

Contents

| | | |
|------|--|-----------|
| I. | Auditor's Report | Page F-3 |
| II. | Financial Statements | Page F-8 |
| | (I) Consolidated Balance Sheet | Page F-8 |
| | (II) Parent Company Balance Sheet | Page F-10 |
| | (III) Consolidated Income Statement | Page F-12 |
| | (IV) Parent Company Income Statement | Page F-14 |
| | (V) Consolidated Cash Flow Statement | Page F-16 |
| | (VI) Parent Company Cash Flow Statement | Page F-18 |
| | (VII) Consolidated Statement of Changes in Equity | Page F-20 |
| | (VIII) Parent Company Statement of Changes in Equity | Page F-26 |
| III. | Notes to Financial Statements | Page F-29 |

Auditor's Report

PCCPAAR [2022] No. 10426

To the Shareholders of Zhejiang Huayou Cobalt Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Zhejiang Huayou Cobalt Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2019, December 31, 2020, and December 31, 2021, the

(I) Revenue recognition

1. Key audit matters

Please refer to section III (XXV) and V (II) 1 of notes to the financial statements for details.

The Company is mainly engaged in sales of cobalt products, copper products, nickel products, ternary precursors and cathode materials. The operating revenue in 2019, 2020 and 2021 respectively amounted to 18,852.83 million yuan, 21,186.84 million yuan and 35,316.55 million yuan.

As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked main sale contracts, identified terms related to transfer of control over goods, and assessed whether the revenue recognition policies were in compliance with regulations of China Accounting Standards for Business Enterprises;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;
- (4) For revenue from domestic sales, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, sales invoices, client acceptance receipts, etc.; for revenue from overseas sales, we obtained information from Electron Port and checked it with accounting records, and checked supporting documents including sales contracts, bills of clearance, waybills, sales invoices, etc. by sampling method;
- (5) We performed confirmation procedures on current sales amount of major customers by sampling method in combination with confirmation procedure of accounts receivable;
- (6) We checked the operating revenue recognized around the balance sheet date with supporting documents including client acceptance receipts, waybills, etc. by sampling method, and assessed whether the operating revenue was recognized in the appropriate period; and
- (7) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

(II) Net realizable value of inventories

1. Key audit matters

Please refer to section III (XI) and V (I) 7 of notes to the financial statements for details.

As of December 31, 2019, the book balance of inventories amounted to 3,532.92 million yuan, with provision for write-down of 143.01 million yuan, and the carrying amount amounted to 3,389.92 million yuan; as of December 31, 2020, the book balance of inventories amounted to 4,089.60 million yuan, with provision for write-down of 20.44 million yuan, and the carrying amount amounted to 4,069.16 million yuan; as of December 31, 2021, the book balance of inventories amounted to 9,086.58 million yuan, with provision for write-down of 51.62 million yuan, and the carrying amount amounted to 9,034.96 million yuan.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, with provisions for inventory write-down made on the excess of its cost over the net realizable value on an individual basis. Based on the Management's consideration over purposes that the inventories were held for, the estimated selling price is determined based on actual selling price, contractual selling price, etc., and the net realizable value of these inventories is determined based on the amount of the estimated selling price less the cost to be incurred upon completion, estimated selling expenses and relevant taxes and surcharges.

As the amount of inventories is significant and determination of net realizable value involves significant judgment of the Management, we have identified net realizable value of inventories as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for net realizable value of inventories are as follows:

- (1) We obtained understandings of key internal controls related to net realizable value of inventories, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of their operation;
- (2) We reviewed the net realizable value estimated by the Management in previous years and the actual operating results, and assessed the accuracy of the Management's historical estimations;
- (3) We assessed the reasonableness of estimation on cost to be incurred upon completion, selling expenses and relevant taxes and surcharges made by the Management;
- (4) We tested whether the calculation of net realizable value of inventories made by the Management was accurate;
- (5) We checked whether there existed situations such as inventories with long stock age, fluctuation of production cost or selling price, and assessed whether the net realizable value of inventories was reasonably estimated by the Management; and
- (6) We checked whether information related to net realizable value of inventories had been presented appropriately in the financial statements.

- (IV) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (V) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the years respectively ended December 31, 2019, December 31, 2020, and December 31, 2021, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP Chinese Certified Public Accountant:
(Engagement Partner)

Hangzhou • China Chinese Certified Public Accountant:

Date of Report: October 28, 2022

Zhejiang Huayou Cobalt Co., Ltd.
Consolidated balance sheet (continued)

| Liabilities & Equity | Dec. 31, 2021 | Dec. 31, 2020 | Dec. 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Current liabilities: | | | |
| Short-term borrowings . . . | 8,083,779,844.70 | 5,862,436,627.54 | 5,914,977,746.01 |
| Held-for-trading financial liabilities | 360,612.00 | 23,939,270.26 | |
| Derivative financial liabilities | 104,821,710.25 | | |
| Notes payable | 4,810,797,623.12 | 1,075,293,852.29 | 1,711,684,225.38 |
| Accounts payable | 6,233,172,410.76 | 1,789,437,189.88 | 1,457,846,829.84 |
| Advances received | 644,739,400.90 | 13,203,500.00 | 49,481,999.73 |
| Contract liabilities | 78,968,534.53 | 259,399,312.53 | |
| Employee benefits payable | 477,791,587.03 | 246,927,241.56 | 150,675,728.77 |
| Taxes and rates payable | 1,053,002,433.60 | 498,051,676.99 | 180,632,990.49 |
| Other payables | 1,434,593,185.87 | 769,409,094.84 | 622,534,152.84 |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | 2,635,957,985.64 | 1,448,009,624.78 | 1,210,911,594.48 |
| Other current liabilities | 4,147,523.95 | 4,503,600.24 | |
| Total current liabilities | 25,562,132,852.35 | 11,990,610,990.91 | 11,298,745,267.54 |
| Non-current liabilities: | | | |
| Long-term borrowings | 6,738,260,645.42 | 1,422,004,973.18 | 1,053,257,446.93 |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | 32,788,255.14 | | |
| Long-term payables | 1,061,226,074.03 | 588,947,562.96 | 539,591,156.88 |
| Long-term employee benefits payable | | | |
| Provisions | 26,769,294.11 | 13,842,559.43 | 6,676,814.98 |
| Deferred income | 518,873,112.92 | 410,473,311.89 | 238,813,222.82 |
| Deferred tax liabilities | 148,328,994.62 | 67,633,648.10 | 39,007,391.77 |
| Other non-current liabilities | | | |
| Total non-current liabilities | 8,526,246,376.24 | 2,502,902,055.56 | 1,877,346,033.38 |
| Total liabilities | 34,088,379,228.59 | 14,493,513,046.47 | 13,176,091,300.92 |
| Equity: | | | |
| Share capital | 1,221,228,483.00 | 1,141,261,526.00 | 1,078,671,471.00 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | 10,218,296,584.42 | 3,879,698,604.43 | 2,606,657,306.83 |
| Less: Treasury shares | 339,232,639.00 | | |
| Other comprehensive income | -419,363,343.56 | -145,993,159.83 | 175,226,158.57 |
| Special reserve | 16,648,561.11 | 16,061,509.89 | 20,947,308.81 |
| Surplus reserve | 309,732,264.90 | 223,433,020.86 | 187,336,331.51 |
| General risk reserve | | | |
| Undistributed profit | 8,376,281,013.68 | 4,807,657,608.58 | 3,678,911,443.81 |
| Total equity attributable to the parent company | 19,383,590,924.55 | 9,922,119,109.93 | 7,747,750,020.53 |
| Non-controlling interest | 4,517,086,195.80 | 2,529,685,866.58 | 2,343,143,006.34 |
| Total equity | 23,900,677,120.35 | 12,451,804,976.51 | 10,090,893,026.87 |
| Total liabilities & equity | 57,989,056,348.94 | 26,945,318,022.98 | 23,266,984,327.79 |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Zhejiang Huayou Cobalt Co., Ltd.
Parent company balance sheet

