



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

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

2023
INTERIM REPORT

* For identification purpose only

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I. RESULTS HIGHLIGHTS

1. Operation results

Unit: RMB0'000

Item	January – June 2023	January – June 2022
Operating revenue	128,750	109,536
Including: Principal operating revenue	127,546	107,905
Other operating revenue	1,204	1,631
Total profit (loss is represented by “-”)	-14,404	6,329
Net profit (net loss is represented by “-”)	-14,752	6,110
Including: Net profit attributable to the shareholders of the parent company	-14,752	6,110
Minority interests		
Total comprehensive income (loss is represented by “-”)	-12,559	-1,461
Including: Total comprehensive income attributable to the shareholders of the parent company	-12,559	-1,461
Total comprehensive income attributable to minority interests		
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Basic earnings per share (RMB/share)	-0.8367	0.3465
Diluted earnings per share (RMB/share)	-0.8367	0.3465

2. Financial position

Unit: RMB0'000

Item	30 June 2023	31 December 2022
Total assets	709,329	637,824
Including: Current assets	273,196	270,638
Non-current assets	436,133	367,186
Total liabilities	529,692	445,628
Including: Current liabilities	373,852	338,233
Non-current liabilities	155,839	107,394
Total owners' equity	179,638	192,197
Including: Equity attributable to the shareholders of the parent company	179,638	192,197
Minority interests		

3. Cash flow

Item	January – June 2023	January – June 2022
Net cash flow generated from operating activities	2,156	3,456
Net cash flow generated from investing activities	-39,574	-27,347
Net cash flow generated from financing activities	42,620	28,864
Effect of exchange rate changes on cash and cash equivalents	0.35	10
Net increase in cash and cash equivalents	5,202	4,984

4. Performance indicators

Name of indicators	30 June 2023	31 December 2022
Gearing ratio	74.68%	69.87%
Current ratio	0.73	0.80

Name of indicators	January – June 2023	January – June 2022
Trade receivable turnover (days)	89	77
Inventory turnover (days)	52	45

II. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Industry Analysis

Solar photovoltaic glass

In the first half of 2023, the domestic photovoltaic glass market ran smoothly on the whole. Under the background of an increased proportion of new energy, photovoltaic power generation programs were actively promoted in various regions, resulting in a higher volume of new photovoltaic installed capacity in China as compared to that during the corresponding period of last year. In the first half of 2023, the production capacity of photovoltaic glass increased, leading to intense competition within the photovoltaic glass industry and causing volatility of photovoltaic glass in low prices.

In the second half of 2023, the photovoltaic glass market is expected to further improve as some countries in the overseas market would increase the installation targets and domestic demand in the end-user market would be released. Additionally, with the Chinese government's review on new and ongoing construction projects of photovoltaic glass manufacturers, investments in the photovoltaic glass industry are expected to be rationalized, leading to positive expectations for the development and pricing of photovoltaic glass industry. It is expected that in the second half of 2023, the photovoltaic glass market will have a steady rise, and the price of photovoltaic glass will also show improvement.

(II) Business Review

1. Operation summary

For the six months ended 30 June 2023 (the “**Reporting Period**”), the Group’s new production capacity of photovoltaic glass was rapidly released and the production and sales volume of photovoltaic glass achieved faster growth period-on-period, resulting in an operating revenue of RMB1,287.50 million, representing a period-on-period increase of RMB192.14 million or 17.54%. Due to the impact of factors including the decrease in the average price of solar photovoltaic glass products and the increase in costs, the Group recorded a total loss of RMB144.04 million.

2. Business progress

Solar photovoltaic glass

During the Reporting Period, the photovoltaic glass furnaces and supporting production lines of the Group’s Hefei, Yan’an and Shangrao Bases maintained stable operation, and the photovoltaic glass deep-processing production lines of Xianyang Base achieved rapid development. Meanwhile, the scientific and technological innovation was sped up, focusing on the layout of thin, large-size and high-power photovoltaic glass products, with the proportion of new products continuing to increase.

During the Reporting Period, the photovoltaic glass furnaces and supporting production lines of Hefei Base operated continuously and stably. Meanwhile, we adhered to the development route of “Specialised, Refined, Differentiated and Innovative* (專精特新)”, and promoted scientific and technological innovation to lead the industry upgrade, achieving obvious results in the digital construction of production lines, 182/210 large-size and thin double-glazed products and the development of energy-saving technologies for photovoltaic glass furnaces and engineering application thereof and other areas, maintaining stable operation and innovative development as a whole.

Yan’an Base deepened its quality management to help improve quality and efficiency, achieving stable development as a whole. With thin and large-size photovoltaic glass products as the principal line of development, we have intensified technical research efforts, continuously optimised the production process, made significant breakthroughs in the research and development fields such as 2.0mm wide-width ultra-thin calendaring technology, and continued to promote the thin and anti-reflective coating technology iteration to increase efficiency.

Shangrao Base planned to build 10 furnaces and supporting deep-processing production lines for ultra-thin and high-transmissivity photovoltaic glass by three tranches of investment. The first photovoltaic glass furnace of Phase I has been put into operation, and the corresponding supporting deep-processing production lines can meet the production requirements of mainstream products such as double-layer coating and double-glazed products, and the construction of the remaining two photovoltaic glass furnaces and the installation of supporting deep-processing production lines are being stepped up; the construction of photovoltaic glass furnaces of Phase II and supporting deep-processing production lines are progressing in an orderly manner.

Xianyang Base planned to build five deep-processing production lines for ultra-thin, double-film, high-transmissivity and large-size photovoltaic glass by two tranches of investment. Three deep-processing production lines for photovoltaic glass built in Phase I have all achieved mass production and offered stable supply to customers; two deep-processing production lines for photovoltaic glass in Phase II are accelerating. With the completion of the technology research and development of 1.6mm ultra-thin and semi-tempered photovoltaic glass, the products have been successfully launched and recognised by customers.

In the photovoltaic glass field, the Group has built eight core technology systems, developed its self-owned brand of wide-width and high-efficiency calendering machine, built an industry-leading, integrated and linked digital factory, and accelerated the iterative upgrade of photovoltaic glass products, with the output of thin, large-size and high-power products increased substantially; the project of technological development and industrialisation of equipment manufacturing for the intelligent, high-stability and large-volume calendering machine for thin photovoltaic glass has been included in the “Open Competition Mechanism Project” (揭榜掛帥項目) of industrialisation of material and core technologies of key industrial chain for the year 2023 in Shaanxi Province.

In the second half of 2023, with the further recovery of the domestic and overseas photovoltaic market, the photovoltaic glass industry will usher in a favourable development opportunity. The Group will continue to develop photovoltaic glass, continuously expand production capacity, increase investment in scientific research and technological innovation, and accelerate production line upgrade and product iteration, so as to effectively deal with changes in market demand and meet customers' differentiated demands, and further enhance the Group's influence and core competitiveness in the industry.

(III) Financial Review**1. Overall performance**

During the Reporting Period, the Group recorded operating revenue of RMB1,287.5 million and total loss of RMB144.04 million.

2. Results*(1) Unaudited profit and loss*

Unit: RMB0'000

Item	January – June 2023	January – June 2022
Operating revenue	128,750	109,536
Including: Principal operating revenue	127,546	107,905
Other operating revenue	1,204	1,631
Operating costs	126,060	91,900
Including: Principal operating costs	125,809	91,711
Other operating costs	251	188
Taxes and surcharges	1,256	1,114
Selling expenses	415	221
Administrative expenses	6,476	5,082
Research and development expenses	4,762	2,483
Finance costs	4,082	3,786

Item	January – June 2023	January – June 2022
Impairment losses on assets (loss is represented by “-”)	-1,319	306
Credit impairment losses (loss is represented by “-”)	-194	-95
Other income	993	1,034
Investment income (loss is represented by “-”)	375	142
Gains from changes in fair value (loss is represented by “-”)	0.43	-0.82
Gains from disposal of assets (loss is represented by “-”)	99	
Non-operating income	6	1
Non-operating expenses	62	9
Total profit (loss is represented by “-”)	-14,404	6,329
Income tax	349	220
Net profit (net loss is represented by “-”)	-14,752	6,110
Including: Net profit attributable to the shareholders of the parent company	-14,752	6,110
Minority interests		

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

Item	January – June 2023	January – June 2022
Operating revenue	128,750	109,536
Including: Photovoltaic glass	127,546	107,905
Others	1,204	1,631

3. Analysis on profit and loss(1) *Operating revenue from principal business and profit*

During the Reporting Period, the Group recorded operating revenue from its principal business of RMB1,275.46 million, representing a period-on-period increase of RMB196.41 million or 18.20%, which was mainly due to the growth in revenue as a result of the increase in sales volume of the Group's solar photovoltaic glass as a result of the growing demand in the solar photovoltaic glass market in the first half of the year.

During the Reporting Period, the Group recorded total loss of RMB144.04 million, representing a decrease of RMB207.33 million or 327.57% as compared with a total profit of RMB63.29 million in the first half of 2022, which was mainly due to the impact of factors including the decrease in the average prices of solar photovoltaic glass products and the increase in costs, which led to a slump in gross profit of the products.

(2) *Administrative expenses*

During the Reporting Period, the Group's administrative expenses was RMB64.76 million (the first half of 2022: RMB50.82 million), representing a period-on-period increase of RMB13.94 million or 27.43%, which was mainly due to the increase in depreciation and remuneration as the scale of photovoltaic glass expanded.

(3) *Finance costs*

During the Reporting Period, the Group's finance costs included in profit and loss was RMB40.82 million (the first half of 2022: RMB37.86 million), representing a period-on-period increase of RMB2.96 million or 7.81%, which was mainly due to the increase in borrowings as working capital demands increased with the expansion of the photovoltaic glass scale and the period-on-period decrease in average finance costs.

(4) *Selling expenses*

During the Reporting Period, the Group's selling expenses was RMB4.15 million (the first half of 2022: RMB2.21 million), representing a period-on-period increase of RMB1.94 million or 87.84%, which was mainly due to the increase of RMB1.72 million in certification test fees.

(5) *Research and development expenses*

During the Reporting Period, the Group's research and development expenses was RMB47.62 million (the first half of 2022: RMB24.83 million), representing a period-on-period increase of RMB22.79 million or 91.79%, which was mainly due to the increase of RMB10.12 million in the research and development expenses of Xianyang Photovoltaic, and RMB8.14 million in Yan'an New Energy.

4. Capital structure

As at 30 June 2023, the Group continued maintaining a suitable ratio of share capital to liabilities to ensure an effective capital structure.

As at 30 June 2023, the total assets of the Group amounted to RMB7,093.29 million (31 December 2022: RMB6,378.24 million), including cash and bank balances of RMB576.93 million (31 December 2022: RMB592.48 million).

As at 30 June 2023, the total liabilities of the Group were RMB5,296.92 million (31 December 2022: RMB4,456.28 million), including bank and other borrowings of RMB2,982.73 million (31 December 2022: RMB2,494.16 million).

As at 30 June 2023, the total owners' equity of the Group was RMB1,796.38 million (31 December 2022: RMB1,921.97 million).

As at 30 June 2023, the gearing ratio (total liabilities divided by total assets) of the Group was 74.68% (31 December 2022: 69.87%).

During the Reporting Period, the turnover days for accounts receivable of the Group was 89 days, representing a period-on-period increase of 12 days, which was mainly attributable to the increase in accounts receivable due to expanded production capacity.

During the Reporting Period, the inventory turnover days of the Group was 52 days, representing a period-on-period increase of 7 days, which was mainly attributable to an increase in inventories of the finished product under the impact of the market and production capacity.

5. Cash flow

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB21.56 million (the first half of 2022: net cash inflow of RMB34.56 million); net cash inflow from financing activities was RMB426.20 million (the first half of 2022: net cash inflow of RMB288.64 million); net cash outflow from investing activities was RMB395.74 million (the first half of 2022: net cash outflow of RMB273.47 million). The Group's capital expenditures amounted to RMB405.54 million in total (the first half of 2022: RMB189.73 million).

6. Foreign exchange risk

The Group's income and most of its expenses were denominated in Renminbi and US dollar. For the six months ended 30 June 2023, the net foreign exchange gain of the Group was RMB3,500 (the first half of 2022: net foreign exchange gain of RMB0.28 million) as a result of exchange rate fluctuations. Exchange rate fluctuations had no material effect on the Group's working capital or liquidity.

7. Commitments

As at 30 June 2023, the capital expenditure commitments of the Group amounted to RMB2,382.81 million (31 December 2022: RMB2,768.44 million).

8. Contingent liabilities

As at 30 June 2023, the Group had no material contingent liability.

9. Pledged assets

As at 30 June 2023, the Group had no pledged assets. As at 31 December 2022, the Group had no pledged assets, either.

10. Interim dividend

As there was no accumulated surplus in the first half of 2023, the Board resolved not to distribute any interim dividend for the six months ended 30 June 2023.

11. Pension scheme

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

III. OTHER INFORMATION

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

As of 30 June 2023, none of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) or chief executives of the Company and their respective associates held an interest and short position in shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were (a) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Directors, Supervisors, chief executives or senior management personnel were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register of interests kept by the Company pursuant to section 352 of the SFO; (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

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

So far as the Directors are aware, each of the following persons, not being a Director, Supervisor, chief executive or senior management member of the Company had an interest or short position in the Company's shares or underlying shares (as the case may be) as of 30 June 2023 and as recorded in the register of members to be kept pursuant to section 336 of the SFO:

China Electronics Corporation* (中國電子信息產業集團有限公司) ("**CEC**"), through IRICO Group Corporation Limited ("**IRICO Group**") and its subsidiary, Rui Bou Electronics (HK) Limited, had interests in 53,153,400 domestic shares (representing 66.38% of the domestic share capital of the Company) and 7,553,100 H shares of the Company; CEC, through Xianyang Zhongdian IRICO Group Holdings Ltd.* ("**Zhongdian IRICO**"), also had interests in 25,214,300 H shares of the Company; and through Zhongdian Financial Investment Holdings Co., Ltd.* (中電金投控股有限公司) ("**Zhongdian Financial Investment**"), had interests in 26,920,000 domestic shares (representing 33.62% of the domestic share capital of the Company) and 19,230,000 H shares of the Company. HKSCC Nominees Limited had interests in 96,153,900 H shares of the Company (representing 99.90% of the H share capital of the Company).

Mr. Jiang Lei acts as a Director of the Company and concurrently acts as the chief accountant of IRICO Group; Mr. Chen Xiaoning acts as a supervisor and the chairman of the supervisory committee of the Company and concurrently acts as the chairman of IRICO Group.

Notes:

As of 30 June 2023, based on the information available to Directors and so far as the Directors are aware, HKSCC Nominees Limited held 96,153,900 H shares, among which:

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

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

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

Hefei Xincheng State-owned Assets Management Co., Ltd.* (合肥鑫城國有資產經營有限公司) ("**Hefei Xincheng**"), in the capacity of the asset trustor, through HuaAn Funds – Xincheng QDII Single Asset Management Scheme, had beneficial interests in 6,896,500 H shares of the Company (representing approximately 7.17% of the issued H shares of the Company).

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

(III) Audit Committee

The Company established an audit committee under the Board (the “**Audit Committee**”). The Board adopted all contents set out in code provision D.3.3 of the Corporate Governance Code as the terms of reference of the Audit Committee. The Audit Committee has considered and reviewed the accounting standards and methods adopted by the Company and other matters relating to auditing, risk management and internal controls as well as financial reporting, including the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023.

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

(IV) Independent Non-executive Directors

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

(V) Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

During the Reporting Period, except for the deviation described below for the relevant period, the Company has complied with the principles and Code Provisions of the CG Code:

With effect from 18 November 2021, Mr. Tong Xiaofei has concurrently assumed the positions of chairman of the Board and the general manager of the Company; Mr. Tong Xiaofei ceased to serve as the general manager of the Company with effect from 27 April 2023 and continued serving as the chairman of the Board, while Mr. Ma Zhibin began to serve as the general manager of the Company. Such change of general manager took effect from 27 April 2023 and thereafter, the Company has complied with code provision C.2.1 of the CG Code that the roles of the chairman and the chief executive shall be separate and shall not be performed by the same individual.

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

For the six months ended 30 June 2023, the Company has adopted a set of model code for securities transactions by Directors and Supervisors of the Company which is no less strict than the required standard set out in the Model Code. Having made specific enquiry in the Reporting Period, the Company has confirmed that all Directors and Supervisors have complied with the requirements set out in the Model Code.

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

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

(VIII) Employees

As of 30 June 2023, the Group had a total of 2,345 in-service employees, of whom, approximately 10.23% were management and administrative personnel, 7.63% were technical personnel, 0.6% were financial and audit personnel, 0.77% were sales and marketing personnel and 80.77% were production workers.

The employment and remuneration policies of the Group remain the same as those set out in the Company's prospectus dated 8 December 2004. The Group's dedicated and enthusiastic employees are committed to ensure the high quality and reliability of products and services. As at 30 June 2023, the Company had not formulated any long-term incentive schemes.

* Excluding service dispatch workers

(IX) Public Float

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

(X) Material Acquisition and Disposal

During the Reporting Period, the Company had no material acquisition or disposal of subsidiaries or associates.

(XI) Other Matters**1. Changes in information of Chief Executives**

On 27 April 2023, Mr. Ma Zhibin, the deputy general manager of the Company, was appointed as the general manager of the Company, with the term of office until the expiry of the fifth session of the Board of the Company. Due to job transfer, Mr. Tong Xiaofei ceased to serve as the general manager of the Company and continued serving as the chairman of the Board, executive Director, member of the nomination committee, member of the remuneration and appraisal committee, and chairman of the strategy committee of the Company.

For details, please refer to the announcement of the Company dated 27 April 2023.

2. Proposed Initial Public Offering of A Shares

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

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

On 6 August 2021, the Board of the Company considered and approved the resolutions regarding the Proposed A Share Offering and related authorisation matters. According to the Proposed A Share Offering plan, the Company intends to apply for an initial public offering of A Shares and list on the ChiNext of the Shenzhen Stock Exchange (the “**SZSE**”) for the allotment and issuance of not more than 58,780,000 A Shares with a par value of RMB1.00 each.

On 2 November 2021, the Board and the Supervisory Committee of the Company resolved and approved the resolutions on the further plan of the Proposed A Share Offering and related matters. Such resolutions are conditional upon and subject to market conditions and the approval of the shareholders by way of special resolutions or ordinary resolutions at the extraordinary general meeting and/or the class meetings, as well as the necessary approvals or decisions from the relevant regulatory authorities.

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

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

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

On 25 August 2022, the 56th review meeting of the Listing Committee for the ChiNext Market of the SZSE (the “**Listing Committee**”) in 2022 was convened. According to the review results of the meeting, the application for the Proposed A Share Offering of the Company has been reviewed and approved by the Listing Committee.

On 27 March 2023, in view of the expiration of the validity period of the resolutions relating to the Proposed A Share Offering and the validity period of the authorisation granted to the Board and its authorised persons to deal with matters related to the Proposed A Share Offering and Listing at their full discretion (the “**Validity Period of the Authorisation Granted to the Board**”) as considered and approved at the extraordinary general meeting, the H shareholders’ class meeting and the domestic shareholders’ class meeting on 15 December 2021, the Board of Directors of the Company has considered and approved the extension of the validity period of the resolutions of the Proposed A Share Offering and the Validity Period of the Authorisation Granted to the Board for a period of 12 months from the date on which such resolutions are considered at and approved by the extraordinary general meeting and class meetings. Save for the above extension of the validity period of the resolutions relating to the Proposed A Share Offering and the Validity Period of the Authorisation Granted to the Board, the other contents relating to the Proposed A Share Offering remain unchanged.

On 26 April 2023, the resolutions to consider and approve the extension of the validity period of the resolutions relating to the Proposed A Share Offering and the Validity Period of the Authorisation Granted to the Board were duly passed by the shareholders attending the extraordinary general meeting, the H shareholders' class meeting and the domestic shareholders' class meeting, respectively.

For details, please refer to the announcements of the Company dated 19 October 2020, 7 April 2021, 6 August 2021, 2 November 2021, 29 November 2021, 15 December 2021, 29 December 2021, 25 August 2022, 27 March 2023 and 26 April 2023 and the circulars dated 19 November 2021 and 4 April 2023.

(XII) Events after the Reporting Period

Changes in Directors

On 21 August 2023, Mr. Tong Xiaofei resigned from the positions as an executive director, the chairman of the Board, a member of the nomination committee, a member of the remuneration and appraisal committee and the chairman of the strategy committee of the Company due to changes in his personal career arrangements.

