881.11		
Jiangxi Gotion New Energy Scientific Co., Ltd . . . . .		266,685,000.00		266,685,000.00		
Jiangsu Gotion New Energy Scientific Co., Ltd . . . . .		100,000,000.00		100,000,000.00		
Feidong Gotion New Materials Co., Ltd . .		16,000,000.00		16,000,000.00		
Total . . . . .	9,784,759,596.16	382,685,000.00		10,167,444,596.16		

(2) *Investment in joint ventures and associates*

Investee	Changes in the current period							Closing balance of provisions for bad debts
	Opening balance	Additional investment	Decreased investment	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Declared cash dividends or profit	
Associates: . . . . .								
Shanghai Electric Gotion New Energy Technology Co., Ltd . . . . .	199,353,463.48			21,691,939.72				221,045,403.20
Anhui Anwa New Energy Technology Co., Ltd . . . . .		65,000,000.00		-56,637.46				64,943,362.54
Total . . . . .	199,353,463.48	65,000,000.00		21,635,302.26				285,988,765.74

#### 4. Operating revenue and cost

##### (1) Operating revenue and cost

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Primary business . . . . .	1,069,514.05	1,069,514.04	2,860,063.43	2,860,063.44

##### (2) Primary business (product)

Category	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Transmission and Distribution Products . . . . .	1,069,514.05	1,069,514.04	2,860,063.43	2,860,063.44

#### 5. Investment income

Item	Amount for the current period	Amount for the prior period
Investment income from long-term equity investments under the cost method . . . . .	220,000,000.00	
Investment income from long-term equity investments under the equity method . . . . .	21,635,302.26	1,617,130.18
Total . . . . .	241,635,302.26	

### XVI. Supplementary information

#### 1. Detailed statement of non-recurring profits and losses

Item	Amount	Notes
Profit or loss from disposal of non- current assets . . . . .	33,381,037.28	
The government subsidies included in the current profits and losses (excluding the government subsidy closely related to regular course of business of the Company and government subsidy based on standard quota or quantitative continuous enjoyment according to the state industrial policy) . . . . .	558,402,434.21	
In addition to the effective hedging business related to the company's normal business operations, changes in fair value from holding financial assets held for trading, derivative financial assets, financial liabilities held for trading, fair value changes, and investment income from disposal of financial assets held for trading and derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments . . . . .	654,775.51	
Other non-operating income and expense except the items mentioned above . . . . .	9,683,016.65	
Other profit and loss items that conform to the definition of non-recurring profits and losses . . . . .	-13,634,561.22	
Non-recurring profits and losses(effect of total profit) . . .	588,486,702.43	
Less: Effect of income tax . . . . .	118,153,361.17	
Non-recurring profits and losses(effect of net profit) . . .	470,333,341.26	
Effect of minority equity . . . . .	26,473,479.36	
Total . . . . .	443,859,861.90	

## 2. *Return on equity and earnings per share*

Profit during reporting period	Weighted average ROE	EPS(CNY/Share)	
		Basic EPS	Diluted EPS
Net profits attributable to ordinary shareholders of the Company . . . . .	0.86	0.08	0.08
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss. . . . .	-2.90	-0.26	-0.26

## XVII. Approval of the Financial Statements

The financial statements of the company for this year have been approved by the 16th session of the 8th board of directors on April 27, 2022.