(12 2021 12 2020 12 2019)

| Assets | Dec. 31, 2021 | Dec. 31, 2020 | Dec. 31, 2019 |
|--|-------------------------|-------------------------|-------------------------|
| Current assets: | | | |
| Cash and bank balances | 1,694,042,366.45 | 215,035,409.69 | 386,302,926.28 |
| Held-for-trading financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | 338,000,000.00 | 123,000,000.00 | |
| Accounts receivable | 360,607,458.85 | 239,687,872.09 | 306,577,198.32 |
| Receivables financing | 186,875,403.82 | 146,244,337.36 | 55,940,740.61 |
| Advances paid | 897,497,170.40 | 652,165,324.97 | 91,413,539.51 |
| Other receivables | 3,114,862,819.44 | 283,760,430.65 | 110,082,180.38 |
| Inventories | 379,710,012.03 | 273,887,607.37 | 228,428,258.15 |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | | | 21,323,108.80 |
| Total current assets | 6,971,595,230.99 | 1,933,780,982.13 | 1,200,067,952.05 |
| Non-current assets: | | | |
| Debt investments | | | |
| Other debt investments | | | |
| assets..... | | | |
| assets | | Derivative | |

Zhejiang Huayou Cobalt Co., Ltd.
Parent company balance sheet (continued)

Zhejiang Huayou Cobalt Co., Ltd.
Consolidated income statement (continued)

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|------------------|-----------------|----------------|
| (I) Not to be reclassified subsequently to profit or loss . . . | | | |
| 1. Remeasurements of the net defined benefit plan | -4,103,575.00 | -16,276,517.52 | -28,688,489.24 |
| 2. Items under equity method that will not be reclassified to profit or loss. | | | |
| 3. Changes in fair value of other equity instrument investments. . . | -4,103,575.00 | -16,276,517.52 | -28,688,489.24 |
| 4. Changes in fair value of own credit risk. | | | |
| 5. Others | | | |
| (II) To be reclassified subsequently to profit or loss. | -269,266,608.73 | -304,942,800.88 | 126,810,322.51 |
| 1. Items under equity method that may be reclassified to profit or loss. | -40,330,076.10 | -63,418,820.75 | 5,075,457.94 |
| 2. Changes in fair value of other debt investments. | | | |
| 3. Profit or loss from reclassification of financial assets into other comprehensive income. | | | |
| 4. Provision for credit impairment of other debt investments | | | |
| 5. Cash flow hedging reserve (the effective portion of profit or loss on cash flow hedging) . . . | | | |
| 6. Translation reserve. | -228,936,532.63 | -241,523,980.13 | 121,734,864.57 |
| 7. Others | | | |
| Items attributable to non-controlling shareholders | -20,678,506.29 | -53,297,027.76 | 11,349,615.30 |
| VI. Total comprehensive income . . . | 3,729,591,242.16 | 751,136,831.76 | 217,595,364.07 |
| Items attributable to the owners | | | |

Zhejiang Huayou Cobalt Co., Ltd.
Parent company income statement

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|------------------|------------------|------------------|
| I. Operating revenue | 3,336,415,796.19 | 2,156,799,651.82 | 2,654,640,029.92 |
| Less: Operating cost | 2,024,129,134.26 | 1,280,463,979.94 | 2,130,027,655.51 |
| Taxes and surcharges | 8,731,409.47 | 2,618,404.52 | 7,172,319.62 |
| Selling expenses | 4,350,060.34 | 2,426,372.86 | 11,270,218.28 |
| Administrative expenses | 357,922,675.89 | 190,024,233.58 | 150,872,538.77 |
| R&D expenses | 136,031,825.10 | 108,564,076.27 | 134,890,710.27 |
| Financial expenses | 123,147,032.84 | 222,471,349.47 | 182,756,641.37 |
| Including: Interest expenses | 148,201,610.85 | 156,928,524.38 | 162,191,053.07 |
| Interest income | 41,938,422.64 | 6,604,889.14 | 2,978,476.75 |
| Add: Other income | 6,518,959.11 | 15,010,388.99 | 11,119,873.73 |
| Investment income (or less: losses) | 263,037,586.70 | 46,192,071.04 | -5,061,395.89 |
| Including: Investment income from associates and joint ventures | -3,406,932.38 | -40,710.10 | -2,080,415.06 |
| Gains from derecognition of financial assets at amortized cost | -7,209,802.76 | -7,503,599.99 | -609,097.22 |
| Gains on net exposure to hedging risk (or less: losses) | | | |
| Gains on changes in fair value (or less: losses) | 8,254,968.09 | -8,254,968.09 | 6,529,248.16 |
| Credit impairment loss | 1,557,346.12 | 252,397.51 | -3,452,367.96 |
| Assets impairment loss | -130,024.83 | | -9,569,192.58 |
| Gains on asset disposal (or less: losses) | | | |
| II. Operating profit (or less: losses) | 961,342,493.48 | 403,431,124.63 | 37,216,111.56 |
| Add: Non-operating revenue | 980,241.49 | 700,417.94 | 399,476.05 |
| Less: Non-operating expenditures | 6,453,835.66 | 2,989,266.07 | 2,146,054.75 |
| III. Profit before tax (or less: total loss) | 955,868,899.31 | 401,142,276.50 | 35,469,532.86 |
| Less: Income tax expenses | 92,876,458.96 | 40,175,382.99 | 3,996,390.88 |
| IV. Net profit (or less: net loss) | 862,992,440.35 | 360,966,893.51 | 31,473,141.98 |
| (I) Categorized by the continuity of operations | | | |
| 1. Net profit from continuing operations (or less: net loss) | 862,992,440.35 | 360,966,893.51 | 31,473,141.98 |
| 2. Net profit from discontinued operations (or less: net loss) | | | |
| (II) Categorized by the portion of equity ownership | | | |
| 1. Net profit attributable to owners of parent company (or less: net loss) | | | |
| 2. Net profit attributable to non-controlling shareholders (or less: net loss) | | | |
| V. Other comprehensive income after tax | -4,103,575.00 | -7,207,935.76 | -28,688,489.24 |
| Items attributable to the owners of the parent company | | | |

Zhejiang Huayou Cobalt Co., Ltd.
Parent company income statement (continued)