On 22 August 2023, the Board of the Company resolved to nominate Mr. Ma Zhibin to be appointed as an executive director of the Company, subject to the consideration and approval by the shareholders of the Company at the extraordinary general meeting held on 12 September 2023 by way of an ordinary resolution.

On 12 September 2023, the resolution in relation to the consideration and approval of the proposed election of Mr. Ma Zhibin as an executive director of the Company was approved by the shareholders present at the extraordinary general meeting by way of poll. On the same date, Mr. Ma Zhibin was appointed as a member of the nomination committee, a member of the remuneration and appraisal committee and the chairman of the strategy committee of the fifth session of the Board of the Company.

For details, please refer to the announcements of the Company dated 21 August 2023, 22 August 2023, 12 September 2023 and the notice dated 25 August 2023 respectively.

IV. CORPORATE PROFILE

Executive Directors

Tong Xiaofei *Resigned on 21 August 2023*

Ma Zhibin *Appointed on 12 September 2023*

Jiang Lei

Non-executive Directors

Ni Huadong

Huang Weihong

Independent Non-executive Directors

Su Kun

Li Yong

Hao Meiping

Audit Committee

Su Kun

Li Yong

Hao Meiping

Chief Financial Officer

Huang Weihong

Secretary to the Board

Huang Weihong

Company Secretary

Ni Huadong

Authorized Representatives

Tong Xiaofei *Ceased to be an authorized representative since 21 August 2023*

Ni Huadong

Huang Weihong

Legal Address in the PRC

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

Place of Business in Hong Kong

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

Company Website

www.irico.com.cn

Legal Adviser

Baker & McKenzie LLP in the United States
14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

Auditor

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

Registrar of H Shares in Hong Kong

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

Investor and Media Relations

Hong Kong Zhixin Financial News Agency Ltd.
Whole floor of 23/F, Effectual Building, 16 Hennessy Road, Wanchai,
Hong Kong

REVIEW REPORT

Xin Kuai Shi Bao Zi [2023] No. ZG11906

TO THE SHAREHOLDERS OF IRICO GROUP NEW ENERGY COMPANY LIMITED,

We have reviewed the accompanying financial statements of IRICO Group New Energy Company Limited (“**IRICO New Energy**”), which comprise the consolidated balance sheet of the Company as at 30 June 2023, the consolidated income statement, the consolidated statement of cash flows, Consolidated Statement of Changes in Owners’ Equity, as well as the notes to the interim financial statements for the six months ended 30 June 2023. The management of the IRICO New Energy is responsible for the preparation and true and fair presentation of the interim financial statements in accordance with the Accounting Standards for Business Enterprises. Our responsibility is to issue a review report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the above-mentioned interim financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the IRICO New Energy’s consolidated financial positions as at 30 June 2023, the consolidated operating performance and consolidated cash flows for the six months ended 30 June 2023.

BDO China Shu Lun Pan Certified
Public Accountants LLP

Chinese Certified Public Accountant:
Xu Peimei
(Engagement Partner)

Chinese Certified Public Accountant:
Gu Xin

Shanghai • China

22 August 2023

CONSOLIDATED BALANCE SHEET (UNAUDITED)*As at 30 June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Assets	<i>Note V</i>	30 June 2023 (unaudited)	31 December 2022 (unaudited)
Current Assets:			
Monetary funds	(I)	576,926,387.21	592,484,311.65
Settlement reserve			
Placements with banks and other financial institutions			
Held-for-trading financial assets	(II)	259,036.45	254,707.15
Derivative financial assets			
Bills receivable	(III)	411,161,067.90	432,102,592.61
Accounts receivable	(IV)	627,652,067.89	599,877,704.41
Receivables financing	(V)	651,849,120.76	591,856,065.84
Prepayments	(VI)	66,297,548.82	73,339,315.16
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	(VII)	18,011,618.21	17,541,930.31
Financial assets acquired for resale			
Inventories	(VIII)	341,196,686.61	356,466,798.65
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	(IX)	38,603,007.94	42,457,070.72
Total current assets		2,731,956,541.79	2,706,380,496.50

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)*As at 30 June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Assets	<i>Note V</i>	30 June 2023 (unaudited)	31 December 2022 (unaudited)
Non-current assets:			
Loans and advances to customers			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments			
Other investments in equity instruments	(X)	263,579,225.73	241,646,308.47
Other non-current financial assets			
Investment properties			
Fixed assets	(XI)	2,283,336,357.59	2,439,289,550.92
Construction in progress	(XII)	1,222,595,222.11	441,725,710.31
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(XIII)	99,654,359.19	1,086,200.17
Intangible assets	(XIV)	169,026,954.06	171,183,790.00
Development expenditures			
Goodwill			
Long-term deferred expenses	(XV)	14,484,821.76	15,341,888.30
Deferred income tax assets	(XVI)	9,574,452.91	13,076,872.92
Other non-current assets	(XVII)	299,083,577.13	348,513,314.97
Total non-current assets		4,361,334,970.48	3,671,863,636.06
Total assets		7,093,291,512.27	6,378,244,132.56

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)*As at 30 June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Liabilities and owners' equity	<i>Note V</i>	30 June 2023 (unaudited)	31 December 2022 (unaudited)
Current liabilities:			
Short-term borrowings	(XVIII)	1,461,247,388.86	1,361,967,830.99
Borrowings from central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payables	(XIX)	892,911,072.21	789,306,348.19
Accounts payables	(XX)	859,576,405.44	705,541,467.50
Prepayments	(XXI)	3,472.90	
Contract liabilities	(XXII)	3,565,631.27	9,177,620.54
Financial assets sold under repurchase agreements			
Deposit taking and interbank deposit			
Brokerage for trading securities			
Brokerage for underwriting securities			
Employee benefits payable	(XXIII)	1,868,594.63	2,175,845.91
Taxes payable	(XXIV)	6,236,309.91	16,676,129.43
Other payables	(XXV)	94,690,276.13	86,520,207.50
Handling fee and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	(XXVI)	169,859,151.43	129,286,130.56
Other current liabilities	(XXVII)	248,563,174.79	281,682,798.07
Total current liabilities		3,738,521,477.57	3,382,334,378.69

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)*As at 30 June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Liabilities and owners' equity	<i>Note V</i>	30 June 2023 (unaudited)	31 December 2022 (unaudited)
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	(XXVIII)	1,314,425,366.08	958,359,539.56
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	(XXIX)	91,744,440.23	530,500.70
Long-term payables	(XXX)	50,000,000.00	50,000,000.00
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	(XXXI)	102,224,749.78	65,053,216.31
Deferred income tax liabilities	(XVI)		
Other non-current liabilities			
Total non-current liabilities		<u>1,558,394,556.09</u>	<u>1,073,943,256.57</u>
Total Liabilities		<u>5,296,916,033.66</u>	<u>4,456,277,635.26</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)*As at 30 June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Liabilities and owners' equity	<i>Note V</i>	30 June 2023 (unaudited)	31 December 2022 (unaudited)
Equity attributable to the owners:			
Share capital	(XXXII)	176,322,070.00	176,322,070.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	(XXXIII)	4,281,160,374.64	4,281,160,374.64
Less: Treasury shares			
Other comprehensive income	(XXXIV)	-219,798,518.40	-241,731,435.66
Special reserve			
Surplus reserve	(XXXV)	22,477,267.06	22,477,267.06
General risk reserve			
Undistributed profit	(XXXVI)	-2,463,785,714.69	-2,316,261,778.74
Total equity attributable to the owner's of the Company		<u>1,796,375,478.61</u>	<u>1,921,966,497.30</u>
Minority interests			
Total equity attributable to the owners		<u>1,796,375,478.61</u>	<u>1,921,966,497.30</u>
Total liabilities and equity attributable to the owners		<u>7,093,291,512.27</u>	<u>6,378,244,132.56</u>

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

Legal representative of
the enterprise:
Ma Zhibin

Person in charge of
accounting:
Huang Weihong

Head of accounting
department:
Luo Hongwei

CONSOLIDATED INCOME STATEMENT (UNAUDITED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
I. Total operating revenue		1,287,500,241.21	1,095,363,305.78
Including: Operating revenue	(XXXVII)	1,287,500,241.21	1,095,363,305.78
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		1,430,519,185.09	1,045,856,851.68
Including: Operating costs	(XXXVII)	1,260,602,963.38	918,995,584.27
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	(XXXVIII)	12,562,177.70	11,135,589.66
Selling expenses	(XXXIX)	4,152,758.73	2,210,808.17
Administrative expenses	(XL)	64,759,825.13	50,820,567.70
Research and development expenses	(XLI)	47,621,327.11	24,830,523.12
Finance costs	(XLII)	40,820,133.04	37,863,778.76
Including: Interest expense	(XLII)	45,720,018.36	40,343,204.10
Interest income	(XLII)	6,015,373.60	4,750,167.50

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
Add: Other income	(XLIII)	9,925,329.74	10,343,165.68
Investment income (loss is represented by "-")	(XLIV)	3,754,180.63	1,416,975.88
Including: Gains from investment in associates and joint ventures	(XLIV)		-629,919.54
Income from derecognition of financial asset at the amortized cost			
Gains from foreign exchange (loss is represented by "-")			
Gains from net exposure hedges (loss is represented by "-")			
Gains from changes in fair value (loss is represented by "-")	(XLV)	4,329.30	-8,195.09
Credit impairment losses (loss is represented by "-")	(XLVI)	-1,943,188.51	-949,050.98
Impairment losses on assets (loss is represented by "-")	(XLVII)	-13,189,154.35	3,063,068.69
Gains from disposal of assets (loss is represented by "-")	(XLVIII)	992,224.12	

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
III. Operating profit (loss is represented by "-")		-143,475,222.95	63,372,418.28
Add: Non-operating income	(XLIX)	57,532.66	11,478.00
Less: Non-operating expenses	(L)	620,309.85	90,000.00
IV. Total profit (total loss is represented by "-")		-144,038,000.14	63,293,896.28
Less: Income tax expenses	(LI)	3,485,935.81	2,195,335.89
V. Net profit (net loss is represented by "-")		-147,523,935.95	61,098,560.39
(I) Classified by continuity of operations		-147,523,935.95	61,098,560.39
1. Net profit from continuing operations (net loss is represented by "-")		-147,523,935.95	61,098,560.39
2. Net profit from discontinued operations (net loss is represented by "-")			
(II) Classified by ownership of equity		-147,523,935.95	61,098,560.39
1. Net profit attributable to the shareholders of the Company (net loss is represented by "-")		-147,523,935.95	61,098,560.39
2. Minority interests (net loss is represented by "-")			

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note V	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
VI. Other comprehensive income, net of tax	(XXXIV)	21,932,917.26	-75,703,940.22
Other comprehensive income (net of tax) attributable to the owners of the parent company		21,932,917.26	-75,703,940.22
(I) Other comprehensive income that cannot be reclassified to profit or loss		21,932,917.26	-75,703,940.22
1. Re-measurement of changes in defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Change in fair value of other equity instrument investments		21,932,917.26	-75,703,940.22
4. Change in fair value of enterprise's own credit risk			

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
(II) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Change in fair value of other debt investment			
3. The amount of financial assets reclassified into other comprehensive income			
4. Other debt investment credit impairment provision			
5. Cash flow hedging reserve			
6. Exchange differences from translation of foreign currency financial statements			
7. Others			
Other comprehensive income (net of tax) attributable to minority shareholders			

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

From January to June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note V	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
VII. Total comprehensive income		-125,591,018.69	-14,605,379.83
Total comprehensive income attributable to the owners of the parent company		-125,591,018.69	-14,605,379.83
Total comprehensive income attributable to minority shareholders			
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	(LII)	-0.8367	0.3465
(II) Diluted earnings per share (RMB/share)	(LII)	-0.8367	0.3465

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

Legal representative of
the enterprise:
Ma Zhibin

Person in charge of
accounting:
Huang Weihong

Head of accounting
department:
Luo Hongwei

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		1,248,195,207.24	900,302,396.78
Net increase in customer deposit and interbank deposit			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from original insurance contract premium			
Net cash received from reinsurance			
Net increase in policy-holder deposit and investment			
Cash received for interest, handling charges and commission			
Net increase in placements from banks and other financial institutions			

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
Net increase in repurchase business funds			
Net cash received from brokerage for dealing securities		51,305,870.61	27,588,128.05
Receipts of tax refunds			
Cash received relating to other operating activities	(LIV)	160,084,877.50	178,080,981.47
Sub-total of cash inflows from operating activities		1,459,585,955.35	1,105,971,506.30
Cash paid for purchasing goods and receiving services		1,251,799,016.24	735,038,392.02
Net increase in loans and advances to customers			
Net increase in central bank deposit and interbank deposit			
Cash paid for insurance indemnities of original insurance contracts			
Net increase in placements with banks and other financial institutions			

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
Cash paid for interest, handling charges and commission			
Cash paid for policy bonus			
Cash paid to and for employees		86,344,501.05	82,117,597.65
Cash paid for taxes and surcharges		38,111,551.01	28,398,894.58
Cash paid relating to other operating activities	(LIV)	61,771,459.31	225,855,003.65
Sub-total of cash outflows from operating activities		1,438,026,527.61	1,071,409,887.90
Net cash flows from operating activities		21,559,427.74	34,561,618.40
II. Cash flows from investing activities			
Cash received from disposal of investments		67,231.45	9,188,198.30
Cash received from returns on investments		9,798,439.85	2,062,644.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
Net cash received from disposal of subsidiaries and other business entities			
Cash received from other investing activities	(LIV)		5,048,940.34
Sub-total of cash inflows from investing activities		9,865,671.30	16,299,783.23
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		405,541,044.90	189,732,121.69
Cash paid for investment		67,231.45	100,034,000.55
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business entities			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		405,608,276.35	289,766,122.24
Net cash flows from investing activities		-395,742,605.05	-273,466,339.01

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
III. Cash flows from financing activities			
Cash received from absorbing investments			
Including: Cash received by subsidiaries from minority shareholders' investment			
Cash received from borrowings		1,693,824,977.50	1,441,217,608.77
Cash received relating to other financing activities	(LIV)		50,000,000.00
Sub-total of cash inflows from financing activities		1,693,824,977.50	1,491,217,608.77
Cash paid for repayment of borrowings		1,205,253,856.38	865,319,829.38
Cash paid for distribution of dividends and profits or for interest expenses		52,931,606.58	31,987,613.40
Including: Dividends or profits paid to minority shareholders by subsidiaries			

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note V</i>	From January to June 2023 (unaudited)	From January to June 2022 (unaudited)
Cash paid relating to other financing activities	(LIV)	9,436,539.68	305,269,179.57
Sub-total of cash outflows from financing activities		1,267,622,002.64	1,202,576,622.35
Net cash flows from financing activities		426,202,974.86	288,640,986.42
IV. Effect of changes in exchange rate on cash and cash equivalents		3,483.40	102,101.80
V. Net increase in cash and cash equivalents		52,023,280.95	49,838,367.61
Add: Cash and cash equivalents at the beginning of the period		408,832,090.42	411,742,786.14
VI. Cash and cash equivalents at the end of the period		460,855,371.37	461,581,153.75

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

Legal representative of
the enterprise:
Ma Zhibin

Person in charge of
accounting:
Huang Weihong

Head of accounting
department:
Luo Hongwei

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)*From January to June 2023**(All amounts in RMB Yuan unless otherwise stated)*

Item	From January to June 2023 (unaudited)													
	Equity attributable to the owners of the Company													
	Other equity instruments				Capital reserve	Less: Treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Sub-total	Minority interests	Total owners' equity
Share capital	Preference shares	Perpetual bonds	Others											
I. Balance at the end of last year	176,322,070.00				4,281,160,374.64		-241,731,455.66		22,477,267.06		-2,316,251,778.74	1,921,956,497.30		1,921,956,497.30
Add: Changes in accounting policies														
Correction for error in previous period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	176,322,070.00				4,281,160,374.64		-241,731,455.66		22,477,267.06		-2,316,251,778.74	1,921,956,497.30		1,921,956,497.30
III. Movements in the period (decrease is represented by "-")							21,932,917.26				-147,523,935.95	-125,591,018.69		-125,591,018.69
(I) Total comprehensive income							21,932,917.26				-147,523,935.95	-125,591,018.69		-125,591,018.69
(II) Capital contribution and reduction from owners														
1. Ordinary shares contribution from owners														
2. Capital contribution from owners of other equity instruments														
3. Amount of share-based payment included in owners' equity														
4. Others														
(III) Profit distribution														
1. Appropriations of surplus reserve														
2. Appropriation of general risk reserve														
3. Distribution to owners (or shareholders)														
4. Others														
(IV) Transfer of owners' equity														
1. Transfer to capital (or share capital) from capital reserve														
2. Transfer to capital (or share capital) from surplus reserve														
3. Surplus reserves for making up losses														
4. Changes in defined benefit plans transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriations in the period														
2. Utilization in the period														
(VI) Others														
IV. Closing balance for the period	176,322,070.00				4,281,160,374.64		-219,798,538.40		22,477,267.06		-2,463,785,714.69	1,796,375,478.61		1,796,375,478.61

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED) (CONTINUED)

From January to June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	From January to June 2023 (unaudited)												
	Equity attributable to the owners of the Company												
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total owners' equity
Share capital	Preference shares	Perpetual bonds	Others										
I. Balance at the end of last year	176,322,070.00				4,281,160,374.64		-163,635,057.09		22,477,267.06		-2,396,626,658.58	1,919,697,796.03	1,919,697,796.03
Add: Changes in accounting policies											1,889.91	1,889.91	1,889.91
Correction for error in previous period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	176,322,070.00				4,281,160,374.64		-163,635,057.09		22,477,267.06		-2,396,624,968.67	1,919,699,685.94	1,919,699,685.94
III. Movements in the period (decrease is represented by "-")							-75,703,940.22				61,089,505.34	-14,605,379.83	-14,604,434.88
(I) Total comprehensive income							-75,703,940.22				61,089,505.34	-14,605,379.83	-14,604,434.88
(II) Capital contribution and reduction from owners													
1. Ordinary shares contribution from owners													
2. Capital contribution from owners of other equity instruments													
3. Amount of share-based payment included in owners' equity													
4. Others													
(III) Profit distribution													
1. Appropriations of surplus reserve													
2. Appropriation of general risk reserve													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Transfer of owners' equity													
1. Transfer to capital (or share capital) from capital reserve													
2. Transfer to capital (or share capital) from surplus reserve													
3. Surplus reserves for making up losses													
4. Changes in defined benefit plans transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriations in the period													
2. Utilization in the period													
(VI) Others													
IV. Closing balance for the period	176,322,070.00				4,281,160,374.64		-239,338,997.31		22,477,267.06		-2,335,536,463.28	1,905,094,306.11	1,905,094,306.11

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

Legal representative of
the enterprise:
Ma Zhibin

Person in charge of
accounting:
Huang Weihong

Head of accounting
department:
Luo Hongwei

NOTES TO THE FINANCIAL STATEMENTS

From January to June 2023

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

I. COMPANY PROFILE

(I) Company Profile

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***I. COMPANY PROFILE (CONTINUED)****(I) Company Profile (Continued)**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

I. COMPANY PROFILE (CONTINUED)

(I) Company Profile (Continued)

On 8 November 2021, the Board was informed by China Electronics Corporation* (中國電子信息產業集團有限公司), the ultimate controlling shareholder of the Company that, IRICO Group Corporation Limited* (彩虹集團有限公司) (“**IRICO Group**”) and Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司) (“**Zhongdian IRICO**”) entered into a share transfer agreement with Zhongdian Financial Investment Holdings Co., Ltd.* (中電金投控股有限公司) (“**Zhongdian Financial Investment**”), respectively, pursuant to which, IRICO Group agreed to transfer 26,920,000 domestic shares of the Company it held to Zhongdian Financial Investment, representing 15.27% of the total issued shares of the Company as at the date of this announcement; and Zhongdian IRICO agreed to transfer 19,230,000 H shares of the Company it held to Zhongdian Financial Investment, representing 10.91% of the total issued shares of the Company as at the date of this announcement, each at the consideration of RMB26 per share. As of 30 June 2023, the total accumulated share capital of the Company was 176,322,070 shares and the registered capital was RMB176,322,070.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***I. COMPANY PROFILE (CONTINUED)****(I) Company Profile (Continued)**

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

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

The financial statements have been presented after approval by all Directors of the Company (the Board) on 22 August 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

I. COMPANY PROFILE (CONTINUED)

(II) Scope of the consolidated financial statements

As of 30 June 2023, subsidiaries included in the scope of the consolidated financial statements are set out as below:

Name of subsidiaries

IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司)
 (“**Hefei Photovoltaic**”)

IRICO Yan’an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司)
 (“**Yan’an New Energy**”)

Xianyang IRICO Photovoltaic Glass Co., Ltd. (咸陽彩虹光伏玻璃有限公司) (“**Xianyang Photovoltaic**”)

Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司)
 (“**Jiangxi Photovoltaic**”)

For details of the changes in scope of consolidation for the Reporting Period, please refer to “VI. Changes on Scope of Combination” in the notes.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS****(I) Basis of preparation**

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standards and its relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (together referred to as the “**Accounting Standards for Business Enterprises**”) promulgated by the Ministry of Finance of the PRC. In addition, the financial statements complied with the applicable disclosure provisions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the applicable disclosure requirements of the Hong Kong Companies Ordinance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**(II) *Going concern***

During the period from January to June 2023, the Company recorded net loss attributable to the shareholders of the parent company of RMB147.5239 million and net cash flows from operating activities of the Company of RMB21.5594 million. As of 30 June 2023, the Company had current liabilities of RMB3,738.5215 million, current assets of RMB2,731.9565 million, and net current liabilities of RMB1,006.5650 million, which indicated that the Company would be under relatively heavy debt repayment pressure in the short term and subject to certain liquidity risks. However, the Company will take the following measures to ensure the safety of its funds and improve its business results:

1. Along with the commencement of production of the Jiangxi Photovoltaic project, the sales income and operating profit of the Company in the future will increase, and cash flow will be improved;
2. The Company will further expand the production capacity of the photovoltaic glass, keep up with market changes, and enhance cooperation with its strategic customers. At present, the capacity utilization rate and production-sales ratio of main products are at a relatively high level, coupled with the recent upward trend of glass prices, sales revenue is expected to grow this year;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)****(II) Going concern (Continued)**

3. As the industry's leading photovoltaic glass manufacturer, the Company will continue to promote lean production management, and further reduce product costs through technological innovations, improving rate of qualified products, implementing centralized purchase of bulk materials, carrying out comprehensive benchmarking and other measures.

In preparing the interim financial statements, the Board had conducted a detailed and thorough review of the going-concern ability with reference to the current operational and financial situation of the Company, put forward the above improvement measures and obtained a financial support commitment from IRICO Group Corporation Limited*, the controlling shareholder of the Company, as well as a large amount of unutilized credit facilities provided by banks.

In addition, as described in Note XIII, the application for the A-share issuance of the Company has been approved by the Listing Committee on 25 August 2022, pending submission by the SZSE to the CSRC for registration. The proceeds from the issuance will also be used to replenish working capital and mitigate liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(II) *Going concern (Continued)*

The management of the Company has prepared consolidated cash flow forecast covering a period of 12 months from 1 July 2023, and is of the view that the Company will have sufficient working capital and sources of financing to ensure that the Company is able to settle its debt due in the next 12 months and continue as a going concern without scaling back its current operations.

In view of the foregoing, the Board has no intention to wind up or close the Company and it is confident that the Company will not be forced to enter winding-up or dissolution proceedings in the next accounting period. Therefore, the Company believes that the financial statements for the Reporting Period shall still be prepared on a going concern basis in respect of actual transactions and matters in accordance with the Accounting Standards for Business Enterprises and relevant requirements promulgated by the Ministry of Finance, and based on the accounting policies and estimates set out in Note “III. Significant Accounting Policies and Accounting Estimates”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

Notes to specific accounting policies and accounting estimates:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, reflecting the Company's consolidated financial position as at 30 June 2023, and consolidated operating results and cash flows for January to June 2023 on a true and complete basis.

(II) *Accounting period*

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

(III) *Operating cycle*

The Company takes 12 months as its operating cycle.

(IV) *Functional currency*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(V) *Accounting treatment of business combinations under common control and not under common control***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**(V) *Accounting treatment of business combinations under common control and not under common control (Continued)***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements***1. Scope of consolidation*

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

2. Consolidation procedures

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements
(Continued)***2. Consolidation procedures (Continued)**(1) Addition of subsidiary or business*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

(1) Addition of subsidiary or business (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements (Continued)***2. Consolidation procedures (Continued)**(1) Addition of subsidiary or business (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. *Consolidation procedures (Continued)*

(2) Disposal of subsidiary

① General treatment for disposal

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements (Continued)***2. Consolidation procedures (Continued)**(2) Disposal of subsidiary (Continued)**② Stepwise disposal of subsidiary*

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

- i. These transactions are entered into simultaneously or after considering the effects of each other;
- ii. These transactions constitute a complete commercial result as a whole;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

(2) Disposal of subsidiary (Continued)

② Stepwise disposal of subsidiary (Continued)

- iii. One transaction is conditional upon at least one of the other transactions;
- iv. One transaction is not economical on its own but is economical when considering together with other transactions.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) Preparation method of consolidated financial statements (Continued)***2. Consolidation procedures (Continued)**(2) Disposal of subsidiary (Continued)**② Stepwise disposal of subsidiary (Continued)*

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

(3) Purchase of minority interests in subsidiary

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

2. Consolidation procedures (Continued)

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

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

(VII) Classification of joint arrangements and accounting treatment

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(VIII) Recognition standard for cash and cash equivalents

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

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

1. Foreign currency transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments

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

1. Classification of financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

1. Classification of financial instruments (Continued)

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through current profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

- (1) Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

(1) Financial assets measured at amortized cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)****2. Recognition basis and measurement method of financial instruments (Continued)**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

- (6) Financial liabilities measured at amortized cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

4. *Derecognition of financial liabilities*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)****4. Derecognition of financial liabilities (Continued)**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contracts on the individual or portfolio basis.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(X) Financial Instruments (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Receivables financing

1. Bills receivable and accounts receivable

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

- (1) Accounts receivable with provision for bad debt determined individually

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Receivables financing (Continued)****1. Bills receivable and accounts receivable (Continued)*

- (2) Accounts receivable with provision for bad debt determined by portfolio

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Receivables financing (Continued)

1. Bills receivable and accounts receivable (Continued)

- (2) Accounts receivable with provision for bad debt determined by portfolio (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XI) Receivables financing (Continued)***1. Bills receivable and accounts receivable (Continued)*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Receivables financing (Continued)

1. Bills receivable and accounts receivable (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Receivables financing (Continued)****1. Bills receivable and accounts receivable (Continued)*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Receivables financing (Continued)

2. Receivables financing

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Receivables financing (Continued)******2. Receivables financing (Continued)***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Receivables financing (Continued)

2. Receivables financing (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XI) Receivables financing (Continued)***3. Other receivables*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XI) Receivables financing (Continued)

4. *Others*

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

(XII) Inventories

1. *Classification and costs for inventories*

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

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

2. *Measurement for inventories delivered*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XII) Inventories (Continued)******3. Determination basis of net realizable value of different types of inventories***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XII) Inventories (Continued)

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

more inventories than the quantity stipulated in the sales contract, the net realizable value of the excess part shall be calculated on the ground of general selling price.

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

4. *Inventory system*

The Company adopts perpetual inventory system.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XII) Inventories (Continued)*****5. *Amortization of low-value consumables and packaging materials***

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

(XIII) Contract assets**1. *Recognition and standard of contract assets***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIII) Contract assets (Continued)

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

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

(XIV) Assets classified as held-for-sale

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

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

- (1) The assets or disposal groups must be available for sale immediately under the current conditions according to the usual terms of the sale of such assets or disposal groups in similar transactions;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XIV) Assets classified as held-for-sale (Continued)***

- (2) The assets are highly likely to be sold, namely, the Company has been offered a resolution with one disposition of the assets and obtained a firm purchase commitment and the disposition will be completed within 1 year. If regulation needs to be approved by the relevant authorities or supervision department of the Company, such approval has been obtained.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments

1. Joint control or significant influence criterion

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)****2. Determination of initial investment cost*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

2. Determination of initial investment cost (Continued)

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

for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XV) Long-term equity investments (Continued)******2. Determination of initial investment cost (Continued)***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

3. *Subsequent measurement and recognition of profit or loss*

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

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

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

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)***

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

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

cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)*****3. *Subsequent measurement and recognition of profit or loss (Continued)***

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

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

- (3) Disposal of long-term equity investments

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

For the certain long-term equity investment treated under the equity method, where the remaining

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

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

(3) Disposal of long-term equity investments (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)*****3. *Subsequent measurement and recognition of profit or loss (Continued)*****(3) Disposal of long-term equity investments (Continued)**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XV) Long-term equity investments (Continued)

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

(3) Disposal of long-term equity investments (Continued)

recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's Equity recognised before obtaining the control over the investee shall be transferred.

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

(3) Disposal of long-term equity investments (Continued)

when the parent eventually loses control over the subsidiary. Where the Company doesn't account for a package deals, accounting treatment shall be conducted for each transaction individually.

(XVI) Investment property

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVII) Fixed assets

1. Recognition and initial measurement of fixed assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVII) Fixed assets (Continued)******2. Methods for depreciation***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVII) Fixed assets (Continued)

2. Methods for depreciation (Continued)

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

Category	Depreciation methods	Useful life (Years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	Straight-line method	30	3	3.23
Machinery and equipment	Straight-line method	6-18	3	5.28-16.17
Transportation tools	Straight-line method	5	3	19.40
Office equipment and others	Straight-line method	5	3	19.40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVII) Fixed assets (Continued)******3. Disposal of fixed assets***

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

(XVIII) Construction in progress

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Borrowing costs

1. Criteria for recognition of capitalised borrowing costs

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

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

2. Capitalisation period of borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XIX) Borrowing costs (Continued)******2. Capitalisation period of borrowing costs (Continued)***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XIX) Borrowing costs (Continued)

3. Suspension of capitalisation period

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XIX) Borrowing costs (Continued)*****4. *Capitalisation rate and calculation of capitalization amount of borrowing costs (Continued)***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XX) Intangible assets

1. Measurement of intangible assets

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

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

- (2) Subsequent measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XX) Intangible assets (Continued)**

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

Item	Estimated useful lives (Year)	Amortization method
Land use rights	50	straight-line method
Software	2-5	straight-line method

The useful life and amortization method of intangible assets with finite useful life are reviewed at the end of each period.

After review, the useful life and amortization method of intangible assets at the end of this period remain the same as the previous period.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XX) Intangible assets (Continued)

4. *Specific criteria for the division of research phase and development phase*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XX) Intangible assets (Continued)******5. Specific conditions for capitalisation of expenditure incurred in development phase***

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

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;
- (3) the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XX) Intangible assets (Continued)

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

- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

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

(XXI) Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-to-use assets, intangible assets with a finite useful life are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXI) Impairment of long-term assets (Continued)***

recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXI) Impairment of long-term assets (Continued)***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXII) Long-term deferred expenses***

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

The long-term deferred expenses of the Company are measured at cost and amortized equally over the expected benefit periods. For long-term deferred expenses that will not benefit the future accounting periods, upon determination their amortized value shall be included in current profit or loss.

(XXIII) Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Employee benefits

1. Accounting treatment methods of short-term benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits (Continued)*****2. *Accounting treatment methods of post-employment benefits*****(1) Defined contribution scheme**

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

(2) Defined benefit scheme

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Employee benefits (Continued)

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

(2) Defined benefit scheme (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits (Continued)******2. Accounting treatment methods of post-employment benefits (Continued)*****(2) Defined benefit scheme (Continued)**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIV) Employee benefits (Continued)

3. Accounting treatment of termination benefits

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

(XXV) Estimated liabilities

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

- (1) such obligation is the present obligation of the Company;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXV) Estimated liabilities (Continued)***

(3) the amount of such obligation can be reliably measured.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXV) Estimated liabilities (Continued)

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

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

(XXVI) Share-based payments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVI) Share-based payments (Continued)******1. Equity-settled share-based payment and equity instrument***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVI) Share-based payments (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVI) Share-based payments (Continued)******2. Cash-settled share-based payments and equity instrument***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXVI) Share-based payments (Continued)

2. Cash-settled share-based payments and equity instrument (Continued)

The Company modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, which shall be measured at the fair value of the equity instrument granted on the date of modification (whether it occurs during or after the end of the vesting period), and the services acquired shall be included in capital surplus, while the liability recognized for the cash-settled share-based payment on the date of modification shall be derecognized, and the difference in between shall be included in profit or loss for the period. If the vesting period is extended or shortened as a result of the modification, the Company shall conduct accounting treatment in accordance the modified vesting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVII) Other financial instruments such as preference shares and perpetual bonds***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVIII) Revenue***

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

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

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

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVIII) Revenue (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVIII) Revenue (Continued)******1. Accounting policies adopted for revenue recognition and measurement (Continued)***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVIII) Revenue (Continued)

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

For a performance obligation satisfied within a certain period of time, the Company shall recognize revenue by the progress in performance over that period of time, except where the progress of performance cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Company should recognize revenue only to the extent of the cost until a reliable measure of progress can be made.

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

- the Company enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XVIII) Revenue (Continued)***

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

- the Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- the Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- the Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- the customer has accepted the goods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XVIII) Revenue (Continued)

2. Specific methods for revenue recognition

The Company recognizes revenue at the point in time when the performance obligation in a contract is fulfilled, namely when the customer obtains control over the relevant goods or services. (1) Revenue recognition for domestic sales: sales revenue is recognized after the Company ships and delivers the products to the delivery place designated by the customer and with customer's verification and signing of the relevant documents; (2) Revenue recognition for export sales: the revenue is recognized after the Company ships and registers customs declaration procedures for good departure based on the Company's contracts or orders and commercial trading practices.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIX) Contract costs***

Contract costs comprise contract performance costs and contract acquisition costs.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXIX) Contract costs (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXX) Government grants******1. Types***

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

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

2. Timing for recognition

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Government grants (Continued)

3. Accounting treatment

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXX) Government grants (Continued)******3. Accounting treatment (Continued)***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXX) Government grants (Continued)

3. Accounting treatment (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXI) Deferred income tax assets and deferred income tax liabilities***

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease***

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

1. The Company as a lessee

(1) Right-of-use assets

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

- the amount of the initial measurement of lease liability;
- lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- initial direct costs incurred by the Company;
- the costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)******1. The Company as a lessee (Continued)*****(1) Right-of-use assets (Continued)**

The Company accrues depreciation for the right-of-use assets by subsequently adopting straight line method. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the leased asset in the remaining useful life of the asset; otherwise, the Company depreciates the leased asset in the lease term or in the remaining useful life of the asset (whichever is shorter).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

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

(2) Lease liabilities

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

- fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under the guaranteed residual value provided by the Company;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(2) Lease liabilities (Continued)**

- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

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

(2) Lease liabilities (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)***

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

(2) Lease liabilities (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

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

(3) Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(4) Lease change**

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

- the lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

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

(4) Lease change (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****2. *The Company as a lessor***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

2. *The Company as a lessor (Continued)*

(1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalized and then allocated and included in the current profit and loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. In case of modification of an operating lease changes, the Company shall treat it as a new lease from the effective date of modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)******2. The Company as a lessor (Continued)*****(2) Accounting treatment of financing leases**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

2. *The Company as a lessor (Continued)*

(2) Accounting treatment of financing leases (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)***(XXXII) Lease (Continued)******2. The Company as a lessor (Continued)*****(2) Accounting treatment of financing leases (Continued)**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXII) Lease (Continued)

3. *After-sale and leaseback transactions*

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

(1) As a lessee

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****3. *After-sale and leaseback transactions (Continued)*****(2) As a lessor**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXIII) Discontinued operation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXIV) Asset backed securities***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXV) Segment reporting

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVI) Main Accounting Estimates and Judgments***

Estimates and judgments are assessed based on past experience and other factors (including reasonable predictions of future events in relevant circumstances). Estimates were continuously assessed and were based on historical experience and other factors, including expectations of future events that were considered to be justified in this context. Estimates and assumptions of a significant adjustment risk for the carrying amount of assets and liabilities in the next year are as follows:

1. *Estimated service life and net residual value of fixed assets*

The management of the Company confirms the estimated service life, net residual value and related depreciation costs based on the historical experience of the actual service life of the buildings, machinery and equipment with similar properties or functions. Management will adjust depreciation costs when previously estimated useful life is different or for obsolete or sold technically-obsolete or non-strategic assets. The actual economic life may differ from the expected useful life, and the actual net residual value may also differ from the expected one. Regular inspection of depreciable life, estimated net residual value may cause changes and changes in depreciation costs for future periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVI) Main Accounting Estimates and Judgments (Continued)

2. *Net realizable value of the inventory (Continued)*

The net realizable value of the inventory is equal to the estimated selling price in the daily business activities minus the estimated cost to occur at completion, the estimated sales expenses, and related taxes and fees. The estimate is based on current market conditions and historical experience of producing and selling products of the same nature, which may change significantly by technological innovation, and the competitors' behavior in response to serious industry cycles. Management will reassess the estimate on the balance sheet date.

3. *Current period and deferred income tax*

The Company shall pay income tax in different jurisdictions and make significant judgments on the provision of income tax in each jurisdiction. In daily operations, the final determined tax involved in some transactions and calculations is uncertain. Considering the long-term nature and complexity of existing provisions, there will be differences between actual results and assumptions, and relevant assumptions will change in the future, thus affecting the determination of current income tax and deferred income tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVI) Main Accounting Estimates and Judgments (Continued)******3. Current period and deferred income tax (Continued)***

When the management believes that it is likely to deduct sufficient temporary difference or income tax loss in the future, the deferred income tax assets related to the temporary difference or income tax loss are recognized. When the expected result is different from that before, the difference will affect the recognition of deferred income tax assets and current income tax expenses, which are included in the current period of the estimated change.