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|----------------|----------------|----------------|
| (I) Not to be reclassified subsequently to profit or loss | -4,103,575.00 | -7,207,935.76 | -28,688,489.24 |
| 1. Remeasurements of the net defined benefit plan | | | |
| 2. Items under equity method that will not be reclassified to profit or loss | | | |
| 3. Changes in fair value of other equity instrument investments. | -4,103,575.00 | -7,207,935.76 | -28,688,489.24 |
| 4. Changes in fair value of own credit risk | | | |
| 5. Others | | | |
| (II) To be reclassified subsequently to profit or loss | | | |
| 1. Items under equity method that may be reclassified to profit or loss | | | |
| 2. Changes in fair value of other debt investments | | | |
| 3. Profit or loss from reclassification of financial assets into other comprehensive income | | | |
| 4. Provision for credit impairment of other debt investments | | | |
| 5. Cash flow hedging reserve (the effective portion of profit or loss on cash flow hedging) | | | |
| 6. Translation reserve | | | |
| 7. Others | | | |
| Items attributable to non-controlling shareholders | | | |
| VI. Total comprehensive income | 858,888,865.35 | 353,758,957.75 | 2,784,652.74 |
| Items attributable to the owners of the parent company | | | |
| Items attributable to non-controlling shareholders | | | |
| VII. Earnings per share (EPS): | | | |
| (I) Basic EPS (yuan per share) | | | |
| (II) Diluted EPS (yuan per share) | | | |

Legal representative:

Officer in charge of
accounting:

Head of accounting
department:

Zhejiang Huayou Cobalt Co., Ltd.
Consolidated cash flow statement

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|--|-------------------|-------------------|
| I. Cash flows from operating activities: | | | |
| Cash receipts from sale of goods and rendering of services | 33,881,429,836.01 | 21,282,495,559.31 | 19,077,277,790.83 |
| Receipts of tax refund | 716,467,651.26 | 413,372,074.40 | 223,124,813.45 |
| Other cash receipts related to operating activities | 567,993,256.40 | 810,557,295.64 | 601,944,077.09 |
| Subtotal of cash inflows from operating activities | 35,165,890,743.67 | 22,506,424,929.35 | 19,902,346,681.37 |
| Cash payments for goods purchased and services received | 30,666,445,867.15 | 18,570,337,086.40 | 15,075,935,152.35 |
| Cash paid to and on behalf of employees. | 1,368,459,638.39 | 918,380,931.58 | 702,935,677.97 |
| Cash payments for taxes and rates. | 913,510,701.74 | 411,572,282.03 | 550,738,837.98 |
| Other cash payments related to operating activities | 2,279,183,126.07 | 746,365,509.46 | 973,065,436.29 |
| Subtotal of cash outflows from operating activities | 35,227,599,333.35 | 20,646,655,809.47 | 17,302,675,104.59 |
| Net cash flows from operating activities | -61,708,589.68 | 1,859,769,119.88 | 2,599,671,576.78 |
| II. Cash flows from investing activities: | | | |
| Cash receipts from withdrawal of investments | 1,347,806,343.53 | 629,898,750.87 | 3,067,834,116.92 |
| Cash receipts from investment income | 391,832,308.50 | 20,309,020.43 | 21,516,907.59 |
| Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets. | 2,278,141.40 | 15,822,488.15 | 412,792.00 |
| Net cash receipts from the disposal of subsidiaries & other business units | 219,898,356.92 | | |
| Other cash receipts related to investing activities | 1,144,868,360.92 | 317,163,773.28 | 206,404,479.70 |
| Subtotal of cash inflows from investing activities. | 3,106,683,511.27 | 983,194,032.73 | 3,296,168,296.21 |
| Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets. | 6,847,230,648.34 | 3,640,498,433.35 | 2,641,455,455.23 |
| Cash payments for investments | 2,-1b06,7(fixed)-362.7(assets, T*1sq2.7.03 Tc [(35,41.9xed687 Tc (...5 | | |

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Zhejiang Huayou Cobalt Co., Ltd.
Consolidated cash flow statement (continued)

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|-------------------|-------------------|-------------------|
| III. Cash flows from financing activities: | | | |
| Cash receipts from absorbing investments | 6,596,635,884.32 | 1,204,746,609.41 | 1,563,724,352.85 |
| Including: Cash received by subsidiaries from non-controlling shareholders as investments | 298,609,257.76 | 410,466,611.67 | 1,563,724,352.85 |
| Cash receipts from borrowings | 14,585,409,166.59 | 10,926,568,980.92 | 10,969,374,637.73 |
| Other cash receipts related to financing activities | 3,126,476,739.88 | 2,560,525,502.47 | 1,984,855,492.52 |
| Subtotal of cash inflows from financing activities. | 24,308,521,790.79 | 14,691,841,092.80 | 14,517,954,483.10 |
| Cash payments for the repayment of borrowings. | 7,061,305,981.48 | 10,039,226,609.35 | 10,569,634,929.20 |
| Cash payments for distribution of dividends or profits and for interest expenses. | 775,505,700.11 | 377,902,779.30 | 504,319,113.97 |
| Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit. | | 2,230,636.64 | |
| Other cash payments related to financing activities | 3,193,246,446.60 | 2,815,986,450.25 | 875,851,578.10 |
| Subtotal of cash outflows from financing activities. | 11,030,058,128.19 | 13,233,115,838.90 | 11,949,805,621.27 |
| Net cash flows from financing activities | 13,278,463,662.60 | 1,458,725,253.90 | 2,568,148,861.83 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents. | 162,720,298.96 | 115,531,175.47 | 72,678,380.96 |
| V. Net increase in cash and cash equivalents. | 4,618,913,889.05 | -495,101,094.13 | 154,859,614.45 |
| Add: Opening balance of cash and cash equivalents. | 1,489,479,506.70 | 1,984,580,600.83 | 1,829,720,986.38 |
| VI. Closing balance of cash and cash equivalents. | 6,108,393,395.75 | 1,489,479,506.70 | 1,984,580,600.83 |

| | | |
|-----------------------|----------------------------------|--------------------------------|
| Legal representative: | Officer in charge of accounting: | Head of accounting department: |
|-----------------------|----------------------------------|--------------------------------|