4. Impairment of financial assets

The provisions for impairment of financial assets are calculated based on assumptions about the risk of default and expected loss rates. The Company makes assumptions and selects the calculated input values against the past account ages, existing market conditions and forward-looking estimates at the end of each reporting period. Note III. (X) and Note III. (XI) disclose information related to all key assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(XXXVI) Main Accounting Estimates and Judgments (Continued)

5. *Impairment of non-financial assets*

The management of the Company needs to make a judgment on the asset impairment on the balance sheet date, especially when evaluating long-term assets, including fixed assets, projects under construction, intangible assets, etc. The recoverable amount is the higher value between the fair value of the asset minus the disposal expense and the present value of the expected future cash flow. The revaluation recoverable amount can be adjusted at each impairment test. Note III. (XXI) disclose the relevant information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 in relation to the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply

On 30 November 2022, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as “**Interpretation No. 16**”), pursuant to which, the requirements of the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply have come into effect on 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 in relation to the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply (Continued)

Interpretation No. 16 stipulates that, where the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets does not apply to a single transaction (including lease transactions in which the lessee initially recognises a lease liability at the commencement date of the lease term and individual transactions such as those in which an estimated liability is recognised and included in the cost of the underlying asset due to the existence of an obligation to dispose of fixed assets) that is not a business combination and that affects neither the accounting profit nor taxable income (or deductible losses) at the time of its occurrence, and that results in the creation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 in relation to the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply (Continued)

of an equivalent amount of taxable temporary differences and deductible temporary differences as a result of the initial recognition of the assets and liabilities, an enterprise shall recognise a deferred income tax liability and deferred income tax asset, respectively, at the time of the occurrence of the transaction in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 18 – Income Taxes and other relevant regulations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 in relation to the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply (Continued)

For taxable temporary differences and deductible temporary differences arising from a single transaction to which the requirement applies that occurs between the beginning of the earliest period for which the requirement applies in the financial statements of the first application of the requirement and the date of application, and for lease liabilities and right-of-use assets recognised as a result of a single transaction to which the requirement applies and for estimated liabilities associated with disposal obligations and corresponding underlying assets recognised at the beginning of the earliest period for which the requirement applies, the enterprise shall make adjustments in accordance with the requirement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVII) Changes in significant accounting policies and accounting estimates (Continued)******1. Changes in significant accounting policies (Continued)***

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 in relation to the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply (Continued)

The Company has implemented this stipulation since 1 January 2023, the major impacts of the implementation of this stipulation are as follows:

Item affected	Amount affected on the balance at 1 January 2022 Consolidation
Deferred income tax assets	1,889.91
Undistributed profits	1,889.91

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVII) Changes in significant accounting policies and accounting estimates (Continued)****1. Changes in significant accounting policies (Continued)*

- (1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 in relation to the Accounting Treatment for Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply (Continued)

Item affected	Consolidation	
	2023.6.30/ January to June 2023	2022.12.31/ 2022
Deferred income tax assets	944.96	
Undistributed profits	944.96	
Income tax expenses	-944.96	1,889.91
Net profits	944.96	-1,889.91

2. Changes in significant accounting estimates

There were no changes in the significant accounting estimates of the Company during the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION****(I) Major tax categories and tax rates**

Tax categories	Tax basis	Tax rate (%)
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	13, 9, 6, 5, 3, 1
Urban maintenance and construction tax	Based on value – added tax and consumption taxes paid	7, 5
Education surcharge and local education surcharge	Based on value-added tax paid	3, 2
Enterprise income tax	Based on taxable profits	25, 15

Note: Pursuant to the provisions of the Circular of the Ministry of Finance and the State Administration of Taxation on the Policies of Value-added Tax and Consumption Tax on Exports of Goods and Labour (Cai Shui [2012] No. 39), and the Circular of the State Administration of Taxation on Further Promoting the Pilot Work of Paperless Declaration of Export Refund (Exemption) Tax (Shui Zonghan [2017] No. 176), the Company is eligible for the conditions for filing of export tax refunds (exemptions) and enjoys the tax concession of export refunds (exemptions) from value-added tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(I) Major tax categories and tax rates (Continued)**

Companies subject to different income tax rates are disclosed as follows

Taxpayer	Income tax rate (%)
IRICO Group New Energy Company Limited. (彩虹集團新能源股份有限公司)	15
IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹合肥) 光伏有限公司)	15
IRICO Yan'an New Energy Co., Ltd.* (彩虹(延安) 新能源有限公司)	15
Xianyang IRICO Photovoltaic Glass Co., Ltd.(咸陽彩虹光伏玻璃有限公司)	15
Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司)	25

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Preferential tax treatment**

1. Pursuant to the “Notice on Tax Policies in relation to Further Implementation of the Western Development Strategy” (Cai Shui [2011] No. 58) 《關於深入實施西部大開發戰略有關稅收政策問題的通知》(財稅[2011]58號)) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, from 1 January 2011 to 31 December 2020, enterprise income tax imposed upon any enterprises established in western regions which are engaging in the encouraged industries shall be subject to a reduced rate at 15%, with effect from 1 January 2011. On 23 April 2020, the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission jointly issued the Announcement on the Continuation of the Corporate Income Tax Policy for Western Development (Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission of [2020] No. 23), which specifies that “from 1 January 2021 to 31 December 2030, enterprises in the encouraged industries located in the western regions shall be subject to a reduced corporate income tax rate of 15%. For the purpose of this article, “enterprise in an encouraged industry” means an enterprise whose main business is within the scope of industry projects set out in the Catalogue of Encouraged Industries in western regions and whose

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

IV. TAXATION (CONTINUED)

(II) Preferential tax treatment (Continued)

revenue from its main business accounts for 60% or more of its gross income. According to the Catalogue of Encouraged Industries in western China (2020 Edition) (Decree No. 40 of the National Development and Reform Commission, which came into force on 1 March 2021), “high-end and high-quality float glass, electronic glass, automobile and photovoltaic glass production and downstream deep processing” belongs to the encouraged industry in western regions. The Company, Xianyang Photovoltaic and Yan’an New Energy, the subsidiaries of the Company, fulfilled the conditions for preferential tax policy of the western development, was entitled to the preferential tax policy of the western development and shall be subject to a reduced corporate income tax rate at 15% during the Reporting Period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Preferential tax treatment (Continued)**

2. Hefei Photovoltaic, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR201834000268) as approved by the Science and Technology Department of Anhui Province, and the Department of Finance of Anhui Province, Anhui Provincial Tax Service of the State Taxation Administration on 24 July 2018, and on 18 September 2021, Hefei Photovoltaic was once again accredited as a High and New Technology Enterprise (Certificate No. GR202134001668) as approved by the Science and Technology Department of Anhui Province, and the Department of Finance of Anhui Province, Anhui Provincial Tax Service of the State Taxation Administration, and has been entitled to a 15% preferential tax treatment for EIT, with a certificate valid for three years.

3. Yan'an New Energy, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR2022610004763) as approved by the Science and Technology Department of Shanxi Province, the Department of Finance of Shanxi Province and Shanxi Provincial Tax Service of the State Taxation Administration on 14 December 2022, and has been entitled to a 15% preferential tax treatment for EIT and the validity period of the certificate is three years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

IV. TAXATION (CONTINUED)

(II) Preferential tax treatment (Continued)

4. Xianyang Photovoltaic, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR202261000379) as approved by the Science and Technology Department of Shanxi Province, the Department of Finance of Shanxi Province and Shanxi Provincial Tax Service of the State Taxation Administration on 12 October 2022, and has been entitled to a 15% preferential tax treatment for EIT and the validity period of the certificate is three years.

5. Hefei Photovoltaic, Yan'an New Energy and Xianyang Photovoltaic, subsidiaries of the Company, pursuant to the regulations of the Notice on Further Improvement of the Policy of Weighted Pretax Deduction on Research and Development Expenses (Announcement of Ministry of Finance and the State Taxation Administration No. 13 of 2021, is required to deduct 100% of the amount actually incurred which shall be deducted before tax payment, in addition to the deduction as prescribed to the extent of the amount actually incurred since 1 January 2021, where the research and development expenses incurred by an enterprise in research and development activities do not form intangible assets and are included in the current period's profit or loss; and make pre-tax amortization based on 200% of the costs of the intangible assets since 1 January 2021 where intangible assets are formed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Preferential tax treatment (Continued)**

6. According to the Announcement of the Ministry of Finance and the State Administration of Taxation No. 14 of 2022 “Announcement on Further Increasing the Strength of the Implementation of Policy of VAT Ending Withholding Tax Refund”, Yan’an New Energy, a subsidiary of the Company, expands the scope of the policy on full monthly refund of incremental retained tax credits for advanced manufacturing industries to eligible manufacturing industries and other industries, and provide a one-time refund of retained tax credits for enterprises in manufacturing industries and other industries to support the development of small and micro enterprises and manufacturing industries, boost the confidence of market players, stimulate the vitality of market players, and increase the strength of the VAT refund policy for “manufacturing” and other VAT credits at the end of the period. Eligible enterprises in manufacturing and other industries shall apply to the competent tax authorities for refunding the incremental retained tax credits starting from the tax declaration period in April 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS****(1) Monetary funds**

Item	30 June 2023	31 December 2022
Cash on hand		
Digital currency		
Bank deposit	460,855,371.37	408,832,090.42
Other monetary funds	116,071,015.84	183,652,221.23
Total	<u>576,926,387.21</u>	<u>592,484,311.65</u>
Of which: Total deposits in overseas banks		
Deposits with finance company	110,415.89	310,953.17

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(I) Monetary funds (Continued)**

Restricted monetary funds are as follows:

Item	30 June 2023	31 December 2022
Security deposit for bills and letter of credit	55,971,015.84	103,596,665.67
Pledged certificates of deposit	60,100,000.00	80,055,555.56
Total	116,071,015.84	183,652,221.23

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(II) Financial assets held for trading**

Item	30 June 2023	31 December 2022
Classified as financial assets measured at fair value through profit and loss	259,036.45	254,707.15
Including: investment in equity instruments	<u>259,036.45</u>	<u>254,707.15</u>
Total	<u>259,036.45</u>	<u>254,707.15</u>

Note: Investments in equity instruments are publicly issued shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Bills receivable***1. Bills receivables by category*

Item	30 June 2023	31 December 2022
Bank acceptance bills	397,079,937.48	419,924,331.93
Finance company acceptance bills	14,081,130.42	12,178,260.68
Total	411,161,067.90	432,102,592.61

2. Bills receivable pledged by the Company at the end of the period

Item	Amount pledged at the end of the period
Bank acceptance bills	26,210,732.07
Total	26,210,732.07

Note: Pledged bills are guarantees provided for the issuance of bank acceptance bills in the bill pool.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Bills receivable (Continued)**

3. *Bills receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date*

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		234,655,299.02
Finance company acceptance bills		13,444,343.71
Total		248,099,642.73

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable**

1. *Accounts receivable shown by aging based on the recording date*

Aging	30 June 2023	31 December 2022
Within 1 year	615,726,477.00	587,927,374.95
Including: 0–6 months (inclusive)	600,849,415.96	583,071,990.02
7–12 months (inclusive)	14,877,061.04	4,855,384.93
1–2 years (inclusive)	4,330,938.91	5,022,914.04
2–3 years (inclusive)	5,507,170.21	8,453,629.51
Over 3 years	23,445,334.72	17,889,477.55
Subtotal	649,009,920.84	619,293,396.05
Less: provision for bad debts	21,357,852.95	19,415,691.64
Total	627,652,067.89	599,877,704.41

Note: The aging of accounts receivable is shown by aging based on the recording date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

(IV) Accounts receivable (Continued)

2. Accounts receivables disclosed according to provision for bad debts

Category	30 June 2023					31 December 2022				
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts		
	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Carrying amount
Allowance for bad debts is made based on individual basis	519,032.00	0.08	519,032.00	100.00		519,032.00	0.08	519,032.00	100.00	
Allowance for bad debts is made on group basis	648,490,888.84	99.92	20,838,820.95	3.21	627,652,067.89	618,774,364.05	99.92	18,896,659.64	3.05	599,877,704.41
Including: By aging	632,309,156.85	97.43	20,838,820.95	3.30	611,470,335.90	604,423,047.49	97.60	18,896,659.64	3.13	585,526,387.85
Low credit risk portfolio	16,181,731.99	2.49			16,181,731.99	14,351,316.56	2.32			14,351,316.56
Total	649,009,920.84	100.00	21,357,652.95		627,652,067.89	619,293,396.05	100.00	19,415,691.64		599,877,704.41

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable (Continued)**

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

Allowance for bad debts made on individual basis:

Name	30 June 2023			Reasons for making allowance
	Book balance	Allowance for bad debts	Appropriation proportion (%)	
Zhejiang Yuhui Sunshine Energy Co., Ltd.	519,032.00	519,032.00	100.00	Expected to be irrecoverable
Total	<u>519,032.00</u>	<u>519,032.00</u>	<u> </u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable (Continued)**

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

Allowance for bad debts made on group basis:

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

Name	Accounts receivables	30 June 2023	
		Allowance for bad debts	Appropriation proportion (%)
0-6 months (inclusive)	598,664,466.19		
7-12 months (inclusive)	12,169,411.78	121,694.11	1.00
1-2 years (inclusive)	2,218.20	665.46	30.00
2-3 years (inclusive)	1,513,198.61	756,599.31	50.00
Over 3 years	19,959,862.07	19,959,862.07	100.00
Total	<u>632,309,156.85</u>	<u>20,838,820.95</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable (Continued)**

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

Items for which allowance is made on group basis: by low credit risk portfolio

Name	Accounts receivables	30 June 2023	
		Allowance for bad debts	Appropriation proportion (%)
Low credit risk portfolio	16,181,731.99	_____	_____
Total	<u>16,181,731.99</u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

3. Allowances for bad debts charged off, reversed or recovered for the period

Category	31 December 2022	Changes during the period			30 June 2023
		Recovered Provision or reversed	Charged off or written off	Other changes	
Provision for bad debts on individual basis	519,032.00				519,032.00
Receivables that are subject to provision for bad debts on credit risk characteristics	18,896,659.64	2,031,501.77	89,340.46		20,838,820.95
Including: By aging	18,896,659.64	2,031,501.77	89,340.46		20,838,820.95
Total	19,415,691.64	2,031,501.77	89,340.46		21,357,852.95

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable (Continued)**

3. *Allowances for bad debts charged off, reversed or recovered for the period (Continued)*

Of which, the amount of bad debt provision recovered or reversed in the current period is significant:

Name of unit	Amount recovered or reversed	Basis for determining the original bad debt provision		Recovery method
		and its reasonability	Reasons for reversal or recovery	
Suzhou Shengda Zeri Photoelectric Trading Co., Ltd. (蘇州勝達澤日光電貿易有限公司)	88,000.00	On aging basis	Debt collection	Offsetting payment
Other smaller summaries	1,340.46	On aging basis	Debt collection	Monetary payment
Total	89,340.46			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

4. Top five accounts receivable according to closing balance of debtors

Name of unit	Accounts receivable	30 June 2023 Percentage of total accounts receivable (%)	Allowance for bad debt
Jinko Solar (Chuzhou) Co., Ltd. (晶科能源(滁州)有限 公司)	58,340,982.66	8.99	
Dongfang Risheng (Baotou) New Energy Co., Ltd. (東 方日升(包頭)新能源有限 公司)	57,900,395.12	8.92	
Hefei JA Solar Technology Co., Ltd. (合肥晶澳太陽能 科技有限公司)	56,703,957.24	8.74	
Jinko Solar (Shangrao) Co., Ltd. (晶科能源(上饒)有限 公司)	53,460,405.23	8.24	
Hefei GCL System Integration New Energy Technology Co., Ltd. (合 肥協鑫集成新能源科技有 限公司)	47,945,565.45	7.39	
Total	<u>274,351,305.70</u>	<u>42.28</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable (Continued)**

5. *The situation of overdue accounts receivable at the end of the period*

Item	30 June 2023
Accounts receivable not overdue and not impaired	620,057,415.91
Accounts receivable overdue and not impaired	
Accounts receivable overdue and impaired	28,952,504.93
Total	649,009,920.84

As of 30 June 2023, the information on the impairment of accounts receivable and the Company's exposure to credit risk and foreign currency risk is set out in Note VIII.

As at 30 June 2023, the carrying amounts of accounts receivable equalled their fair values.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(V) Receivables financing**1. *Receivables financing*

Item	30 June 2023	31 December 2022
Bills receivable	<u>651,849,120.76</u>	<u>591,856,065.84</u>
Total	<u>651,849,120.76</u>	<u>591,856,065.84</u>

2. *Receivables financing pledged at the end of the period*

Item	Amount pledged at the end of the period
Bank acceptance bills	<u>329,977,079.08</u>
Total	<u>329,977,079.08</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(V) Receivables financing (Continued)***3. Changes in receivables financing for the period and changes in fair value*

Item	31 December 2022	New grants for the period	Derecognition for the period	Other changes	30 June 2023	Accumulated allowance for losses recognized in other comprehensive income
Bills receivable	591,856,065.84	1,172,470,864.80	1,112,477,809.88		651,849,120.76	
Total	<u>591,856,065.84</u>	<u>1,172,470,864.80</u>	<u>1,112,477,809.88</u>	<u></u>	<u>651,849,120.76</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(V) Receivables financing (Continued)**

4. *Receivables financing endorsed or discounted at the end of the period and not mature at the balance sheet date*

Category	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	1,071,726,107.41	
Total	1,071,726,107.41	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Prepayments***1. Prepayments stated according to aging analysis*

Aging	30 June 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	59,650,634.09	89.97	71,111,006.64	96.96
1-2 years (inclusive)	6,520,734.66	9.84	2,132,128.45	2.91
2-3 years (inclusive)	33,925.03	0.05	19,209.03	0.03
Over 3 years	92,255.04	0.14	76,971.04	0.10
Total	<u>66,297,548.82</u>	<u>100.00</u>	<u>73,339,315.16</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

2. Top five prepayments according to closing balance of prepaid parties

Prepaid party	30 June 2023	Percentage of closing balance of total prepayments (%)
CNSG Qinghai Kunlun Soda Industry Co., Ltd. (中鹽青海 昆侖碱業有限公司)	10,150,959.54	15.31
Yan'an Gas Co., Ltd.* (延安燃 氣有限責任公司)	10,882,074.16	16.41
Jingzhou Nengyao New Materials Co., Ltd.* (荊州能 耀新材有限公司)	7,479,723.95	11.28
Henan Zhongyuan Chemical Co., Ltd. (河南中源化學股份 有限公司)	7,130,180.93	10.75
Henan Jindadi Chemical Co., Ltd. (河南金大地化工有限責任 公司)	6,831,860.78	10.30
Total	<u>42,474,799.36</u>	<u>64.05</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables**

Item	30 June 2023	31 December 2022
Interests receivable		
Dividends receivable		
Other receivables	<u>18,011,618.21</u>	<u>17,541,930.31</u>
Total	<u><u>18,011,618.21</u></u>	<u><u>17,541,930.31</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

1. Other receivables

(1) Other receivables disclosed by aging

Aging	30 June 2023	31 December 2022
Within 1 year	1,151,321.24	657,207.35
Including: 0-6 months (inclusive)	1,151,321.24	633,356.14
7-12 months (inclusive)		23,851.21
1-2 years (inclusive)	39,601.21	10,103,633.30
2-3 years (inclusive)	10,121,745.90	35,917.00
Over 3 years	6,704,935.56	6,750,131.16
Sub-total	18,017,603.91	17,546,888.81
Less: provision for bad debts	5,985.70	4,958.50
Total	18,011,618.21	17,541,930.31

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

(2) Other receivables disclosed according to provision for bad debts

Category	30 June 2023					31 December 2022				
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts		
	Amount	Proportion (%)	Amount	Appropriation		Amount	Proportion (%)	Appropriation		Carrying amount
				proportion	Carrying amount			Amount	proportion	
			(%)	(%)			(%)	(%)		
Allowance for bad debts is made on										
group basis	18,017,603.91	100.00	5,985.70	0.03	18,011,618.21	17,546,888.81	100.00	4,958.50	0.03	17,541,930.31
Including: By aging	9,917.00	0.06	5,985.70	60.36	3,931.30	306,185.51	1.74	4,958.50	1.62	301,227.01
By deposits, margins and reserves	18,007,686.91	99.94			18,007,686.91	17,240,703.30	98.26			17,240,703.30
Total	18,017,603.91	100.00	5,985.70		18,011,618.21	17,546,888.81	100.00	4,958.50		17,541,930.31

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

- (2) Other receivables disclosed according to provision for bad debts (Continued)

Allowance for bad debts made on group basis:

Items for which allowance is made on group basis:

Name	Other receivable	30 June 2023	Appropriation
		Allowance for bad debts	proportion (%)
2-3 years (inclusive)	7,862.60	3,931.30	50.00
Over 3 years	2,054.40	2,054.40	100.00
Total	9,917.00	5,985.70	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

- (2) Other receivables disclosed according to provision for bad debts (Continued)

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

Name	30 June 2023		
	Other receivables	Allowance for bad debts	Appropriation proportion (%)
By deposits, margins and reserves	18,007,686.91	_____	_____
Total	<u>18,007,686.91</u>	<u>_____</u>	<u>_____</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

(3) Allowances for bad debts

Allowances for bad debts	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
As at 31 December 2022	4,958.50			4,958.50
Balance at the end of last year during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Made in the period	1,027.20			1,027.20
Reversed in the period				
Charged off in the period				
Written off in the period				
Other changes				
As at 30 June 2023	5,985.70			5,985.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

(3) Allowances for bad debts (Continued)

Change in book balance of other receivables is as follows:

Book balance	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
As at 31 December 2022	17,546,888.81			17,546,888.81
Balance at the end of last year during the period				
- Transferred to Stage II				
- Transferred to Stage III				
- Reversed to Stage II				
- Reversed to Stage I				
Addition in the period	4,284,744.81			4,284,744.81
Derecognition in the period	3,814,029.71			3,814,029.71
Other changes				
As at 30 June 2023	18,017,603.91			18,017,603.91

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

- (4) Allowances for bad debts made, reversed or recovered for the period

Category	31 December 2022	Changes during the period			30 June 2023
		Provision	Recovered or reversed	Charged off or written off	
Allowance for bad debts made on group basis	4,958.50	1,027.20			5,985.70
Total	4,958.50	1,027.20			5,985.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

(5) Other receivables by nature of payment

<u>Nature of payment</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
By deposits, margins and reserves	18,007,686.91	17,240,703.30
By trading receivables and other receivables	<u>9,917.00</u>	<u>306,185.51</u>
Total	<u>18,017,603.91</u>	<u>17,546,888.81</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

1. Other receivables (Continued)

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

Name of unit	Nature of payment	30 June 2023	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Xianyang City Qindu District State-owned Investment Company* (咸陽市秦都區國有投資公司)	Deposits	10,000,000.00	2 to 3 years	55.50	
Yan'an Gas Co., Ltd.* (延安燃氣有限公司)	Deposits	5,000,000.00	Over 3 years	27.75	
Jingzhou Nengyao New Materials Co., Ltd.* (荊州能耀新材有限公司)	Margins	1,000,000.00	Within 1 year	5.55	
Hefei Xincheng Holding Group Co., Ltd.* (合肥鑫城控股集團有限公司)	Deposits	288,000.00	Over 1 year	1.60	
Shanxi Jiasheng Tendering Agency Co., Ltd.* (山西嘉盛招標代理有限公司)	Deposits	55,400.00	Within 1 year	0.31	
Total		16,343,400.00		90.71	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VIII) Inventories***1. Categories of inventories*

Item	30 June 2023			31 December 2022		
	Book balance	Provision for impairment of inventories/ costs	Carrying amount	Book balance	Provision for impairment of inventories/ performance costs	Carrying amount
Goods in stock	216,969,165.85	14,924,091.60	202,045,074.25	206,127,130.71	3,797,718.96	202,329,411.75
Raw materials	49,667,002.41	616,485.68	49,050,516.73	49,176,469.93	618,111.46	48,558,358.47
Goods in transit	55,949,226.47	319,286.99	55,629,939.48	59,094,122.20	319,286.99	58,774,835.21
Revolving materials and others	31,266,673.20	2,466,174.02	28,800,499.18	30,446,130.07	2,408,491.05	28,037,639.02
Semi-finished goods and work in-process	7,828,157.09	2,157,500.12	5,670,656.97	18,917,329.80	150,775.60	18,766,554.20
Total	361,680,225.02	20,483,538.41	341,196,686.61	363,761,182.71	7,294,384.06	356,466,798.65

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VIII) Inventories (Continued)***2. Provision for impairment of inventories and provision for contract performance costs*

Item	31 December 2022	Increase for the period		Decrease for the period		30 June 2023
		Accrue	Others	Reversal or Write-off	Others	
Goods in stock	3,797,718.96	11,126,372.64				14,924,091.60
Raw materials	618,111.46			1,625.78		616,485.68
Goods in transit	319,286.99					319,286.99
Revolving materials and others	2,408,491.05	57,682.97				2,466,174.02
Semi-finished goods and work in-process	<u>150,775.60</u>	<u>2,006,724.52</u>				<u>2,157,500.12</u>
Total	<u><u>7,294,384.06</u></u>	<u><u>13,190,780.13</u></u>		<u><u>1,625.78</u></u>		<u><u>20,483,538.41</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IX) Other current assets**

Item	30 June 2023	31 December 2022
Input VAT deductible	29,432,048.67	38,647,936.48
Deferred expenses	6,446,589.84	2,244,313.61
Prepaid EIT	2,020,952.46	1,564,820.63
Prepaid maternity insurance	703,416.97	_____
 Total	 38,603,007.94	 42,457,070.72

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(X) Other investment in equity instruments**

1. Details of other investment in equity instruments

Item	30 June 2023	31 December 2022
IRICO Display Devices Co., Ltd. (彩虹顯示器件股份 有限公司)	168,388,203.48	146,455,286.22
Shaanxi IRICO Electronics Glass Co., Ltd. (陝西彩虹 電子玻璃有限公司)	95,191,022.25	95,191,022.25
Total	263,579,225.73	241,646,308.47

Note 1: As at 30 June 2023, the Company held a total of 35,375,673 shares of IRICO Display Devices Co., Ltd., and the share price was RMB4.76 per share.