Zhejiang Huayou Cobalt Co., Ltd.
Parent company cash flow statement

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|-------------------|-------------------|-------------------|
| I. Cash flows from operating activities: | | | |
| Cash receipts from sale of goods and rendering of services . . . | 2,923,758,364.85 | 2,405,472,760.95 | 2,688,935,040.23 |
| Receipts of tax refund. | 820,908.58 | 14,473,280.16 | 1,358,660.62 |
| Other cash receipts related to operating activities. | 99,572,443.46 | 102,941,933.69 | 18,452,224.00 |
| Subtotal of cash inflows from operating activities. | 3,024,151,716.89 | 2,522,887,974.80 | 2,708,745,924.85 |
| Cash payments for goods purchased and services received. | 2,932,882,430.46 | 1,411,826,061.92 | 965,972,749.91 |
| Cash paid to and on behalf of employees. | 209,351,045.00 | 161,430,461.51 | 123,087,570.59 |
| Cash payments for taxes and rates. | 86,337,100.72 | 13,128,903.65 | 108,867,420.22 |
| Other cash payments related to operating activities. | 183,077,128.98 | 170,381,324.97 | 206,719,765.74 |
| Subtotal of cash outflows from operating activities. | 3,411,647,705.16 | 1,756,766,752.05 | 1,404,647,506.46 |
| Net cash flows from operating activities | -387,495,988.27 | 766,121,222.75 | 1,304,098,418.39 |
| II. Cash flows from investing activities: | | | |
| Cash receipts from withdrawal of investments | 1,016,306,343.53 | 3,701,301.12 | 121,600,000.00 |
| Cash receipts from investment income. | 279,400,408.01 | 96,628,301.60 | 7,972,752.68 |
| Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets | 16,295,053.73 | 357,322.61 | 340,342.98 |
| Net cash receipts from the disposal of subsidiaries & other business units. | | | |
| Other cash receipts related to investing activities. | 13,147,440.89 | 174,327,191.91 | 751,334,493.77 |
| Subtotal of cash inflows from investing activities | 1,325,149,246.16 | 275,014,117.24 | 881,247,589.43 |
| Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets | 96,189,296.82 | 151,718,476.22 | 74,746,406.56 |
| Cash payments for investments . . | 5,876,244,293.92 | 1,176,616,176.26 | 1,991,591,112.01 |
| Net cash payments for the acquisition of subsidiaries & other business units. | | | |
| Other cash payments related to investing activities. | 2,710,098,444.61 | 167,918,073.15 | |
| Subtotal of cash outflows from investing activities | 8,682,532,035.35 | 1,496,252,725.63 | 2,066,337,518.57 |
| Net cash flows from investing activities. | -7,357,382,789.19 | -1,221,238,608.39 | -1,185,089,929.14 |

Zhejiang Huayou Cobalt Co., Ltd.
Parent company cash flow statement (continued)

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|-------------------|------------------|------------------|
| III. Cash flows from financing activities: | | | |
| Cash receipts from absorbing investments | 6,298,026,626.56 | 794,279,997.74 | |
| Including: Cash received by subsidiaries from non-controlling shareholders as investments | | | |
| Cash receipts from borrowings | 5,363,137,898.51 | 2,680,858,282.23 | 3,758,166,044.22 |
| Other cash receipts related to financing activities | 2,289,101,342.07 | 2,569,053,894.84 | 10,419,511.36 |
| Subtotal of cash inflows from financing activities | 13,950,265,867.14 | 6,044,192,174.81 | 3,768,585,555.58 |
| Cash payments for the repayment of borrowings | 3,339,664,360.99 | 3,032,237,454.45 | 3,698,764,611.70 |
| Cash payments for distribution of dividends or profits and for interest expenses | 381,653,218.14 | 110,974,854.17 | 256,929,441.98 |
| Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit | | | |
| Other cash payments related to financing activities | 1,037,648,020.89 | 2,613,026,409.80 | 43,200,690.68 |
| Subtotal of cash outflows from financing activities | 4,758,965,600.02 | 5,756,238,718.42 | 3,998,894,744.36 |
| Net cash flows from financing activities | 9,191,300,267.12 | 287,953,456.39 | -230,309,188.78 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | 31,396,598.09 | -37,665,883.33 | -14,349,795.43 |
| V. Net increase in cash and cash equivalents | 1,477,818,087.75 | -204,829,812.58 | -125,650,494.96 |
| Add: Opening balance of cash and cash equivalents | 92,432,863.70 | 297,262,676.28 | 422,913,171.24 |
| VI. Closing balance of cash and cash equivalents | 1,570,250,951.45 | 92,432,863.70 | 297,262,676.28 |

| | | |
|-----------------------|----------------------------------|--------------------------------|
| Legal representative: | Officer in charge of accounting: | Head of accounting department: |
|-----------------------|----------------------------------|--------------------------------|

Zhejiang Huayou Cobalt Co., Ltd.
Consolidated statement of changes in equity (continued)

(一) 合并所有者权益变动表

Year 2020

| Items | Equity attributable to parent company | | | | | | | | | | Total equity | |
|--|---------------------------------------|------------------|-----------------|-----------------------|-----------------|----------------------------|-----------------|------------------|----------------------|----------------------|---------------|--------------------------|
| | Other equity instruments | | | Less: Treasury shares | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | | Non-controlling interest |
| | Share capital | Preferred shares | Perpetual bonds | | | | | | | | | |
| (V) Special reserve | | | | | | -4,885,798.92 | | | | | | -4,885,798.92 |
| 1. Appropriation of current period | | | | | | 42,879,053.58 | | | | | | 42,879,053.58 |
| 2. Application of current period | | | | | | -47,764,852.50 | | | | | | -47,764,852.50 |
| (VI) Others | | | | | | | | | | | 50,813,071.86 | 50,813,071.86 |
| IV. Balance at the end of current period | 1,141,261,526.00 | | | 3,879,698,604.43 | -145,993,159.83 | 16,061,509.89 | 223,433,020.86 | 4,807,657,608.58 | 2,529,685,866.58 | 12,451,804,976.5 | | 12,451,804,976.5 |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Zhejiang Huayou Cobalt Co., Ltd.
Consolidated statement of changes in equity (continued)

(一) 合并所有者权益变动表

Year 2019

| Items | Equity attributable to parent company | | | | | | | | | | Total equity | |
|--|---------------------------------------|------------------|-----------------|-----------------------|------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|------------------|--------------------------|
| | Other equity instruments | | | Less: Treasury shares | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | | Non-controlling interest |
| | Share capital | Preferred shares | Perpetual bonds | | | | | | | | | |
| (V) Special reserve | | | | | | 3,800,783.66 | | | | | | 3,800,783.66 |
| 1. Appropriation of current period | | | | | | 43,456,974.57 | | | | | | 43,456,974.57 |
| 2. Application of current period | | | | | | (39,656,190.91) | | | | | | (39,656,190.91) |
| (VI) Others | | | | | | | | | | | (19,501,000.10) | (19,501,000.10) |
| IV. Balance at the end of current period | 1,078,671,471.00 | | | | 2,606,657,306.83 | 175,226,158.57 | 20,947,308.81 | 187,336,331.51 | | 3,678,911,443.81 | 2,343,143,006.34 | 10,090,893,026.88 |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Zhejiang Huayou Cobalt Co., Ltd.
Parent company statement of changes in equity

(浙 江 华 友 钴 业 有 限 公 司)

Year 2021

| Items | Other equity instruments | | | | | Special reserve | Surplus reserve | Undistributed profit | Total equity |
|--|--------------------------|------------------|-----------------|--------|------------------|-----------------|-----------------|----------------------|------------------|
| | Share capital | Preferred shares | Perpetual bonds | Others | Capital reserve | | | | |
| I. Balance at the end of prior year | 1,141,261,526.00 | | | | 3,619,336,124.36 | 6,938,266.87 | 223,433,020.86 | 1,566,813,803.32 | 6,521,886,316.44 |
| Add: Cumulative changes of accounting policies | | | | | | | | | |
| Error correction of prior period | | | | | | | | | |
| Others | | | | | | | | | |
| II. Balance at the beginning of current year | 1,141,261,526.00 | | | | 3,619,336,124.36 | 6,938,266.87 | 223,433,020.86 | 1,566,813,803.32 | 6,521,886,316.44 |
| III. Current period increase (or less: decrease) | 79,966,957.00 | | | | 6,334,802,874.63 | -6,915,639.74 | 86,299,244.04 | 534,112,319.71 | 6,684,929,541.6 |

Zhejiang Huayou Cobalt Co., Ltd.
Parent company statement of changes in equity (continued)

(一) 母公司所有者权益变动表

Year 2020

| Items | Other equity instruments | | | | | Special reserve | Surplus reserve | Undistributed profit | Total equity |
|--|--------------------------|------------------|-----------------|--------|------------------|-----------------|-----------------|----------------------|-------------------------------|
| | Share capital | Preferred shares | Perpetual bonds | Others | Capital reserve | | | | |
| I. Balance at the end of prior year | 1,078,671,471.00 | | | | 2,095,772,744.87 | 16,516,515.70 | 187,336,331.51 | 1,241,943,599.16 | 4,591,552,173.00 |
| Add: Cumulative changes of accounting policies | | | | | | | | | |
| Error correction of prior period | | | | | | | | | |
| Others | | | | | | | | | |
| II. Balance at the beginning of current year | 1,078,671,471.00 | | | | 2,095,772,744.87 | 16,516,515.70 | 187,336,331.51 | 1,241,943,599.16 | 4,591,552,173.00 |
| III. Current period increase (or less: decrease) | 62,590,055.00 | | | | 1,523,563,379.49 | -9,578,248.83 | 36,096,689.35 | 324,870,204.16 | 1,930,334,143.41 |
| (I) Total comprehensive income | | | | | | | | 360,966,893.51 | 353,758,957.75 |
| (II) Capital contributed or withdrawn by owners | | | | | | | | -362.7 | (wivethdrawn)-tohdrawnof..... |

Zhejiang Huayou Cobalt Co., Ltd.
Parent company statement of changes in equity (continued)

(一) 母公司所有者权益变动表

Year 2019

| Items | Other equity instruments | | | | | Special reserve | Surplus reserve | Undistributed profit | Total equity |
|--|--------------------------|------------------|-----------------|--------|------------------|-----------------|-----------------|----------------------|------------------|
| | Share capital | Preferred shares | Perpetual bonds | Others | Capital reserve | | | | |
| I. Balance at the end of prior year | 829,747,285.00 | | | | 2,344,696,930.87 | 16,416,325.60 | 182,633,133.09 | 1,282,589,541.87 | 4,656,083,216.43 |
| Add: Cumulative changes of accounting policies | | | | | | | 1,555,884.22 | 14,002,958.01 | 15,558,842.23 |
| Error correction of prior period | | | | | | | | | |
| Others | | | | | | | | | |
| II. Balance at the beginning of current year | 829,747,285.00 | | | | 2,344,696,930.87 | 16,416,325.60 | 184,189,017.31 | 1,296,592,499.88 | 4,671,642,058.66 |
| III. Current period increase (or less: decrease) | 248,924,186.00 | | | | -248,924,186.00 | 100,190.10 | 3,147,314.20 | -54,648,900.72 | -80,089,885.66 |
| (I) Total comprehensive income | | | | | | | | | |
| (II) Capital contributed or withdrawn by owners | | | | | | | | | |
| 1. Ordinary shares contributed by owners | | | | | | | | | |
| 2. Capital contributed by holders of other equity instruments | | | | | | | | | |
| 3. Amount of share-based payment included in equity | | | | | | | | | |
| 4. Others | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | |
| 1. Appropriation of surplus reserve | | | | | | | | | |
| 2. Appropriation of profit to owners | | | | | | | | | |
| 3. Others | | | | | | | | | |
| (IV) Internal carry-over within equity | 248,924,186.00 | | | | -248,924,186.00 | | | | |
| 1. Transfer of capital reserve to capital | 248,924,186.00 | | | | -248,924,186.00 | | | | |
| 2. Transfer of surplus reserve to capital | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | |
| 4. Changes in defined benefit plan carried over to retained earnings | | | | | | | | | |
| 5. Other comprehensive income carried over to retained earnings | | | | | | | | | |
| 6. Others | | | | | | | | | |
| (V) Special reserve | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | |
| 2. Application of current period | | | | | | | | | |
| (VI) Others | | | | | | | | | |
| IV. Balance at the end of current period | 1,078,671,471.00 | | | | 2,095,772,744.87 | 16,516,515.70 | 187,336,331.51 | 1,241,943,599.16 | 4,591,552,173.00 |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

Zhejiang Huayou Cobalt Co., Ltd.
Notes to Financial Statements
For the years respectively ended December 31, 2019, 2020, and 2021

Monetary unit: RMB Yuan

I. Company profile

Zhejiang Huayou Cobalt Co., Ltd. (the “Company”) was established by Great Mountain Enterprise Pte. Ltd. (the “Great Mountain Company”), Huayou Holding Group Co., Ltd. (formerly known as Zhejiang Huayou Holding Group Co., Ltd., hereinafter referred to as “Huayou Holding”), etc. under the approval from the Ministry of Commerce of the People’s Republic of China. The Company was registered at Zhejiang Administration for Industry and Commerce on April 14, 2008 and headquartered in Jiaxing City, Zhejiang Province. The Company currently holds a business license with unified social credit code of 913300007368873961, with registered capital of 1,221,228,483.00 yuan, total share of 1,221,228,483 shares (each with par value of one yuan), of which, 10,466,957 shares are restricted outstanding A shares, and 1,210,761,526 shares are unrestricted outstanding A shares. The Company’s shares were listed on the Shanghai Stock Exchange on January 29, 2015.

The Company belongs to non-ferrous metal smelting and rolling processing industry and is mainly engaged in R&D, production and sales of cobalt, copper, nickel, ternary precursors, cathode materials and other products. The Company’s main products are cobalt products, copper products, nickel products, ternary precursors, cathode materials, etc.

The Company has brought subsidiaries including the first-tier subsidiaries Zhejiang Like Cobalt Nickel Co., Ltd. (the “Like Cobalt”), Zhejiang Huayou Import & Export Co., Ltd. (the “Huayou Import & Export”), Quzhou Huayou Cobalt New Material Co., Ltd. (the “Huayou Quzhou”), Huayou (Hong Kong) Co., Limited (the “Huayou Hong Kong”), Orient International Minerals & Resource (Proprietary) Limited (the “OIM Company”), Congo Dongfang International Mining SAS (the “CDM Company”), La Miniere de Kasombo SAS (the “MIKAS Company”), Sino-Congo Hiag Development SAS (the “SHAD Company”), Huayou International Mining (Hong Kong) Limited (the “Huayou Mining Hong Kong”), Huayou New Energy Technology (Quzhou) Co., Ltd. (the “New Energy Quzhou”), Zhejiang Huayou Recycling Technology Co., Ltd. (the “Huayou Recycling”), Zhejiang Huayou Power Technology Co., Ltd. (the “Huayou Power”), Zhejiang Huayou New Energy Technology Co., Ltd. (the “Huayou New Energy”), Zhejiang Youqing Trading Co., Ltd. (the “Youqing Trading”), Tongxiang Huashi Import & Export Co., Ltd. (the “Tongxiang Huashi”), Tongxiang Hua’ang Trading Co., Ltd. (the “Tongxiang Hua’ang”), Beijing Youhong Yongsheng Technology Co., Ltd. (the “Beijing Youhong”), Guangxi Huayou Engineering Project Management Co., Ltd. (the “Guangxi Huayou Engineering”), Huashan Import & Export (Tongxiang) Co., Ltd. (the “Tongxiang Huashan”), Beijing Huashan Yongsheng Technology Co., Ltd. (the “Beijing Huashan”), Huashan Import & Export (Wenzhou) Co., Ltd. (the “Wenzhou Huashan”), Huake Import & Export (Wenzhou) Co., Ltd. (the “Wenzhou Huake”), Guangxi B&M Science and Technology Co., Ltd. (the “Guangxi B&M”), Tianjin B&M Science and Technology Co., Ltd. (the “Tianjin B&M”), Huaxun Import & Export (Tongxiang) Co., Ltd. (the “Tongxiang Huaxun”), Guangxi Huayou New Material Co., Ltd. (the “Guangxi Huayou New Material”), Guangxi Huayou New Energy Technology Co., Ltd. (the “Guangxi Huayou New Energy”), Huawang Import & Export (Tongxiang) Co., Ltd. (the “Tongxiang Huawang”), and Hualing Import & Export (Tongxiang) Co., Ltd. (the “Tongxiang Hualing”), the second-tier subsidiaries Feza Mining SAS (the “Feza Mining”), Quzhou Huayou Resource Recycling Technology Co., Ltd. (the “Resource Recycling”), Huayou