Note 2: As at June 30 2023, the Company held a shareholding of 7.2953% in Shaanxi IRICO Electronics Glass Co., Ltd..

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(X) Other investment in equity instruments (Continued)***2. Details of investment in non-trading equity instruments*

Item	Dividend income recognized in the current period	Accumulated Gains	Accumulated Losses	Amount of transferred to retained earnings from other comprehensive income	Reasons for designating as financial assets at fair value through other comprehensive income	Reasons for transferring to retained earnings from other comprehensive income
IRICO Display Devices Co., Ltd.		478,647,387.64			Investment in equity instrument not held for trading purposes	
Shaanxi IRICO Electronics Glass Co., Ltd.		7,825,235.56			Investment in equity instrument not held for trading purposes	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets**1. *Fixed assets and disposal of fixed assets*

Item	30 June 2023	31 December 2022
Fixed assets	2,283,336,357.59	2,436,460,256.76
Disposal of fixed assets		2,829,294.16
Total	2,283,336,357.59	2,439,289,550.92

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)***2. Details of fixed assets*

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
1. Original carrying amount					
(1) 31 December 2022	1,221,753,686.92	2,153,914,367.17	21,104,346.36	6,747,846.02	3,403,520,246.47
(2) Increase for the period		42,692,744.06	539,045.38	959,345.05	44,191,134.49
- Purchase		2,096,568.33		409,345.05	2,505,913.38
- Transferred from construction in progress		40,596,175.73	539,045.38	550,000.00	41,685,221.11
(3) Decrease for the period	185,918.49	594,280,389.10			594,466,307.59
- Disposal or retirement	185,918.49	94,352,703.66			94,538,622.15
- Transferred to construction in progress		499,927,685.44			499,927,685.44
(4) 30 June 2023	1,221,567,768.43	1,602,326,722.13	21,643,391.74	7,707,191.07	2,853,245,073.37

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)***2. Details of fixed assets (Continued)*

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
2. Accumulated depreciation					
(1) 31 December 2022	159,657,240.07	425,254,272.75	7,473,496.42	3,003,082.76	595,388,092.00
(2) Increase for the period	19,814,076.81	64,760,265.69	771,564.81	210,454.54	85,556,361.85
– Provision	19,814,076.81	64,760,265.69	771,564.81	210,454.54	85,556,361.85
(3) Decrease for the period	17,032.20	139,568,142.79			139,585,174.99
– Disposal or retirement	17,032.20	36,533,113.72			36,550,145.92
– Transferred to construction in progress		103,035,029.07			103,035,029.07
(4) 30 June 2023	179,454,284.68	350,446,395.65	8,245,061.23	3,213,537.30	541,359,278.86

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)***2. Details of fixed assets (Continued)*

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
3. Provision for impairment					
(1) 31 December 2022	3,126,964.80	365,144,291.37	2,741,865.55	658,775.99	371,671,897.71
(2) Increase for the period – Provision					
(3) Decrease for the period – Disposal or retirement – Transferred to construction in progress		343,122,460.79 55,699,811.42 287,422,649.37			343,122,460.79 55,699,811.42 287,422,649.37
(4) 30 June 2023	3,126,964.80	22,021,830.58	2,741,865.55	658,775.99	28,549,436.92
4. Carrying amount					
(1) 30 June 2023	1,038,986,518.95	1,229,858,495.90	10,656,464.96	3,834,877.78	2,283,336,357.59
(2) 31 December 2022	1,058,969,482.05	1,363,515,803.05	10,888,984.39	3,085,987.27	2,436,460,256.76

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XI) Fixed assets (Continued)**

3. *Details of fixed assets of which title of certificates had not been obtained*

Item	30 June 2023	Reasons for having not to obtained the title of certificates
Buildings and structures	342,187,023.37	The title of certificate of Hefei Photovoltaic is in progress

4. *Disposal of fixed assets*

Item	30 June 2023	31 December 2022
Machinery and equipment	_____	2,829,294.16
Total	=====	2,829,294.16

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)**5. *Other explanation*

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

Located in	30 June 2023	31 December 2022
Mainland China	<hr/>	
Medium-term (10–50 years)	2,047,978,225.94	2,201,068,496.19
Short-term (within 10 years)	235,358,131.65	235,391,760.57
	<hr/>	

(XII) Construction in progress1. *Construction in progress and construction materials*

Item	30 June 2023	31 December 2022
	<hr/>	
Construction in progress	1,222,499,172.92	441,379,976.42
Construction materials	96,049.19	345,733.89
	<hr/>	
Total	1,222,595,222.11	441,725,710.31
	<hr/> <hr/>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XII) Construction in progress (Continued)**

2. Construction in progress

Item	30 June 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Jiangxi photovoltaic Shangrao ultra-thin high-transparency photovoltaic glass project (phase I) (江西光伏上饒超薄高透光伏玻璃一期項目)	882,021,153.28		882,021,153.28	411,070,748.35		411,070,748.35
Hefei Photovoltaic cold repair and modification project (phase I) (合肥光伏一期冷修改造項目)	323,593,785.04		323,593,785.04			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XII) Construction in progress (Continued)**

2. Construction in progress (Continued)

Item	30 June 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
IRICO Xianyang ultra-thin high- transparency photovoltaic glass production line construction project (彩虹咸陽超薄高透 光電玻璃生產線建設 項目)	15,554,935.83		15,554,935.83	30,309,228.07		30,309,228.07
Emergency Security System for Combustion Furnace of Yan'an New Energy (延安新 能源窯爐應急安保燃 燒系統)	1,329,298.77		1,329,298.77			
Total	1,222,499,172.92		1,222,499,172.92	441,379,976.42		441,379,976.42

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

(XII) Construction in progress (Continued)

3. Movements of significant construction in progress for the period

Name of project	Budgeted amount	31 December 2022	Increase for the period	Amount transferred in		30 June 2023	Accumulated investment in project as a percentage of total	Project progress	Accumulated amount of interest capitalized	Of which:		Sources of fund
				fixed Assets for the period	Other decreases for the period					amount of interest capitalized for the period	Interest rate for the period	
							(%)	(%)			(%)	
Jiangxi photovoltaic Shangrao ultra-thin high-transparency photovoltaic glass project (phase I) (江西光伏上饒超薄 高透光伏玻璃一期項 目)	3,032,890,000.00	411,070,748.35	488,248,268.13	17,297,863.20		882,021,153.28	30.38	30.38	7,565,069.76	3,227,406.00	3.55-4.25	Self-raised funds and loans from financing institution
Hefei Photovoltaic cold repair and modification project (phase I)(合肥光伏 一期冷修改造項目)	459,550,000.00		323,593,785.04			323,593,785.04	70.42	70.42	291,799.68	291,799.68	3.40	Self-raised funds and loans from financing institution

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XII) Construction in progress (Continued)****3. Movements of significant construction in progress for the period (Continued)**

Name of project	Budgeted amount	31 December 2022	Increase for the period	Amount transferred in		30 June 2023	Accumulated investment in project as a percentage of total	Project progress	Accumulated amount of interest capitalized	Of which:		Sources of fund
				fixed Assets for the period	Other decreases for the period					amount of interest capitalized for the period	rate for the period	
							(%)	(%)			(%)	
IRICO Xiayang ultra-thin high-transparency photovoltaic glass production line construction project (彩虹或陽光超薄高透光電玻璃生產線建設項目)	197,150,000.00	30,309,228.07	9,633,065.67	24,387,357.91		15,554,935.83	55.65	55.65	1,188,584.60	420,208.88	3.75-4.05	Self-raised funds and loans from financing institution
Total		441,379,976.42	821,475,118.84	41,685,221.11		1,221,169,874.15			9,045,454.04	3,939,415.56		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XII) Construction in progress (Continued)**

4. Construction materials

Item	30 June 2023			31 December 2022		
	Book balance	Provision for impairment of construction materials	Carrying amount	Book balance	Provision for impairment of construction materials	Carrying amount
Labour protection gears	96,049.19		96,049.19	345,733.89		345,733.89
Total	96,049.19		96,049.19	345,733.89		345,733.89

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XIII) Right-of-use assets**

Item	Buildings and structures	Total
1. Original carrying amount		
(1) 31 December 2022	2,172,400.34	2,172,400.34
(2) Increase for the period	104,087,835.20	104,087,835.20
– Additional lease	104,087,835.20	104,087,835.20
(3) Decrease for the period	1,086,200.17	1,086,200.17
– Disposal	1,086,200.17	1,086,200.17
(4) 30 June 2023	105,174,035.37	105,174,035.37
2. Accumulated depreciation		
(1) 31 December 2022	1,086,200.17	1,086,200.17
(2) Increase for the period	5,519,676.18	5,519,676.18
– Provision	5,519,676.18	5,519,676.18
(3) Decrease for the period	1,086,200.17	1,086,200.17
– Disposal	1,086,200.17	1,086,200.17
(4) 30 June 2023	5,519,676.18	5,519,676.18
3. Provision for impairment		
(1) 31 December 2022		
(2) Increase for the period		
– Provision		
(3) Decrease for the period		
– Disposal		
(4) 30 June 2023		
4. Carrying amount		
(1) 30 June 2023	99,654,359.19	99,654,359.19
(2) 31 December 2022	1,086,200.17	1,086,200.17

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

Item	Land use rights	Software	Total
1. Original carrying amount			
(1) 31 December 2022	210,324,156.20	3,955,848.25	214,280,004.45
(2) Increase for the period			
– Purchase			
(3) Decrease for the period			
– Disposal			
(4) 30 June 2023	210,324,156.20	3,955,848.25	214,280,004.45
2. Accumulated depreciation			
(1) 31 December 2022	39,260,498.85	3,835,715.60	43,096,214.45
(2) Increase for the period	2,112,145.68	44,690.26	2,156,835.94
– Provision	2,112,145.68	44,690.26	2,156,835.94
(3) Decrease for the period			
– Disposal			
(4) 30 June 2023	41,372,644.53	3,880,405.86	45,253,050.39
3. Provision for impairment			
(1) 31 December 2022			
(2) Increase for the period			
– Provision			
(3) Decrease for the period			
– Disposal			
(4) 30 June 2023			
4. Carrying amount			
(1) 30 June 2023	168,951,511.67	75,442.39	169,026,954.06
(2) 31 December 2022	171,063,657.35	120,132.65	171,183,790.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XV) Long-term deferred expenses**

Item	31 December 2022	Increase for the period	Amortization for the period	Other decreases	30 June 2023
Building and other renovation projects	9,036,544.36	320,388.35	391,341.29		8,965,591.42
Equipment modification item	3,519,376.93		167,009.84		3,352,367.09
High reliability backup power supply for 10 kV power supply	<u>2,785,967.01</u>		<u>619,103.76</u>		<u>2,166,863.25</u>
Total	<u><u>15,341,888.30</u></u>	<u><u>320,388.35</u></u>	<u><u>1,177,454.89</u></u>		<u><u>14,484,821.76</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

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

1. Deferred income tax assets which are not offset

Item	30 June 2023		31 December 2022	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Recognition of deferred income tax assets for leases	100,753,642.73	15,113,046.41	1,086,200.17	162,930.03
Deductible losses	60,456,347.27	9,068,452.09	84,171,920.31	12,625,788.05
Provision for asset impairment	2,274,055.23	341,108.28	3,007,232.41	451,084.87
Total	163,484,045.23	24,522,606.78	88,265,352.89	13,239,802.95

2. Deferred income tax liabilities which are not offset

Item	30 June 2023		31 December 2022	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Recognition of deferred income tax liabilities for leases	99,654,359.19	14,948,153.88	1,086,200.17	162,930.03
Total	99,654,359.19	14,948,153.88	1,086,200.17	162,930.03

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XVI) Deferred income tax assets and deferred income tax liabilities (Continued)**

3. *Deferred income tax assets or liabilities stated on a net basis after offsetting*

Item	30 June 2023		31 December 2022	
	Offset amount of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	14,948,153.88	9,574,452.91	162,930.03	13,076,872.92
Deferred income tax liabilities	14,948,153.88		162,930.03	

4. *Breakdown of unrecognised deferred income tax assets*

Item	30 June 2023	31 December 2022
Deductible temporary differences	554,591,052.65	903,805,701.40
Deductible losses	293,009,725.33	106,875,152.13
Total	847,600,777.98	1,010,680,853.53

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XVI) Deferred income tax assets and deferred income tax liabilities (Continued)***

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

Year	30 June 2023	31 December 2022	Remark
2023	67,033,570.68	67,033,570.68	
2024			
2025 and subsequent years	<u>225,976,154.65</u>	<u>39,841,581.45</u>	
Total	<u>293,009,725.33</u>	<u>106,875,152.13</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XVII) Other non-current assets**

Item	30 June 2023		31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Provision for impairment	Carrying amount
Fixed deposit receipt	200,177,777.78		200,177,777.78	200,222,222.22	200,222,222.22
Prepayment for equipment	98,905,799.35		98,905,799.35	148,291,092.75	148,291,092.75
Total	299,083,577.13		299,083,577.13	348,513,314.97	348,513,314.97

(XVIII) Short-term borrowings1. *Categories of short-term borrowings*

Item	30 June 2023	31 December 2022
Credit loans	1,321,134,611.08	790,887,774.74
Guaranteed loans	140,112,777.78	571,080,056.25
Total	1,461,247,388.86	1,361,967,830.99

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XVIII) Short-term borrowings (Continued)**

2. Details on the categories of short-term borrowings

Guaranteed borrowings:

Lender	30 June 2023	Guarantor
China Construction Bank Corporation Hefei Chengdong Sub-branch (中國建設銀行股份有限公司合肥城東支行)	140,112,777.78	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Total	140,112,777.78	

Note: The Guarantor is the Company, which guarantees its subsidiaries.

(XIX) Notes payable

Category	30 June 2023	31 December 2022
Bank acceptance bills	892,911,072.21	789,306,348.19
Total	892,911,072.21	789,306,348.19

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XX) Accounts payable**

1. *Accounts payable shown by aging based on the recording date*

Item	30 June 2023	31 December 2022
Within 1 year (inclusive)	821,410,210.67	645,817,586.15
1 to 2 years (inclusive)	11,757,621.79	17,364,432.78
2 to 3 years (inclusive)	7,995,641.85	22,806,298.90
Over 3 years	18,412,931.13	19,553,149.67
 Total	 859,576,405.44	 705,541,467.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

Item	30 June 2023	Reasons for outstanding or carried forward
No. 9 Metallurgical Construction Co., Ltd. (九冶建設有限公司)	3,015,923.61	Not collected
Zhongdian Panda Trade Development Limited Company (南京中電熊貓貿易發展有限公司)	1,466,022.34	Not collected
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	1,336,000.00	Not collected
Tianpeng Construction Co., Ltd.* (天鵬建設有限公司)	1,192,342.34	Not collected
Sichuan Deyang Jinghong Machinery Manufacturing Co., Ltd. (四川省 德陽市旌宏機器製造有限公司)	1,024,564.10	Not collected
Shaanxi Xinchangtai Electric Power Engineering Construction Co., Ltd.* (陝西新昌泰電力工程建設有限公司)	1,024,072.07	Not collected
Total	<u>9,058,924.46</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XX) Accounts payable (Continued)****3. Accounts payable by nature*

Item	30 June 2023	31 December 2022
Payable for materials	303,940,754.01	320,689,120.46
Payable for equipment	479,041,134.52	293,566,868.14
Payable for transportation	37,775,140.12	41,541,640.41
Payable for construction	22,357,981.88	35,725,113.06
Payable for services	16,011,096.23	13,488,889.75
Others	450,298.68	529,835.68
Total	859,576,405.44	705,541,467.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXI) Receipts in advance***1. *Receipts in advance is shown as follows*

Item	30 June 2023	31 December 2022
Within 1 year (inclusive)	3,472.90	
Total	3,472.90	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXII) Contract liabilities**1. *Contract liabilities*

Item	30 June 2023	31 December 2022
Payment for goods	3,565,631.27	9,177,620.54
Total	3,565,631.27	9,177,620.54

Note: The Company accounts for the advance payment from customers for goods based on goods sales contracts as contract liabilities, and the related contract liabilities are recognised as sales revenue when the control of the goods is transferred to the customer. The advance payment from customers for goods at the beginning of the year have all been recognised as revenue in the current year, and the contract liabilities at the end of the year are expected to be recognised as revenue from July to December 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXII) Contract liabilities (Continued)***

2. *Significant change in book value during the Reporting Period and reasons therefore*

Item	Changes	Reasons for the change
Payment for goods	-5,611,989.27	There was a difference between the collection progress and the progress of revenue confirmation, resulting in a change in the balance of contract liabilities
Total	<u>-5,611,989.27</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIII) Employee benefits payable***1. *Employee benefits payable is shown as follows*

Item	31 December 2022	Increase for the period	Decrease for the period	30 June 2023
Short-term benefits	1,596,624.45	113,509,035.97	113,696,287.25	1,409,373.17
Post-employment benefits – defined contribution scheme		11,150,621.72	11,150,621.72	
Termination benefits	579,221.46	120,708.00	240,708.00	459,221.46
Total	2,175,845.91	124,780,365.69	125,087,616.97	1,868,594.63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XXIII) Employee benefits payable (Continued)**

2. Short-term benefits is shown as follows

Item	31 December 2022	Increase for the period	Decrease for the period	30 June 2023
(1) Salaries, bonuses, allowance and subsidies		89,621,026.52	89,621,026.52	
(2) Staff welfare	178,965.60	8,885,015.32	8,941,595.92	122,385.00
(3) Social insurance	88,161.46	5,325,148.83	5,410,305.93	3,004.36
Including: Medical insurance	77,789.52	4,421,249.47	4,496,336.99	2,702.00
Work-related injury insurance		510,440.91	510,440.91	
Maternity insurance	10,371.94	278,050.45	288,120.03	302.36
Others		115,408.00	115,408.00	
(4) Housing provident fund		6,717,238.88	6,717,238.88	
(5) Labour union expenses and employee education expenses	1,329,497.39	1,982,964.45	2,028,478.03	1,283,983.81
(6) Other short-term benefits		977,641.97	977,641.97	
Total	<u>1,596,624.45</u>	<u>113,509,035.97</u>	<u>113,696,287.25</u>	<u>1,409,373.17</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXIII) Employee benefits payable (Continued)**3. *Defined contribution scheme is shown as follows*