International Recycling Resources Co., Ltd. (the “Huayou International Recycling”), Huayou America, Inc. (the “Huayou America”), Salta Exploraciones S.A. (the “SESA Company”), HANARI S.A. (the “HANARI Company”), Huayou Resources Pte. Ltd. (the “Huayou Singapore”), Shanghai FC Metal Materials Co., Ltd. (the “Shanghai FC”), Heishui Huayou Recycling Technology Co., Ltd. (the “Heishui Recycling”), Huajin New Energy Materials (Quzhou) Co., Ltd. (the “Huajin Company”), Zhejiang HUAYOU-POSCO New Energy Materials Co., Ltd. (the “HUAYOU-POSCO”), Quzhou Huahai New Energy Technology Co., Ltd. (the “Huahai New Energy”), Huaqing Cobalt & Nickel Co., Ltd. (the “Huaqing Cobalt & Nickel”), Huachuang International Investment Co., Ltd. (the “Huachuang International”), Huawei Nickel Resources Development Co., Ltd. (the “Huawei Nickel Resources”), Huawei Nickel Industry Co., Ltd. (the “Huawei Nickel Industry”), Huake Nickel Co., Ltd. (the “Huake Nickel”), Huayou International Cobalt (Hong Kong) Co., Ltd. (the “Huayou International Cobalt”), Huayuan Copper Co., Ltd. (the “Huayuan Copper”), Jiangsu Huayou Energy Technology Co., Ltd. (the “Jiangsu Huayou”), Huatuo International Development Pte. Ltd. (the “Huatuo International”), Chengdu B&M Science and Technology Co., Ltd. (the “Chengdu B&M”), Zhejiang B&M Science and Technology Co., Ltd. (the “Zhejiang B&M”), Guangxi Huayou Import & Export Co., Ltd. (the “Guangxi Huayou Import & Export”), Huaneng Asia International Co., Limited (the “Huaneng Asia International”), Huacai (Hong Kong) Limited (the “Huacai Hong Kong”), and Huayong International (Hong Kong) Limited (the “Huayong International”), the third-tier subsidiaries Huayou International (Holdings) Co., Ltd. (the “Huayou International Holdings”), Huayou International Recycling Resources Holding Co., Ltd. (the “International Recycling Holding”), Huayou International Resource Recycling Technology Holding Co., Ltd. (the “International Resource Recycling”), PT. Huayue Nickel Cobalt (the “Huayue Company”), PT. Huake Nickel Indonesia (the “Huake Indonesia”), Huatuo Cobalt Co., Ltd. (the “Huatuo Cobalt”), PT. Huashan Nickel Cobalt (the “Huashan Indonesia”), and Huayou Shixing (Beijing) New Energy Technology Co., Ltd. (the “Huayou Shixing”), and the fourth-tier subsidiary Town Mining Co., Ltd. (the “TMC Company”) into the consolidation scope. Please refer to section VI and VII of notes to the financial statements for details.

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

III. Significant accounting policies and estimates

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar. The accounting period of the financial information contained in the financial statements is from January 1, 2019 to December 31, 2021.

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) Yuan, while the functional currency of subsidiaries engaged in overseas operations including Huayou Hong Kong, Huayou Singapore, CDM Company, MIKAS Company, Huayue Company and Huake Indonesia is the currency of the primary economic environment in which they operate.

(V) Accounting treatments of business combination under and not under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to

2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sale of the assets by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be

or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

- (1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23—Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14—Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

(1) Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or

- (2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

- (1) Level 1 inputs are unadjusted quoted prices and5opropriaccord-335.4(of)-3-551.4(to)-551.4pa

equoted assets or in cluss:

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The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

- (2) Financial instruments with expected credit risk assessed on a collective basis and expected credit losses measured using three-stage model

| Items | Basis for determination of portfolio | Method for measuring expected credit loss |
|---|--------------------------------------|---|
| Other receivables—Portfolio grouped with government funds receivable | Nature of receivables | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate. |
| Other receivables—Portfolio grouped with balances due from related parties within the consolidation scope . . . | | |
| Other receivables—Portfolio grouped with interest receivable | | |
| Other receivables—Portfolio grouped with dividend receivable | | |
| Other receivables—Portfolio grouped with ages | Ages | |

- (3) Accounts receivable and contract assets with expected credit losses measured using simplified approach on a collective basis

1) Specific portfolios and method for measuring expected credit loss

| Items | Basis for determination of portfolio | Method for measuring expected credit loss |
|-----------------------------------|--------------------------------------|--|
| Bank acceptance receivable . . . | Type of notes | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate. |
| Trade acceptance receivable . . . | | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of notes receivable, so as to calculate expected credit loss. |

| Items | Basis for determination of portfolio | Method for measuring expected credit loss |
|---|--------------------------------------|---|
| Accounts receivable—Portfolio grouped with ages | Ages | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss. |
| Accounts receivable—Portfolio grouped with balances due from related parties within the consolidation scope . . . | Nature of receivables | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate. |

2) Accounts receivable—comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

| Ages | Expected credit loss rate |
|---|---------------------------|
| | (%) |
| Within 1 year (inclusive, the same hereinafter) | 5.00 |
| 1-2 years | 20.00 |
| 2-3 years | 50.00 |
| Over 3 years | 100.00 |

In addition, as the age of portfolio grouped with trade acceptance receivable is all within one year, its expected credit loss rate is determined at 5%.

.....

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

(XI) Inventories

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Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials or supplies, etc. to be consumed in the production process or in the rendering of services.

Inventories dispatched from storage are accounted for with weighted moving average method.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

Perpetual inventory method is adopted.

(1) Low-value consumables

Low-value consumables are amortized with one-off method.

(2) Packages

Packages are amortized with one-off method.

(XII) Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XIII) Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: (1) the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; (2) its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: (1) a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

(1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets held for sale or non-current assets in disposal groups held for sale, while interest and other expenses attributable to the liabilities of a disposal group held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was balad 7(of)-6gi.6(th(was)--(th(was)5(dispo7was)J T* (sh(w.6(balance)-not)-

- (1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a "bundled transaction". If it is a "bundled transaction", stages as a whole are considered as one transaction in accounting treatment. If it is not a "bundled transaction", on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

- (2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

- (1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.
- (2) In the case of consolidated financial statements, the Company determines whether it is a "bundled transaction". If it is a "bundled transaction", stages as a whole are considered as one transaction in accounting treatment. If it is not a "bundled transaction", the carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer's previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding initial [noninitial.2(liabiliti

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22—Financial Instruments: Recognition and Measurement".