Item	31 December 2022	Increase for the period	Decrease for the period	30 June 2023
Basic pension insurance		10,735,530.20	10,735,530.20	
Unemployment insurance		415,091.52	415,091.52	
Total		11,150,621.72	11,150,621.72	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIV) Taxes payable***

Tax item	30 June 2023	31 December 2022
Real estate tax	2,121,353.91	1,873,247.75
Value-added tax	989,448.97	8,825,520.03
Land use tax	819,627.00	819,627.00
Urban maintenance and construction tax	797,678.34	1,345,309.14
Individual income tax	614,292.85	757,844.84
Stamp duty	405,496.74	377,473.08
Water conservancy construction funds	251,815.60	261,677.30
Education surcharge	7,854.97	404,084.57
Enterprise income tax		1,349,707.21
Others	228,741.53	661,638.51
Total	6,236,309.91	16,676,129.43

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXV) Other payables***

Item	30 June 2023	31 December 2022
Interest payable		
Dividends payable		
Other payables	<u>94,690,276.13</u>	<u>86,520,207.50</u>
Total	<u>94,690,276.13</u>	<u>86,520,207.50</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXV) Other payables (Continued)**1. *Other payables*

(1) Payables stated by nature

Item	30 June 2023	31 December 2022
Loans from non-financial institutions and interest thereon	31,092,733.24	31,092,733.24
Property lease fee	11,302,993.32	11,094,039.19
Retention money and deposits	34,594,282.44	27,715,454.84
Subsidies payable	7,525,000.00	7,525,000.00
Advances on behalf	3,600,949.91	6,371,266.65
Amounts due to related parties	1,290,814.14	1,259,314.14
Current accounts with related parties	258,631.65	54,608.88
Others	5,024,871.43	1,407,790.56
Total	94,690,276.13	86,520,207.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXV) Other payables (Continued)***1. *Other payables (Continued)*

(2) Other major payables aged more than one year

Item	30 June 2023	Reasons for outstanding or carried forward
Zhangjiagang Economic Development Zone Holding Group Co., Ltd. (張家港經開區控股集團有 限公司)	<u>31,092,733.24</u>	Not settled

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVI) Non-current liabilities due within one year***

Item	30 June 2023	31 December 2022
Long-term loans due within one year	159,764,810.04	128,668,174.15
Long-term payables due within one year	1,085,138.89	62,256.94
Lease liabilities due within one year	9,009,202.50	555,699.47
Total	169,859,151.43	129,286,130.56

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXVI) Non-current liabilities due within one year (Continued)**

Explanations on long-term loans due within one year:

Guaranteed loans:

Lender	30 June 2023	Guarantor
Shanghai Pudong Development Bank Co., Ltd. Xianyang Branch (上海浦東發展銀行股份有限公司咸陽分行)	86,466,259.08	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Industrial and Commercial Bank of China Co., Ltd. Hefei Xinzhan Zone Sub-branch (中國工商銀行股份有限公司合肥新站區支行)	10,026,269.03	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Construction Bank Corporation Xianyang Branch (中國建設銀行股份有限公司咸陽分行)	9,057,006.24	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Construction Bank Corporation Hefei Chengdong Sub-branch (中國建設銀行股份有限公司合肥城東支行)	1,343,039.59	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Construction Bank Corporation Shangrao Branch (中國建設銀行股份有限公司上饒市分行)	267,375.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Shanghai Pudong Development Bank Co., Ltd. Shangrao Branch (上海浦東發展銀行股份有限公司上饒分行)	147,916.67	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Total	107,307,865.61	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

(XXVI) Non-current liabilities due within one year (Continued)

Explanations on long-term loans due within one year:
(Continued)

Guaranteed loans: (Continued)

Notes:

1. The remaining long-term loans due within one year of RMB52,456,900 are credit loans.
2. The Guarantor is the Company, which guarantees its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVI) Non-current liabilities due within one year (Continued)***

Explanations on long-term payables due within one year:

Lender	30 June 2023	Guarantor
Shangrao Binjiang Investment Co., Ltd.* (上饒市濱江投資有限公司)	1,085,138.89	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Total	<u>1,085,138.89</u>	

(XXVII) Other current liabilities

Item	30 June 2023	31 December 2022
Bills endorsement	248,099,642.73	280,489,707.39
Pending VAT output	<u>463,532.06</u>	<u>1,193,090.68</u>
Total	<u>248,563,174.79</u>	<u>281,682,798.07</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVIII) Long-term borrowings***

Classification of long-term borrowings:

Item	30 June 2023	31 December 2022
Guaranteed loans	906,425,366.08	630,359,539.56
Credit loans	408,000,000.00	328,000,000.00
 Total	 <u>1,314,425,366.08</u>	 <u>958,359,539.56</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXVIII) Long-term borrowings (Continued)**

Explanations on classification of long-term borrowings:

Guaranteed borrowings:

Lender	30 June 2023	Guarantor
China Construction Bank Corporation Shangrao Branch (中國建設銀行股份有限公司上饒市分行)	310,000,000.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Shanghai Pudong Development Bank Co., Ltd. Xianyang Branch (上海浦東發展銀行股份有限公司咸陽分行)	227,640,083.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Shanghai Pudong Development Bank Co., Ltd. Shangrao Branch (上海浦東發展銀行股份有限公司上饒分行)	190,000,000.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Construction Bank Corporation Hefei Chengdong Sub-branch (中國建設銀行股份有限公司合肥城東支行)	98,139,891.68	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
China Construction Bank Corporation Xianyang Branch (中國建設銀行股份有限公司咸陽分行)	45,725,979.54	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Industrial and Commercial Bank of China Co., Ltd. Hefei Xinzhan Zone Sub-branch (中國工商銀行股份有限公司合肥新站區支行)	34,919,411.86	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Total	<u>906,425,366.08</u>	

Note: The Guarantor is the Company, which guarantees its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXX) Long-term payables (Continued)**

1. Long-term payables

Item	30 June 2023	31 December 2022
Borrowings	<u>50,000,000.00</u>	<u>50,000,000.00</u>
Total	<u>50,000,000.00</u>	<u>50,000,000.00</u>

Explanation on long-term payables:

Lender	30 June 2023	Guarantor
Shangrao Binjiang Investment Co., Ltd.* (上饒市濱江投資有限公司)	50,000,000.00	IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司)
Total	<u>50,000,000.00</u>	

Note: The term of the loan of Shangrao Binjiang Investment Co., Ltd.* is from 1 April 2022 to 31 March 2025, and the interest rate of this loan is floating.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***(XXXI) Deferred income***

Item	31 December 2022	Increase for the period	Decrease for the period	30 June 2023	Source
Government grants	<u>65,053,216.31</u>	<u>39,630,000.00</u>	<u>2,458,466.53</u>	<u>102,224,749.78</u>	
Total	<u>65,053,216.31</u>	<u>39,630,000.00</u>	<u>2,458,466.53</u>	<u>102,224,749.78</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

Projects involving government grants:

Liabilities	31 December	Amount included		30 June 2023	Related to assets/Related to income
	2022	New grants during the period	in profit or loss during the period		
Local incentives fund	59,365,619.04		775,348.92	58,590,270.12	Related to assets
First batch of equipment subsidies for IRICO Shangrao project		38,630,000.00		38,630,000.00	Related to assets
Construction of a smart plant for solar photovoltaic glass manufacture	2,907,692.31		646,153.86	2,261,538.45	Related to assets
Special project (fund) for guiding technological innovation in Shaanxi Province for 2023 allocated by Science and Technology Department of Shaanxi Province (陕西省科学技术廳)		1,000,000.00		1,000,000.00	Related to assets

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XXXI) Deferred income (Continued)**

Projects involving government grants: (Continued)

Liabilities	31 December	New grants	Amount included	30 June 2023	Related to assets/Related to income
	2022	during the period	in profit or loss during the period		
Construction of solar photovoltaic glass and coated tempered glass production line	1,040,000.00		100,000.00	940,000.00	Related to assets
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X	1,032,352.95		229,411.74	802,941.21	Related to assets
IRICO Shangrao project plant subsidy	666,666.64		666,666.64		Related to assets
Special incentive funds for technical transformation of small and medium-sized enterprises	40,885.37		40,885.37		Related to assets
Total	65,053,216.31	39,630,000.00	2,458,466.53	102,224,749.78	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXII) Share capital***

Item	31 December 2022	Increase/(decrease) (+, -) for the period			Subtotal	30 June 2023
		Issue of new shares	Bonus issue	Shares transferred from reserve		
Total shares	176,322,070.00					176,322,070.00

(XXXIII) Capital reserve

Item	31 December 2022	Increase for the period	Decrease for the period	30 June 2023
Capital premium (share premium)	546,968,390.11			546,968,390.11
Other capital reserve	3,734,191,984.53			3,734,191,984.53
Total	4,281,160,374.64			4,281,160,374.64

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(XXXIV) Other comprehensive income**

Item	31 December 2022	Amount before income tax for the period	Less: Amount transferred to profit or loss for the period for those previously	Less: Amount transferred to retained profit for the period for those previously	Less: Income tax	Attributable to the Company after tax	Attributable to minority interests after tax	30 June 2023
1. Other comprehensive income that will not be reclassified to profit or loss	-241,731,435.66	21,932,917.26				21,932,917.26		-219,798,518.40
Changes in fair value of investments in other equity instruments	-241,731,435.66	21,932,917.26				21,932,917.26		-219,798,518.40
Total other comprehensive income	-241,731,435.66	21,932,917.26				21,932,917.26		-219,798,518.40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXV) Surplus reserve***

Item	31 December 2022	Increase for the period	Decrease for the period	30 June 2023
Statutory surplus reserve	22,477,267.06			22,477,267.06
Total	22,477,267.06			22,477,267.06

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVI) Undistributed profits***

Item	From January to June 2023	From January to June 2022
Undistributed profits at end of last year before adjustment	-2,316,261,778.74	-2,396,626,858.58
Adjustment for undistributed profits at beginning of year ("+" for plus; "-" for less)		1,889.91
Undistributed profits at beginning of year after adjustment	-2,316,261,778.74	-2,396,624,968.67
Add: Net profit attributable to owners of the Company during the period	-147,523,935.95	61,099,505.34
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Dividend payable on ordinary shares		
Ordinary shares dividends transferred to share capital		
Undistributed profits at end of period	-2,463,785,714.69	-2,335,526,408.28

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXXVII) Operating revenue and operating costs***1. Information on operating revenue and operating costs*

Item	From January to June 2023		From January to June 2022	
	Revenue	Costs	Revenue	Costs
Principal businesses	1,275,463,419.11	1,258,093,186.78	1,079,053,292.58	917,114,675.60
Other businesses	12,036,822.10	2,509,776.60	16,310,013.20	1,880,908.67
Total	<u>1,287,500,241.21</u>	<u>1,260,602,963.38</u>	<u>1,095,363,305.78</u>	<u>918,995,584.27</u>

Details of operating revenue:

Item	From January to June 2023	From January to June 2022
Revenue from principal businesses	1,275,463,419.11	1,079,053,292.58
Including: Photovoltaic glass	1,275,463,419.11	1,079,053,292.58
Revenue from other businesses	12,036,822.10	16,310,013.20
Including: Revenue from hydropower	4,276,810.35	3,266,450.09
Sales of materials	4,034,716.98	9,590,105.25
Housing leasing	<u>3,725,294.77</u>	<u>3,453,457.86</u>
Total	<u>1,287,500,241.21</u>	<u>1,095,363,305.78</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVIII) Operating revenue and operating costs (Continued)*****2. Revenue from contract**

Revenue breakdown information for the period is as follows:

Revenue by segment reporting	Solar photovoltaic and module business	Others	Intersegment eliminations	Total
Categorized by transfer time of commodities:				
Recognized by a certain point of time	1,275,463,419.11	8,311,527.33		1,283,774,946.44
Recognized during a certain period				
Total	<u>1,275,463,419.11</u>	<u>8,311,527.33</u>		<u>1,283,774,946.44</u>

3. Revenue from geographical information

	From January to June 2023	From January to June 2022
The PRC (excluding Hong Kong)	<u>1,287,500,241.21</u>	1,092,935,472.40
Other countries or regions		<u>2,427,833.38</u>
Total	<u>1,287,500,241.21</u>	<u>1,095,363,305.78</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXXVII) Operating revenue and operating costs (Continued)***4. Information about major customers*

From January to June 2023, the Company has two customers (From January to June 2022: one customer) which represented over 10% of the Company's total external sales.

The external sales to the major customer during the year are as follows:

Customer	From January to June 2023	From January to June 2022
Customer B	140,748,763.57	
Customer A	<u>135,519,637.86</u>	<u>109,250,157.53</u>
Total	<u><u>276,268,401.43</u></u>	<u><u>109,250,157.53</u></u>

Note: The revenue from Customer A and Customer B was all from sales of photovoltaic glass.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

(XXXVIII) Operating revenue and operating costs (Continued)

5. Performance obligation

When the Company has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant assets (goods or services), revenues will be recognized. Whether performance obligations satisfied over time or at a point in time is based on the terms of contracts and related law regulations. The Company satisfies a performance obligation over time, if one of the following criteria is met:

- (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs.
- (2) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (3) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVIII) Operating revenue and operating costs (Continued)******5. Performance obligation (Continued)***

If the performance obligations satisfied over time, the Company will recognise revenue via contract performance schedule, otherwise the Company shall recognise revenue at a point in time when customer obtains control of relevant asset. Performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

(XXXVIII) Taxes and surcharges

Item	From January to June 2023	From January to June 2022
Real estate tax	4,262,104.50	3,693,614.65
Land use tax	1,639,254.00	1,644,917.76
Water conservancy construction funds	1,551,856.32	1,119,753.22
Urban maintenance and construction tax	1,013,750.74	1,631,347.73
Education surcharge	719,042.93	1,229,401.64
Stamp duty and others	3,376,169.21	1,816,554.66
Total	<u>12,562,177.70</u>	<u>11,135,589.66</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***(XXXIX) Selling expenses*

Item	From January to June 2023	From January to June 2022
Certification test fees	1,718,073.61	
Payroll	1,172,064.19	1,118,333.40
Traveling expenses	937,100.67	677,932.68
Entertainment expenses	158,039.26	150,875.28
Advertising and publicity expenses	100,000.00	
Commission and handling fees		244,848.61
Others	67,481.00	18,818.20
Total	4,152,758.73	2,210,808.17

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XL) Administrative expenses***

Item	From January to June 2023	From January to June 2022
Payroll	17,750,933.89	12,599,481.97
Repair maintenance expenses	17,599,690.01	18,190,983.58
Depreciation and amortization expense	17,712,606.64	12,515,762.58
Agency expenses	3,172,703.05	1,695,689.96
Property rental income	2,278,071.16	1,920,105.04
Traveling expenses	846,333.30	416,007.27
Office expenses	632,304.14	631,835.73
Loss on shutdown	624,414.84	1,623,818.52
Entertainment fees	298,540.25	196,143.63
Insurance	160,440.21	160,646.16
Others	3,683,787.64	870,093.26
Total	64,759,825.13	50,820,567.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLI) Research and development expenses***

Item	From January to June 2023	From January to June 2022
Materials costs	18,816,840.66	11,441,321.86
Power expenses	13,714,431.78	6,764,531.76
Payroll	13,449,148.81	6,241,371.31
Depreciation	905,946.84	374,096.29
Others	734,959.02	9,201.90
Total	47,621,327.11	24,830,523.12

(XLII) Finance costs

Item	From January to June 2023	From January to June 2022
Interest expenses	45,720,018.36	40,343,204.10
Including: Interest expenses for lease liabilities	1,977,444.16	13,197.86
Less: Interest income	6,015,373.60	4,750,167.50
Exchange losses or gains	-3,483.40	-284,275.50
Others	1,118,971.68	2,555,017.66
Total	40,820,133.04	37,863,778.76

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XLIII) Other incomes**

Item	From January to June 2023	From January to June 2022
Government grants	9,883,755.73	10,330,514.90
Handling fee for withholding individual income tax	41,574.01	12,650.78
Total	9,925,329.74	10,343,165.68

Government grants included in other incomes:

Item	From January to June 2023	From January to June 2022	Related to assets/ Related to income
Rent subsidy for Xianyang Photovoltaic	6,106,789.20		Related to income
Incentives grants of manufacturing strong province, private economic policy from the Economic and Trade Development Bureau of Xinzhan District of Hefei	1,000,000.00	1,000,000.00	Related to income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

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

Item	From January to June 2023	From January to June 2022	Related to assets/ Related to income
Local incentives fund	775,348.92	775,348.92	Related to assets
Jiangxi plant subsidy	666,666.64	333,333.34	Related to assets
Solar photovoltaic glass manufacturing intelligent factory construction project	646,153.86	646,153.85	Related to assets
Equipment upgrade project of wide high transparency and ultra-thin photovoltaic glass 18X	229,411.74	38,235.29	Related to assets
Government subsidy for the “scientist+engineer” team construction project for Qinchuangyuan in Shaanxi Province (陝西省秦創原“科 學家+工程師”隊伍建設項目 政補助)	180,000.00		Related to income
Construction of solar photovoltaic glass and coated tempered glass production line	100,000.00	100,000.00	Related to assets

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIII) Other incomes (Continued)***

Item	From January to June 2023	From January to June 2022	Related to assets/ Related to income
Award for quality benchmarking enterprises in Shaanxi Province for 2022 allocated by Finance Bureau of Xianyang High-tech Zone	100,000.00		Related to income
Special incentive funds for technical transformation of small and medium-sized enterprises	40,885.37	3,666.67	Related to assets
Employment subsidies for recruitment of college and university graduates allocated by Human Resources and Social Security Bureau of Qindu District, Xianyang	10,000.00		Related to income
Unemployment insurance fund expenditure account to one-time post expansion subsidies allocated by Xianyang Unemployment and Work Injury Insurance Center	3,000.00		Related to income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

Item	From January to June 2023	From January to June 2022	Related to assets/ Related to income
Subsidy for stabilizing employment	1,500.00	654,685.79	Related to income
Subsidies per kWh of Hefei photovoltaic power station		2,859,754.00	Related to income
Subsidies for industrial fixed assets of Technical Improvement Projects in the category of "Post-Reward and Supplement" from the High-tech Industrial Development Zone Economic and Trade Development Bureau of Xinzhan District of Hefei in the first half of 2020		1,805,100.00	Related to income
Awards and grants for 2021 financial incremental contribution from the High-tech Industrial Development Zone Economic and Trade Development Bureau of Xinzhan District of Hefei		1,052,000.00	Related to income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIII) Other incomes (Continued)***

Item	From January to June 2023	From January to June 2022	Related to assets/ Related to income
Incentives grants of Specialised, Refined, Differentiated and Innovative champion enterprise in 2022 from the Economic and Trade Development Bureau of Xinzhan District of Hefei		800,000.00	Related to income
Reduction of basic medical insurance premium for employees in stages of Yan'an city		218,237.04	Related to income
Rewards related to science and technology innovation supported by provincial policy in 2019		41,000.00	Related to income
Other small sums	<u>24,000.00</u>	<u>3,000.00</u>	Related to income
Total	<u>9,883,755.73</u>	<u>10,330,514.90</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIV) Investment gains***

Item	From January to June 2023	From January to June 2022
Time deposit interest	9,726,999.90	2,222,222.23
Investment income from disposal of held- for-trading financial assets	51,857.08	49,965.15
Investment income from the period holding held-for-trading financial assets	19,582.87	
Bills discounted interest	-6,044,259.22	-1,100,378.71
Long-term equity investment gains measured under equity method		-629,919.54
Investment income from disposal of debt investments		873,431.16
Structured deposit interest		1,655.59
Total	<u>3,754,180.63</u>	<u>1,416,975.88</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLV) Gains from changes in fair value***

Source of gains from changes in fair value	From January to June 2023	From January to June 2022
Held-for-trading financial assets	4,329.30	-8,195.09
Including: financial assets that are measured at fair value through current profit or loss	4,329.30	-8,195.09
Total	4,329.30	-8,195.09

(XLVI) Credit impairment losses

Item	From January to June 2023	From January to June 2022
Losses on bad debts of accounts receivable	1,942,161.31	948,640.10
Losses on bad debts of other receivables	1,027.20	410.88
Total	1,943,188.51	949,050.98

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLVII) Asset impairment losses***

Item	From January to June 2023	From January to June 2022
Losses on impairment of inventories and losses on impairment of contract performance cost	<u>13,189,154.35</u>	<u>-3,063,068.69</u>
Total	<u><u>13,189,154.35</u></u>	<u><u>-3,063,068.69</u></u>

(XLVIII) Gains from disposal of assets

Item	From January to June 2023	From January to June 2022	Amount included in non-recurring profit or loss for the period
Gains from disposal of fixed assets and construction in progress	<u>992,224.12</u>	<u></u>	<u>992,224.12</u>
Total	<u><u>992,224.12</u></u>	<u><u></u></u>	<u><u>992,224.12</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIX) Non-operating income***

Item	From January to June 2023	From January to June 2022	Amount included in non-recurring profit or loss for the period
Forfeiture and penalty income	20,469.66		20,469.66
Gains from liquidated damages	3,000.00		3,000.00
Others	34,063.00	11,478.00	34,063.00
Total	57,532.66	11,478.00	57,532.66

(L) Non-operating expenses

Item	From January to June 2023	From January to June 2022	Amount included in non-recurring profit or loss for the period
Losses on destroy or scrap of non-current assets	557,203.05		557,203.05
Penalty expenses		90,000.00	
Others	63,106.80		63,106.80
Total	620,309.85	90,000.00	620,309.85

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LI) Income tax expenses***1. List of income tax expenses*

Item	From January to June 2023	From January to June 2022
Income tax expenses for the current period	-16,484.20	
Deferred income tax expenses	<u>3,502,420.01</u>	<u>2,195,335.89</u>
Total	<u><u>3,485,935.81</u></u>	<u><u>2,195,335.89</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LI) Income tax expenses (Continued)***2. Adjustment of accounting profit and income tax expenses*

Item	From January to June 2023
Total profit	-144,038,000.14
Income tax expenses calculated based on the statutory or applicable tax rate	-21,605,700.02
Impact of different applicable tax rates to subsidiaries	164,488.63
Impact of income tax for the period before adjustment	-16,484.20
Tax effect of non-taxable income	
Impact of cost, expenses and losses not deductible for tax	77,276.92
Impact of utilization of deductible loss of deferred income tax assets not recognized for the previous period	-302,533.02
Tax effect of deductible temporary differences or deductible loss of unrecognized deferred income tax assets in the current period	29,618,576.61
Others	-4,449,689.11
Income tax expenses	3,485,935.81

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Earnings per share**1. *Basic earnings per share*

Basic earnings per share is calculated by dividing consolidated net profit attributable to holders of ordinary shares of the parent company by weighted average number of ordinary shares in issue of the Company:

Item	From January to June 2023	From January to June 2022
Consolidated net profit attributable to holders of ordinary shares of the parent company	-147,523,935.95	61,098,560.39
Weighted average number of ordinary shares in issue of the Company	176,322,070.00	176,322,070.00
Basic earnings per share	-0.8367	0.3465
Including: Basic earnings per share relating to continuing operations	-0.8367	0.3465
Basic earnings per share relating to discontinued operations		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Earnings per share (Continued)***2. Diluted earnings per share*

Diluted earnings per share is calculated by consolidated net profit attributable to holders of ordinary shares of the parent company (diluted) by the weighted average number of ordinary shares in issue of the Company (diluted):

Item	From January to June 2023	From January to June 2022
Consolidated net profit attributable to holders of ordinary shares of the parent company (diluted)	-147,523,935.95	61,098,560.39
Weighted average number of ordinary shares in issue of the Company (diluted)	176,322,070.00	176,322,070.00
Diluted earnings per share	-0.8367	0.3465
Including: Diluted earnings per share relating to continuing operations	-0.8367	0.3465
Diluted earnings per share relating to discontinued operations		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIII) Supplementary information of income statement classification of expenses by nature***

Operating costs, selling expenses, administrative expenses, research and development expenses and finance costs in income statement classified by nature were set out as follows:

Item	From January to June 2023	From January to June 2022
Materials, fuel, power costs, etc.	1,129,162,030.66	808,426,055.06
Depreciation and amortization	94,410,328.86	69,626,719.92
Payroll	87,999,975.14	66,022,297.46
Transportation expenses	44,167,731.79	31,271,918.76
Finance expenses	40,820,133.04	37,863,778.76
Repair maintenance expenses	17,599,690.01	18,190,983.58
Agency expenses	3,172,703.05	1,695,689.96
Loss on shutdown	624,414.84	1,623,818.52
Total	<u>1,417,957,007.39</u>	<u>1,034,721,262.02</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Items in statement of cash flows****1. Cash received relating to other operating activities*

Item	From January to June 2023	From January to June 2022
Recovery of accounts receivable, deposits and others	113,266,388.86	158,657,644.39
Government subsidies and income tax handling fee refunds received	40,990,074.01	15,946,427.61
Interest income received	5,828,414.63	3,476,909.47
Total	<u>160,084,877.50</u>	<u>178,080,981.47</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Items in statement of cash flows (Continued)****2. Cash paid relating to other operating activities*

Item	From January to June 2023	From January to June 2022
Payment of accounts payable, deposits and others	54,152,919.46	217,831,671.15
Agency expenses	3,647,270.64	2,996,368.32
Traveling expenses	2,208,773.75	1,313,912.14
Lease and property management fees	341,020.55	2,184,405.58
Office expenses	433,817.77	322,751.07
Commission and handling fees	776,077.38	1,175,721.51
Advertisement fees	209,630.12	30,000.00
Insurance	1,949.64	173.88
Total	<u>61,771,459.31</u>	<u>225,855,003.65</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Items in statement of cash flows (Continued)***5. *Cash paid relating to other financing activities*

Item	From January to June 2023	From January to June 2022
Interest of bill discount	7,104,444.45	
Payment of listing intermediary fees	1,750,000.00	4,821,000.00
Payment of lease liabilities and interest	582,095.23	
Pledged deposit		200,000,000.00
Payment of principal and interest on finance leases		100,448,179.57
Total	<u>9,436,539.68</u>	<u>305,269,179.57</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Supplementary information on statement of cash flows***1. Supplementary information on statement of cash flows*

Supplementary information	From January to June 2023	From January to June 2022
1. Reconciliation of net profit as cash flows from operating activities		
Net profit	-147,523,935.95	61,098,560.39
Add: Credit impairment losses	1,943,188.51	949,050.98
Provision for assets impairment	13,189,154.35	-3,063,068.69
Depreciation of fixed assets	85,556,361.85	66,453,082.03
Depreciation of oil and gas assets		
Depreciation of right-of-use assets	5,519,676.18	271,550.05
Amortization of intangible assets	2,156,835.94	2,166,718.12
Amortization of long-term deferred expenses	1,177,454.89	735,369.72
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" denotes gain)	-992,224.12	
Loss on retirement of fixed assets ("-" denotes gain)	557,203.05	
Loss on changes in fair value ("-" denotes gain)	-4,329.30	8,195.09
Finance expenses ("-" denotes gain)	45,716,534.96	40,058,928.60
Investment losses ("-" denotes gain)	-3,754,180.63	-1,416,975.88

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Supplementary information on statement of cash flows
(Continued)***1. Supplementary information on statement of cash flows
(Continued)*

Supplementary information	From January to June 2023	From January to June 2022
Decrease in deferred income tax assets ("-" denotes increase)	3,502,420.01	2,194,390.94
Increase in deferred income tax liabilities ("-" denotes decrease)		
Decrease in inventories ("-" denotes increase)	2,080,957.69	31,121,747.54
Decrease in operating receivables ("-" denotes increase)	-55,499,382.54	-455,261,443.18
Increase in operating payables ("-" denotes decrease)	67,933,692.85	289,245,512.69
Others		
Net cash flows from operating activities	21,559,427.74	34,561,618.40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Supplementary information on statement of cash flows (Continued)****1. Supplementary information on statement of cash flows (Continued)**

Supplementary information	From January to June 2023	From January to June 2022
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2. Major investing and financing activities not involving cash settlements

Conversion of debts to capital

Convertible corporate bonds due within
one year

Fixed assets acquired under finance lease

3. Net changes in cash and cash equivalentsClosing balance of cash **460,855,371.37** 461,581,153.75Less: Opening balance of cash **408,832,090.42** 411,742,786.14

Add: Closing balance of cash equivalents

Less: Opening balance of cash equivalents

Net increase in cash and cash equivalents **52,023,280.95** 49,838,367.61

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LV) Supplementary information on statement of cash flows
(Continued)****2. Composition of cash and cash equivalents*

Item	30 June 2023	31 December 2022
I. Cash	460,855,371.37	408,832,090.42
Including: Cash on hand		
Digital currency readily available for payment		
Bank deposits readily available for payment	460,855,371.37	408,832,090.42
Other monetary funds readily available for payment		
Deposits with the central bank available for payment		
Deposits with banks and other financial institutions		
Loans from banks and other financial institutions		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Supplementary information on statement of cash flows (Continued)***2. Composition of cash and cash equivalents (Continued)*

Item	30 June 2023	31 December 2022
II. Cash equivalents		
Including: Bond investment due in three months		
III. Closing balance of cash and cash equivalents	460,855,371.37	408,832,090.42
Including: restricted cash and cash equivalents of the Company or subsidiaries within the Group		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVI) Assets with restricted ownership or right to use***

Item	30 June 2023	Reason for such restrictions
Monetary funds	116,071,015.84	Security deposits for bank acceptance bills, pledged time deposit, frozen deposits, etc.
Notes receivable	274,310,374.80	Pledged notes, endorsed but not matured
Receivables financing	329,977,079.08	Pledged notes
Other non-current assets	200,177,777.78	Pledged time deposit
Total	920,536,247.50	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVII) Foreign currency items****1. Foreign currency items*

Item	Foreign currency balance at 30 June 2023	Exchange rate	Balance in RMB at 30 June 2023
Monetary funds			107,235.59
Including: USD	4,045.88	7.2258	29,234.72
HKD	84,601.48	0.92198	78,000.87

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(LVIII) Government grants**1. *Asset-related government grants*

Type	30 June 2023	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			From January to June 2023	From January to June 2022	
Local incentives fund	58,590,270.12	Deferred income	775,348.92	775,348.92	Other income
First batch of equipment subsidies for IRICO Shangrao project	38,630,000.00	Deferred income			Other income
Construction of a smart plant for solar photovoltaic glass manufacture	2,261,538.45	Deferred income	646,153.86	646,153.85	Other income
Special project (fund) for guiding technological innovation in Shaanxi Province for 2023 allocated by Science and Technology Department of Shaanxi Province (陝西省科學技術廳)	1,000,000.00	Deferred income			Other income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)***1. Asset-related government grants (Continued)*

Type	30 June 2023	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			From January to June 2023	From January to June 2022	
Construction of solar photovoltaic glass and coated tempered glass production line	940,000.00	Deferred income	100,000.00	100,000.00	Other income
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X	802,941.21	Deferred income	229,411.74	38,235.29	Other income
IRICO Shangrao project plant subsidy		Deferred income	666,666.64	333,333.34	Other income
Special incentive funds for technical transformation of small and medium-sized enterprises		Deferred income	40,885.37	3,666.67	Other income
Total	102,224,749.78		2,458,466.53	1,896,738.07	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**(LVIII) Government grants (Continued)***2. Income-related government grants*

Type	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2023	From January to June 2022	
Rent subsidy for Xianyang Photovoltaic	6,106,789.20	6,106,789.20		Other income
Incentives grants of manufacturing strong province, private economic policy from the Economic and Trade Development Bureau of Xinzhan District of Hefei	2,000,000.00	1,000,000.00	1,000,000.00	Other income
Government subsidy for the "scientist+engineer" team construction project for Qinchuangyuan in Shaanxi Province (陝西省秦創原"科學家+工程師"隊伍建設項目政補助)	180,000.00	180,000.00		Other income
Award for quality benchmarking enterprises in Shaanxi Province for 2022 allocated by Finance Bureau of Xianyang High-tech Zone	100,000.00	100,000.00		Other income
Employment subsidies for recruitment of college and university graduates allocated by Human Resources and Social Security Bureau of Qindu District, Xianyang	10,000.00	10,000.00		Other income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)***2. Income-related government grants (Continued)*

Type	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2023	From January to June 2022	
Unemployment insurance fund expenditure account to one-time post expansion subsidies allocated by Xianyang Unemployment and Work Injury Insurance Center	3,000.00	3,000.00		Other income
Subsidy for stabilizing employment	656,185.79	1,500.00	654,685.79	Other income
Subsidies per kWh of Hefei photovoltaic power station	2,859,754.00		2,859,754.00	Other income
Subsidies for industrial fixed assets of Technical Improvement Projects in the category of "Post-Reward and Supplement" from the High-tech Industrial Development Zone Economic and Trade Development Bureau of Xinzhan District of Hefei in the first half of 2020	1,805,100.00		1,805,100.00	Other income
Awards and grants for 2021 financial incremental contribution from the High-tech Industrial Development Zone Economic and Trade Development Bureau of Xinzhan District of Hefei	1,052,000.00		1,052,000.00	Other income

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVIII) Government grants (Continued)******2. Income-related government grants (Continued)***

Type	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2023	From January to June 2022	
Incentives grants of Specialised, Refined, Differentiated and Innovative champion enterprise in 2022 from the Economic and Trade Development Bureau of Xinzhan District of Hefei	800,000.00		800,000.00	Other income
Reduction of basic medical insurance premium for employees in stages of Yan'an city	218,237.04		218,237.04	Other income
Rewards related to science and technology innovation supported by provincial policy in 2019	41,000.00		41,000.00	Other income
Other minor government subsidies	27,000.00	24,000.00	3,000.00	Other income
Total	15,859,066.03	7,425,289.20	8,433,776.83	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVIX) Leases***1. *As lessee*

Item	From January to June 2023	From January to June 2022
Interest expenses of lease liabilities	1,977,444.16	13,197.86
Total cash flow for leases	582,095.23	

2. *As lessor*

(1) Operating leases

	From January to June 2023	From January to June 2022
Revenue from operating leases	3,725,294.77	3,453,457.86

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

VI. CHANGES ON SCOPE OF COMBINATION

None.

VII. INTERESTS IN OTHER ENTITIES**(I) Interests in subsidiaries**

1. Composition of enterprise group

Name of subsidiary	Principal		Nature of business	Paid-in capital (RMB0'000)	Shareholding ratio (%)		Method for acquisition
	place of business	Place of registration			Direct	Indirect	
IRICO (Hefei) Photovoltaic Co., Ltd.*	Hefei, Anhui	Hefei, Anhui	Photovoltaic glass	115,000.00	100.00		Investment in establishment
IRICO Yan'an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司)	Yan'an, Shaanxi	Yan'an, Shaanxi	Photovoltaic glass	30,000.00	100.00		Investment in establishment
Xianyang IRICO Photovoltaic Glass Co., Ltd.	Xianyang, Shaanxi	Xianyang, Shaanxi	Photovoltaic glass	6,000.00	100.00		Investment in establishment
Jiangxi IRICO Photovoltaic Co., Ltd.	Shangrao, Jiangxi	Shangrao, Jiangxi	Photovoltaic glass	15,000.00	100.00		Investment in establishment

Notes:

- As of 30 June 2023, none of the subsidiaries issued any debt securities as at the end of the year or at any time during the year (2022: None).
- The subsidiaries of the Company are all limited liability companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***VII. INTERESTS IN OTHER ENTITIES (CONTINUED)****(I) Interests in subsidiaries (Continued)***2. Aggregated financial information of joint ventures and associates*

	30 June 2023/ From January to June 2023	31 December 2022/ From January to June 2022
Associates:		
Total carrying amount of investments		
Amounts in aggregate in proportion to the shareholdings		
– Net profit		-629,919.54
– Other comprehensive income		
– Total comprehensive income		-629,919.54

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

VIII. RISK RELATING TO FINANCIAL INSTRUMENTS

The Company is confronted with various financial risks in its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). The above financial risks and the risk management policies adopted by the Company to minimize such risks are listed as follows:

The overall objective of the Company's risk management is to develop a risk management policy that minimizes risks with undue impact on the Company's competitiveness and resilience.

(I) Credit risk

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Company.

The Company's credit risk mainly arises from cash at bank and on hand, bills receivable, accounts receivable, receivables financing, other receivables, debt investment, other debt investments, financial guarantee contracts, etc. as well as the investment in debt instruments at fair value through profit or loss and derivative financial assets that are not included in the impairment assessment scope.

The Company's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Company considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Credit risk (Continued)**

In addition, the Company develops relevant policies to limit the credit risk exposure on bills receivable, accounts receivable, receivables financing and other receivables, etc. The Company assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Company regularly monitors the credit record of the customers. For customers with a poor credit history, the Company will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Company is limited to a controllable extent.

(II) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery.

The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department conducts centralized control over liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts for cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonable foreseeable circumstances. Meanwhile, it continued to monitor whether the Company is in line with the requirements of borrowing agreements, and obtain the undertakings to provide sufficient reserve funds from major financial institutions, so as to meet its short-term and long-term capital needs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(II) Liquidity risk (Continued)**

The financial liabilities of the Company are analysed by their maturity date below at their undiscounted contractual cash flows:

Item	30 June 2023			Total
	Within 1 year	1-5 years	Over 5 years	
Short-term borrowings	1,490,805,930.52			1,490,805,930.52
Bills payable	892,911,072.21			892,911,072.21
Accounts payable	859,576,405.44			859,576,405.44
Other payables	94,690,276.13			94,690,276.13
Non-current liabilities due within one year	169,859,151.43			169,859,151.43
Other current liabilities	248,099,642.73			248,099,642.73
Long-term borrowings		1,518,703,252.04		1,518,703,252.04
Lease liabilities	582,095.20	44,870,608.76	45,902,698.82	91,355,402.78
Long-term payables		57,586,198.63		57,586,198.63
Total	<u>3,756,524,573.66</u>	<u>1,621,160,059.43</u>	<u>45,902,698.82</u>	<u>5,423,587,331.91</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(II) Liquidity risk (Continued)**

Item	31 December 2022			Total
	Within 1 year	1-5 years	Over 5 years	
Short-term borrowings	1,361,967,830.99			1,361,967,830.99
Bills payable	789,306,348.19			789,306,348.19
Accounts payable	705,541,467.50			705,541,467.50
Other payables	86,520,207.50			86,520,207.50
Non-current liabilities due within one year	129,286,130.56			129,286,130.56
Other current liabilities	280,489,707.39			280,489,707.39
Long-term borrowings		1,101,791,734.25		1,101,791,734.25
Lease liabilities	530,500.70			530,500.70
Long-term payables		58,088,595.89		58,088,595.89
Total	<u>3,353,642,192.83</u>	<u>1,159,880,330.14</u>		<u>4,513,522,522.97</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(III) Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

1. Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate. The interest rate risk faced by the Company mainly arises from short-term bank borrowings, long-term borrowings and long-term payables.

2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company matches foreign currency revenue with foreign currency expenses as much as possible to reduce exchange rate risk. In addition, the Company may consider entering into forward exchange contract or currency swap contract to mitigate the foreign exchange risk. During the period and the previous period, the Company has not entered into any forward exchange contract or currency swap contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(III) Market risk (Continued)***2. Exchange rate risk (Continued)*

The exchange rate risk faced by the Company mainly arises from financial assets and financial liabilities denominated in US dollars and Euro. The amount of the financial assets and financial liabilities in foreign currencies converted into RMB is as follows:

Item	30 June 2023			31 December 2022		
	US dollars	Other foreign currency	Total	US dollars	Other foreign currency	Total
Monetary funds	29,234.72	78,000.87	107,235.59	197,438.89	67,505.59	264,944.48
Total	<u>29,234.72</u>	<u>78,000.87</u>	<u>107,235.59</u>	<u>197,438.89</u>	<u>67,505.59</u>	<u>264,944.48</u>

As at 30 June 2023, a 5% increase or decrease in RMB against USD, with all other variables held constant, would have increased or decreased the net profit of the Company by RMB4,557.51 (31 December 2022: RMB7,403.96). The management considers that the 5% reasonably reflected the reasonable range of the possible change in Renminbi against USD for the next year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

(III) Market risk (Continued)

3. Other price risk

The Company holds equity investment in other listed companies, and the management believes that the market price risks faced by these investment activities are acceptable.