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as "bundled transaction" resulting in the Company's loss of control

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

2) Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

In case of "bundled transaction", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

(XV) Fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

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| Categories | Depreciation method | Useful life | | |
|------------|---------------------|-------------|--|--|
|------------|---------------------|-------------|--|--|

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

(XIX) Exploration expenditures

Exploration expenditures include the cost of acquiring rights to explore and all costs and expenses incurred in the course of geological exploration. The exploration process includes reconnaissance survey, preliminary prospecting, preliminary exploration, detailed exploration, etc., of which, the exploration expenditures incurred in preliminary exploration and detailed exploration are capitalized and included in other non-current assets. When the exploration is completed and there is a reasonable basis to determine that geological results are generated from the exploration and the mining right certificate is obtained, the balance of other non-current assets is transferred to intangible assets; when the geological results cannot be generated, the balance will be fully included in profit or loss.

(XX) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

(XXI) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXII) Employee benefits

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

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The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

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- (2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:
 - (1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;
 - (2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;
 - (3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

(XXIII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(XXV) Revenue

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(1) Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: 1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; 2) the customer can control goods as they are created by the Company's performance; 3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: 1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; 2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; 3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; 4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other evidence indicating the customer has obtained control over the goods.

(2) Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to

(1) Revenue recognition principles

1) Sale of goods

Revenue from sale of goods is recognized if, and only if, the following conditions are all satisfied: a. significant risks and rewards of ownership of the goods is transferred to the

(XXVII) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXVIII) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.
2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.
3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.
4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

(XXIX) Leases

- (1) The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: a. the amount of the initial measurement of the lease liabilities; b. any lease payments made at or before the commencement date, less any lease incentives received; c. any initial direct costs incurred by the lessee; and d. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

2) Lease liabilities

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

(3) Sale and leaseback

1) The Company as the lessee

In accordance with the “CASBE 14—Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the original carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor.

Otherwise, the Company continues the recognition of the transferred assets, and recognizes a financial liability equal to the amount of transfer income in accordance with the “CASBE 22—Financial Instruments: Recognition and Measurement” at the same time.

2) The Company as the lessor

In accordance with the “CASBE 14—Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with the “CASBE 21—Leases”.

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the amount of transfer income in accordance with the “CASBE 22—Financial Instruments: Recognition and Measurement”.

(1) Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

(2) Finance leases

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

(XXX) Work safety fund

The Company accrues work safety fund in accordance with the Circular on Management Measures on the Accrual and Use of Work Safety Fund numbered Cai Qi [2012] 16 by Ministry of Finance and State Administration of Work Safety. Standard work safety fund is included in the cost or profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

- b. Simplified approach adopted for operating leases prior to the first adoption date:
 - (i) For lease contracts completed within 12 months after the first adoption date, the Company adopts a simplified approach and does not recognize right-of-use assets and lease liabilities;
 - (ii) The Company applies a single discount rate to a portfolio of leases with similar characteristics such as building leases when measuring lease liabilities;
 - (iii) Initial direct costs are not included in the measurement of right-of-use assets;
 - (iv) The Company determines the lease term according to the actual exercise of the renewal option or the termination option and other latest conditions before the first adoption date.
 - (v) As a substitute for the impairment test of right-of-use assets, the Company assesses whether the contract containing a lease is an onerous contract before the first adoption date according to "CASBE 13—Contingencies", and adjusts right-of-use assets based

Changes in accounting policies arising from changes in CASBEs

- (1) The Company has adopted “CASBE 14—Revenues” (the “revised revenue standard”) revised by Ministry of Finance since January 1, 2020. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the cumulative effect arising from adoption of the revised revenue standard on the first adoption date shall be retrospectively adjusted into retained earnings and other related financial statement items at the beginning of the reporting period.

Changes in accounting policies arising from changes in CASBEs

- (1) The Company prepared the financial statements for the year ended December 31, 2019 in accordance with the “Notice of the Ministry of Finance on Revising and Issuing Financial Statement Templates for General Enterprises of 2019” (Cai Kuai [2019] No. 6), the “Notice on Revising and Issuing the Templates of Consolidated Financial Statements (2019 Edition)” (Cai Kuai [2019] No. 16) and the requirements of CASBEs, and the retrospective application method is applicable to changes in accounting policies. Items of the financial statements for the year ended December 31, 2018 significantly affected and their amounts are as follows:

| Original financial statement items and amounts | | Revised financial statement items and amounts | |
|--|------------------|---|------------------|
| Notes receivable and accounts receivable . . . | 1,506,491,099.90 | Notes receivable | 591,030,308.20 |
| | | Accounts receivable | 915,460,791.70 |
| Notes payable and accounts payable . . . | 1,880,548,432.66 | Notes payable | 762,017,481.23 |
| | | Accounts payable | 1,118,530,951.43 |

- (2) The Company has adopted “CASBE 22—Financial Instruments: Recognition and Measurement”, “CASBE 23—Transfer of Financial Assets”, “CASBE 24—Hedging” and “CASBE 37—Presentation of Financial Instruments” (collectively, the “revised financial instrument standards”) revised by the Ministry of Finance since January 1, 2019. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the first adoption date shall be retrospectively adjusted into retained earnings or other comprehensive income at the beginning of the reporting period.

The revised financial instrument standards changed classification and measurement method of financial assets, and determined three major categories of measurement: at amortized cost; at fair value through other comprehensive income; at fair value through profit or loss. The Company makes the above classification based on its own business model and the contractual cash flow characteristics of the financial assets. The Company measures equity investments at fair value through profit or loss, but may make an irrevocable election at initial recognition to measure them at fair value through other comprehensive income (gains or losses on disposal cannot be reversed into profit or loss, but dividend income can be included into profit or loss).

The revised financial instrument standards require for an “expected credit loss model” instead of “incurred loss model”, which is applicable to financial assets at amortized cost, financial assets at fair value through other comprehensive income, and leases receivable.