IX. DISCLOSURE OF FAIR VALUE

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the relevant assets or liabilities other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***IX. DISCLOSURE OF FAIR VALUE (CONTINUED)****(I) Fair value of assets and liabilities measured at fair value as at the end of the period**

Item	Fair value at 30 June 2023			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuing fair value measurement				
◆ Held-for-trading financial assets	259,036.45			259,036.45
1. Financial assets at fair value through profit and loss	259,036.45			259,036.45
(1) Investment in equity instruments	259,036.45			259,036.45
◆ Receivables financing			651,849,120.76	651,849,120.76
◆ Investment in other equity instruments	168,388,203.48		95,191,022.25	263,579,225.73
Total assets measured at fair value on a recurring basis	168,647,239.93		747,040,143.01	915,687,382.94

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)***(II) Basis for determining the market price of items persistently and non-persistently measured at fair value at the first level***

The Company's investments in equity instruments which are persistently measured at level 1 fair value at the end of the period are publicly issued shares, and the fair value at the end of the period represents the share price as at 30 June 2023, with fair value adjustment based on the share price at the end of the year. The other investments in equity instruments measured at level 1 fair value are publicly issued shares of IRICO Display Devices Co., Ltd. held by the Company not for short-term trading, and the fair value at the end of the period represents the share price as at 30 June 2023.

(III) Valuation techniques used and the qualitative and quantitative information of key parameters for items persistently and non-persistently measured at fair value at the Third level

1. Other investments in equity instruments held by the Company which are measured at level 3 fair value represent 7.2953% equity interest in Shaanxi IRICO Electronics Glass Co., Ltd., which is an unlisted company. Fair value is determined based on the appraised value as of the balance sheet date.
2. Receivables financing held by the Company which are measured at level 3 fair value is bill receivable. The intention for holding such bill receivable is for endorsement, its remaining period is short, and the book value is equal to the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES**(I) Information on the parent company of the Company**

Name of the parent company	Place of registration	Nature of Business	Registered Capital (RMB'000)	Percentage of shareholding in the Company held by the parent company (%)	Percentage of voting rights in the Company held by the parent company (%)
IRICO Group Corporation Limited* (彩虹集團有限公司)	Beijing	Production and sales of electronic components	245,129.19	34.44	34.44

Notes:

IRICO Group Corporation Limited directly holds 30.15% of the shares of the Company; Rui Bou Electronics (HK) Limited is a wholly-owned subsidiary of IRICO Group Corporation Limited, holding 4.29% of the shares of the Company. IRICO Group Corporation Limited directly and indirectly holds 34.44% of the shares of the Company.

Xianyang Zhongdian IRICO Group Holdings Ltd. is directly held as to 72.08% by China Electronics and Information Industry Group Co., Ltd.* and as to 27.92% by IRICO Group Corporation Limited, holding 14.30% of the shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(I) Information on the parent company of the Company (Continued)***Notes: (Continued)*

CEC Capital Investment Holdings Company Limited* (中電金投控股有限公司), a wholly-owned subsidiary of China Electronics and Information Industry Group Co., Ltd.*, holds 26.17% shares of the Company.

China Electronics and Information Industry Group Co., Ltd.* (place of registration: Beijing, the PRC), through IRICO Group Corporation Limited, Xianyang Zhongdian IRICO Group Holdings Ltd., Rui Bou Electronics (HK) Limited CEC Capital Investment Holdings Company Limited* (中電金投控股有限公司), holds 74.91% of the shares of the Company in aggregate, and is the ultimate controlling party of the Company.

(II) Information on the subsidiaries of the Company

Please refer to Note “VII. Interest in other entities” for details of the information on the subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(III) Information on other related parties**

Name of other related parties	Relationship between other related party and the Company
Xianyang Zhongdian IRICO Group Holdings Ltd.	Shareholder of the Company
Xianyang IRICO Green Energy Co., Ltd.	Same parent company
Hefei IRICO Epilight Industry Co., Ltd.	Under the same ultimate control party
Anhui Hongchen New Materials Technology Co., Ltd.	Under the same ultimate control party
China Electronics Financial Co., Ltd.	Under the same ultimate control party
China Elec-Trans Int'l Service Co., Ltd.	Under the same ultimate control party
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	Under the same ultimate control party
Xianyang IRICO Electronic Accessories Co., Ltd.	Under the same ultimate control party
CEC Caihong Intelligent Lighting Technology Co., Ltd.* (中電彩虹智慧照明科技有限公司)	Under the same ultimate control party
Zhongdian Panda Trade Development Limited Company	Under the same ultimate control party
Nanjing Zhongdian Panda Property Management Co., Ltd.	Under the same ultimate control party

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(III) Information on other related parties (Continued)**

Name of other related parties	Relationship between other related party and the Company
Xi'an IRICO Information Co., Ltd.	Under the same ultimate control party
CEC Jiutian Intelligent Technology Co., Ltd.* (中電九天智能科技有限公司)	Under the same ultimate control party
China Electronics System Engineering No. 3 Construction Co., Ltd.	Under the same ultimate control party
Xianyang Cailian Packaging Materials Co., Ltd.	Investee company of the Company's controlling shareholder
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Other related relationship
Hanzhong IRICO Jiarunze Mining Co., Ltd	Other related relationship
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Other related relationship
IRICO Labour Service Company	Other related relationship
Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.	Other related relationship
Wuhan Lidao Technology Co., Ltd* (武漢麗島科技有限公司)	Other related relationship
Wuhan Lidao Property Management Co., Ltd.* (武漢麗島物業管理有限公司)	Other related relationship

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions**

- Related party transactions for purchase and sales of goods/receipt and provision of services*

Purchase of goods/receipt of services

Name of related parties	Subject	From January to June 2023	From January to June 2022
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	Purchase of goods/ Receipt of services	59,821,593.42	7,904,393.58
Anhui Hongchen New Materials Technology Co., Ltd.	Purchase of goods	22,193,101.96	12,024,681.39
Hefei IRICO Epilight Industry Co., Ltd.	Purchase of goods	10,760,503.01	8,982,675.69
Xianyang Caillian Packaging Materials Co., Ltd.	Purchase of goods	9,824,499.03	18,912,291.71
China Electronics System Engineering No. 3 Construction Co., Ltd.	Purchase of goods	5,630,357.51	
Xianyang Zhongdian IRICO Group Holdings Ltd.	Receipt of services	4,951,362.00	
China Elec-Trans Int'l Service Co., Ltd.	Transportation expenses	2,453,000.49	1,984,512.30
Xianyang IRICO Green Energy Co., Ltd.	Purchase of goods/ Receipt of services	438,594.35	3,707,519.46

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)***1. Related party transactions for purchase and sales of goods/receipt and provision of services (Continued)*

Purchase of goods/receipt of services (Continued)

Name of related parties	Subject	From January to June 2023	From January to June 2022
Nanjing Zhongdian Panda Property Management Co., Ltd.	Receipt of services	340,754.75	79,245.28
Wuhan Lidao Technology Co., Ltd.* (武漢麗島科技有限公司)	Receipt of services	37,875.40	5,788,974.59
Hanzhong IRICO Jiarunze Mining Co., Ltd	Purchase of goods		1,178,846.06
CEC Caihong Intelligent Lighting Technology Co., Ltd.* (中電彩 虹智慧照明科技有限公司)	Receipt of services		139,823.00
Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.	Utilities		61,097.34
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業 有限公司)	Utilities		15,813.52

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**

1. *Related party transactions for purchase and sales of goods/receipt and provision of services (Continued)*

Sale of goods/provision of services

Name of related parties	Subject	From January to June 2023	From January to June 2022
Hefei IRICO Epilight Industry Co., Ltd	Sale of goods	1,270,245.08	445,733.67
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Sale of goods	426,204.24	442,118.03
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Sale of goods	15,794.05	52,526.59
Wuhan Lidao Technology Co., Ltd* (武漢麗島科技有限公司)	Provision of services	4,395.13	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)***2. Leasing with related parties*

The Company as the lessor:

Name of lessee	Type of assets under lease	From January to June 2023	From January to June 2022
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Plants	3,387,174.98	3,280,657.86
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Plants	115,200.00	172,800.00
Wuhan Lidao Technology Co., Ltd* (武漢麗島科技有限公司)	Premises	3,893.21	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**(IV) Related party transactions (Continued)**

2. Leasing with related parties (Continued)

The Company as the lessee:

Name of lessor	Type of assets under	From January to June 2023					From January to June 2022				
		Simplified short-term lease and low-value assets lease expense	Variable lease payments not included in lease liabilities	Rental paid	Interest expenses on lease liability assumed	Increase of right of use assets	Simplified short-term lease and low-value assets lease expense	Variable lease payments not included in lease liabilities	Rental paid	Interest expenses on lease liability assumed	Increase of right of use assets
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Office			291,047.60	25,797.25			291,047.60	13,197.86		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)*****(IV) Related party transactions (Continued)******3. Guarantee with related parties***

The Company as a guaranteed party:

Guarantor	Amount of guarantee	Commencement date	Maturity date	Whether the guarantee has been executed
IRICO Group Corporation Limited	150,000,000.00	2021.4.29	2023.3.20	Yes
Xianyang Zhongdian IRICO Group Holdings Ltd.	150,000,000.00	2022.4.25	2023.2.10	Yes
IRICO Group Corporation Limited	100,000,000.00	2021.6.21	2023.6.21	Yes
IRICO Group Corporation Limited	60,000,000.00	2022.3.11	2023.3.11	Yes

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)*****(IV) Related party transactions (Continued)******4. Other related party transactions******(1) Licensing of trademarks***

The Company and IRICO Group entered into the Trademark License Contract between IRICO Group Corporation Limited and IRICO Group New Energy Company Limited, pursuant to which, IRICO Group has granted the right to use a total of 9 trademarks registered with the Trademark Office of China National Intellectual Property Administration, namely “992031”, “925645”, “992157”, “1028194”, “1080189”, “40566212”, “40558599”, “40551476” and “40565399”, free of charge to the Company and its subsidiaries for a term commencing from 1 January 2018 to 31 December 2028. Pursuant to the agreement between the Company and IRICO Group, IRICO Group may license the above trademarks to third parties not engaged in the business of photovoltaic glass, and IRICO Group shall not continue to use or license the licensed trademarks to third parties in the field of photovoltaic glass. Within 3 months before the expiry of the above agreement, the Company shall apply for renewal in writing, and the agreement shall be automatically extended for another 10 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**4. *Other related party transactions (Continued)*

- (2) Deposit and loan with China Electronics Financial Co., Ltd.

Related party	Subject	30 June 2023/ From January to June 2023
China Electronics Financial Co., Ltd.	Bank deposit	110,415.89
China Electronics Financial Co., Ltd.	Receipts from interest	952.40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**(V) Receivables from and payables to related parties**

1. Receivables from related parties

Item	Related Party	30 June 2023		31 December 2022	
		Carrying amount	Allowance for bad debts	Carrying amount	Allowance for bad debts
Monetary funds					
	China Electronics Financial Co., Ltd.	110,415.89		310,953.17	
Accounts receivable					
	Hefei IRICO Epilight Industry Co., Ltd.	8,936,442.29	89,364.42	8,936,442.29	
	IRICO (Hefei) LCD Glass Co., Ltd.	3,387,174.97		57,697.03	
	Xianyang Cailian Packaging Materials Co., Ltd.	32,653.44			
	Wuhan Lidao Technology Co., Ltd* (武漢龍島科技有限公司)	559.52		4,470.81	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)***1. Receivables from related parties (Continued)*

Item	Related Party	30 June 2023		31 December 2022	
		Carrying amount	Allowance for bad debts	Carrying amount	Allowance for bad debts
Prepayments					
	Xianyang China Electronics Western Zhigu Industrial Co., Ltd.	272,270.40			
	IRICO Labour Service Company	56,710.54		56,710.54	
	Wuhan Lidao Property Management Co., Ltd.* Xianyang Branch (武漢麗島 物業管理有限公司咸陽分公司)	18,551.50			
Other receivables					
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	20,750.00		15,750.00	
Other non-current assets					
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	5,054,384.60		19,700,000.00	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)***2. Payables to related parties*

Item	Related party	Balance at the end of the period	Balance at the end of last year
Accounts payable			
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	45,222,096.10	9,456,986.95
	IRICO Group Corporation Limited	29,139,124.30	28,591,825.19
	Anhui Hongchen New Materials Technology Co., Ltd.	9,754,940.00	9,186,640.00
	Xianyang Cailian Packaging Materials Co., Ltd.	6,130,801.96	6,599,818.28
	China Electronics System Engineering No. 3 Construction Co., Ltd.	3,523,973.44	
	China Elec-Trans Int'l Service Co., Ltd.	2,352,099.14	4,202,426.33
	Zhongdian Panda Trade Development Limited Company	1,466,022.34	1,466,022.34
	Xianyang IRICO Electronic Accessories Co., Ltd.	827,705.60	827,705.60
	CEC Jiutian Intelligent Technology Co., Ltd.* (中電九天智能科技有限公司)	128,000.00	648,000.00
	Xianyang IRICO Green Energy Co., Ltd.	75,000.00	84,905.66
	Hanzhong IRICO Jiarunze Mining Co., Ltd	73,201.40	73,201.40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)***2. Payables to related parties (Continued)*

Item	Related party	Balance at the end of the period	Balance at the end of last year
	Wuhan Lidao Technology Co., Ltd* (武漢麗島科技有限公司)		1,856,864.51
	Nanjing Zhongdian Panda Property Management Co., Ltd.		79,245.28
	Xianyang IRICO Solar Photovoltaic Technology Co., Ltd.		18,192.33
Bills payable	Anhui Hongchen New Materials Technology Co., Ltd.	5,500,000.00	7,300,000.00
	Xianyang Cailian Packaging Materials Co., Ltd.	4,072,368.00	7,804,455.18
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	1,714,169.82	1,310,000.00
	IRICO Group Corporation Limited	476,000.00	300,000.00
	Hefei IRICO Epilight Industry Co., Ltd.		6,332,199.60
	Nanjing Zhongdian Panda Property Management Co., Ltd.		210,000.00
	Hanzhong IRICO Jiarunze Mining Co., Ltd		112,402.92
	CEC Caihong Intelligent Lighting Technology Co., Ltd.* (中電影虹智慧照明科技有限公司)		100,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)***2. Payables to related parties (Continued)*

Item	Related party	Balance at the end of the period	Balance at the end of last year
Other payables			
	Xi'an IRICO Information Co., Ltd.	1,259,314.14	1,259,314.14
	China Elec-Trans Int'l Service Co., Ltd.	200,000.00	
	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.	93,000.00	43,000.00
	China Electronics System Engineering No. 3 Construction Co., Ltd.	51,310.00	51,310.00
	IRICO Group Corporation Limited	31,500.00	
	Hefei IRICO Epilight Industry Co., Ltd.	30,000.00	30,000.00
	Xianyang Cailian Packaging Materials Co., Ltd.	10,000.00	10,000.00
	Nanjing Zhongdian Panda Property Management Co., Ltd.	10,000.00	10,000.00
	Wuhan Lida Technology Co., Ltd* (武漢麗島科技有限公司)		20,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Centralized Fund Management***1. Funds transferred by the Company to the Group*

Funds deposited directly into finance company by the Company which are not transferred to the accounts of the Group's parent company

Item	30 June 2023		31 December 2022	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary funds	<u>110,415.89</u>	<u> </u>	<u>310,953.17</u>	<u> </u>
Total	110,415.89		310,953.17	
Including: Cash withdrawal restricted due to centralized fund management	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

XI. COMMITMENTS AND CONTINGENCIES**(I) Important commitments**1. *Important commitments*

Unit: RMB0'000

Project	Contractual investment	Investment recognized	Investment not recognized
Xianyang Photovoltaic Glass Project	19,715.00	10,208.70	9,506.30
Jiangxi Shangrao Photovoltaic Glass Project	303,289.00	74,513.93	228,775.07
Total	323,004.00	84,722.63	238,281.37

(II) Contingencies

The Group had no contingencies that need to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***XII. CAPITAL MANAGEMENT**

	30 June 2023	31 December 2022
Total liability	5,296,916,033.66	4,456,277,635.26
Less: cash and cash equivalents	436,855,371.37	461,581,153.75
Adjusted net liability	4,860,060,662.29	3,994,696,481.51
Owners' equity	1,796,375,478.61	1,921,966,497.30
Adjusted capital	1,796,375,478.61	1,921,966,497.30
Adjusted liability/capital ratio	2.71	2.08

XIII. OTHER SIGNIFICANT EVENTS**(I) A Share Offering of the Company**

On 2 November 2021, the Board considered and approved the resolutions in relation to the A Share IPO and relevant authorization matters. The Company proposed to apply for the initial public offering of Renminbi ordinary shares (A Shares) and listing on the ChiNext Board of the Shenzhen Stock Exchange to issue not more than 58,780,000 A Shares with a nominal value of RMB1.00 each. The aforesaid matters are subject to the consideration and approval at the EGM, the H shareholders' class meeting and the domestic shareholders' class meeting.

On 24 November 2021, the SASAC of the State Council issued the Reply on Matters Related to the Public Issuance of A Shares by IRICO Group New Energy Company Limited (Guo Zi Chan Quan [2021] No. 582).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(I) A Share Offering of the Company (Continued)

On 15 December 2021, the 2021 second extraordinary general meeting, the 2021 first domestic shareholders' class meeting and the 2021 first H shareholders' class meeting considered and approved the resolutions relating to the A Share IPO and relevant authorization matters.

On 28 December 2021, the Shenzhen Stock Exchange accepted the application for the proposed issuance of A shares of the Company, and issued the "Letter of Review and Enquiry Regarding the Application Documents for the Initial Public Offering and Listing on the ChiNext Market of IRICO Group New Energy Company Limited" (Shen He Han [2022] No. 010125) on 24 January 2022.

On 29 May 2022, the Shenzhen Stock Exchange issued the "Second Round of Letter of Review and Enquiry Regarding the Application Documents for the Initial Public Offering and Listing on the ChiNext Market of IRICO Group New Energy Company Limited" (Shen He Han [2022] No. 010462).

On 17 July 2022, the Shenzhen Stock Exchange issued the "Letter of Implementation of Review Center Opinions Regarding the Application for the Initial Public Offering and Listing on the ChiNext Market of IRICO Group New Energy Company Limited" (Review Letter [2022] No. 010647).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)****(I) A Share Offering of the Company (Continued)**

On 25 August 2022, the 56th review meeting of the Listing Committee for the ChiNext Market of the Shenzhen Stock Exchange (the “Listing Committee”) in 2022 was convened. According to the review results of the meeting, the application for the A Share Offering has been reviewed and approved by the Listing Committee. As of the date of this report, the Shenzhen Stock Exchange is in the process of submitting its registration to the CSRC.

(II) Segment information

Due to the highly integrated business and unified internal organizational structure, in terms of technology and marketing strategy, the management of the Company does not separately manage operating activities and there are no reportable segments.

XIV. POST BALANCE SHEET EVENTS

On 21 August 2023, the Board of the Company announced that Mr. Tong Xiaofei has resigned from the positions as an executive director, the chairman of the Board, a member of the nomination committee, a member of the remuneration and appraisal committee and the chairman of the strategy committee of the Company due to changes in his personal career arrangements.

On 22 August 2023, the Board of the Company announced the nomination of Mr. Ma Zhibin as an executive director of the Company, which is subject to the approval by the shareholders at the EGM to be held on 12 September 2023 by way of an ordinary resolution.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***XV. SUPPLEMENTAL INFORMATION****(I) Breakdown of non-recurring profit or loss for the current period**

Item	From January to June 2023	Note
Profit/loss on disposal of non-current assets	992,224.12	
Government grant recognized in current profit or loss	9,883,755.73	
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and other debt investments	75,769.25	
Other non-operating income and expenses other than the above	-562,777.19	
Other profit or loss items falling within the meaning of non-recurring profit or loss	-3,743,622.74	
Subtotal	6,645,349.17	
Effect of income tax	1,633,249.58	
Effect of minority interests (After tax)		
Total	5,012,099.59	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*From January to June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi)***XV. SUPPLEMENTAL INFORMATION (CONTINUED)****(I) Breakdown of non-recurring profit or loss for the current period (Continued)**

Other explanation for the non-recurring profit or loss:

Item	Amount	Reason
Refund of personal income tax service fee	41,574.01	
Recognition of deferred income tax assets	-3,785,196.75	Recognition of deferred income tax assets for losses not made up by Yan'an New Energy, a subsidiary
Total	-3,743,622.74	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2023

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

XV. SUPPLEMENTAL INFORMATION (CONTINUED)**(II) Return on net assets and earnings per share**

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	-7.93	-0.8367	-0.8367
Net profit attributable to holders of ordinary shares of the Company after deducting non- recurring profit or loss items	-8.20	-0.8651	-0.8651

IRICO GROUP NEW ENERGY COMPANY LIMITED

22 August 2023