- 1) Main effects on the financial statements as at January 1, 2019 due to adoption of the revised financial instrument standards are as follows:

| Items | Balance sheet | | |
|--|-------------------|--|------------------|
| | December 31, 2018 | Effect due to the revised financial instrument standards | January 1, 2019 |
| Held-for-trading financial assets . . . | | 166,915,198.87 | 166,915,198.87 |
| Financial assets at fair value | | | |
| through profit or loss. | 15,315,198.87 | -15,315,198.87 | |
| Notes receivable. | 591,030,308.20 | -576,292,483.20 | 14,737,825.00 |
| Receivables financing. | | 576,292,483.20 | 576,292,483.20 |
| Other current assets. | 500,881,461.40 | -151,600,000.00 | 349,281,461.40 |
| Available-for-sale financial assets . . | 63,192,181.76 | -63,192,181.76 | |
| Other equity instrument investments. | | 50,618,581.76 | 50,618,581.76 |
| Other non-current financial assets . . | | 12,573,600.00 | 12,573,600.00 |
| Held-for-trading financial liabilities | | 6,529,248.16 | 6,529,248.16 |
| Financial liabilities at fair value | | | |
| through profit or loss. | 6,529,248.16 | -6,529,248.16 | |
| Surplus reserve [Note]. | 182,633,133.09 | 1,555,884.22 | 184,189,017.31 |
| Undistributed profit [Note]. | 3,647,054,561.91 | -1,555,884.22 | 3,645,498,677.69 |

As the revised financial instrument standards require for an “expected credit loss model” instead of “incurred loss model”, no provision for bad debts is made on the current accounts of subsidiaries within the consolidation scope, with opening balance of provision for bade debts on accounts receivable of the parent company decreased by 615,594.91 yuan, opening balance of provision for bade debts on other receivables decreased by 15,035,586.56 yuan, and deferred tax assets decreased by 92,339.24 yuan accordingly. Meanwhile, opening balance of surplus reserve of the parent company was increased by 1,555,884.22 yuan, and opening balance of undistributed profit was increased by 14,002,958.01 yuan accordingly. As provisions for bad debts between the parent company and subsidiaries have been offset when preparing the consolidated financial statements, the impact on the consolidated financial statements includes increase in opening balance of surplus reserve of 1,555,884.22 yuan and decrease in opening balance of undistributed profit of 1,555,884.22 yuan.

- 2) On January 1, 2019, the comparison table of categories and measuring result of the Company’s financial assets and financial liabilities under revised and original financial instrument standards is as follows:

| Items | Under original standards | | Under revised standards | |
|---|---|------------------|---|------------------|
| | Measurement category | Carrying amount | Measurement category | Carrying amount |
| Cash and bank balances . . | Amortized cost (Loans and receivables) | 2,324,164,775.98 | Amortized cost | 2,324,164,775.98 |
| Financial assets at fair value through profit or loss | Measured at fair value through profit or loss | 15,315,198.87 | Measured at fair value through profit or loss | 15,315,198.87 |
| Notes receivable | Amortized cost (Loans and receivables) | 591,030,308.20 | Measured at fair value through other comprehensive income | 576,292,483.20 |
| Accounts receivable | Amortized cost (Loans and receivables) | 915,460,791.70 | Amortized cost | 14,737,825.00 |
| Other receivables | Amortized cost (Loans and receivables) | 90,796,079.33 | Amortized cost | 915,460,791.70 |
| | | | Amortized cost | 90,796,079.33 |

| Items | Under original standards | | Under revised standards | |
|--|---|------------------|--|--------------------------------|
| | Measurement category | Carrying amount | Measurement category | Carrying amount |
| Other current assets | Measured at fair value through other comprehensive income | 151,600,000.00 | Measured at fair value through profit or loss | 151,600,000.00 |
| Available-for-sale financial assets | Measured at fair value through other comprehensive income (Available-for-sale financial assets) | 63,192,181.76 | Measured at fair value through other comprehensive income Measured at fair value through profit or loss | 50,618,581.76 12,573,600.00 |
| Long-term receivables | Amortized cost (Loans and receivables) | 109,376,960.67 | Amortized cost | 109,376,960.67 |
| Short-term borrowings | Amortized cost (Other financial liabilities) | 5,121,992,187.76 | Amortized cost | 5,121,992,187.76 |
| Financial liabilities at fair value through profit or loss | Measured at fair value through profit or loss | 6,529,248.16 | Measured at fair value through profit or loss | 6,529,248.16 |
| Notes payable | Amortized cost (Other financial liabilities) | 762,017,481.23 | Amortized cost | 762,017,481.23 |
| Accounts payable | Amortized cost (Other financial liabilities) | 1,118,530,951.43 | Amortized cost | 1,118,530,951.43 |
| Other payables | Amortized cost (Other financial liabilities) | 361,619,612.11 | Amortized cost | 361,619,612.11 |
| Non-current liabilities due within one year | Amortized cost (Other financial liabilities) | 559,320,685.32 | Amortized cost | 559,320,685.32 |
| Other current liabilities | Amortized cost (Other financial liabilities) | 400,000,000.00 | Amortized cost | 400,000,000.00 |
| Long-term borrowings | Amortized cost (Other financial liabilities) | 265,660,629.25 | Amortized cost | 265,660,629.25 |
| Bonds payable | Amortized cost (Other financial liabilities) | 715,662,003.49 | Amortized cost | 715,662,003.49 |
| Long-term payables | Amortized cost (Other financial liabilities) | 508,365,053.59 | Amortized cost | 508,365,053.59 |

3) On January 1, 2019, the reconciliation statement on the carrying amount of the financial assets and financial liabilities under revised financial instrument standards is as follows:

| Items | Carrying amount under original standards (Dec. 31, 2018) | Reclassification | Remeasurement | Carrying amount under revised standards (Jan. 1, 2019) |
|--|--|------------------|---------------|--|
| A. Financial assets | | | | |
| a. Measured at amortized cost | | | | |
| Cash and bank balances | 2,324,164,775.98 | | | 2,324,164,775.98 |
| Notes receivable | 591,030,308.20 | -576,292,483.20 | | 14,737,825.00 |
| Accounts receivable | 915,460,791.70 | | | 915,460,791.70 |
| Other receivables | 90,796,079.33 | | | 90,796,079.33 |
| Long-term receivables | 109,376,960.67 | | | 109,376,960.67 |
| Total financial assets at amortized cost | 4,030,828,915.88 | -576,292,483.20 | | 3,454,536,432.68 |

| Items | Carrying amount under original standards (Dec. 31, 2018) | Reclassification | Remeasurement | Carrying amount under revised standards (Jan. 1, 2019) |
|--|---|------------------------------|---------------|---|
| b. Measured at fair value through profit or loss | | | | |
| Held-for-trading financial | | | | |
| assets | | 166,915,198.87 | | 166,915,198.87 |
| Financial assets at fair | | | | |
| value through profit or | | | | |
| loss | 15,315,198.87 | -15,315,198.87 | | |
| Other non-current financial | | | | |
| assets | | 12,573,600.00 | | 12,573,600.00 |
| Total financial assets at fair | | | | |
| value through profit or | | | | |
| loss | 15,315,198.87 | 164,173,600.00 | | 179,488,798.87 |
| c. Measured at fair value through other comprehensive income | | | | |
| Receivables financing . . . | | 576,292,483.20 | | 576,292,483.20 |
| Other current assets | 151,600,000.00 | -151,600,000.00 | | |
| Available-for-sale financial | | | | |
| assets | 63,192,181.76 | -63,192,181.76 | | |
| Other equity instrument | | | | |
| investments | | 50,618,581.76 | | 50,618,581.76 |
| Total financial assets at fair | | | | |
| value through other | | | | |
| comprehensive income . . | 214,792,181.76 | 412,118,883.20 | | 626,911,064.96 |
| B. Financial liabilities | | | | |
| a. Measured at amortized cost | | | | |
| Short-term borrowings . . . | 5,121,992,187.76 | | | 5,121,992,187.76 |
| Notes payable | 762,017,481.23 | | | 762,017,481.23 |
| Accounts payable | 1,118,530,951.43 | | | 1,118,530,951.43 |
| Other payables | 6,273,129,762.00 | (17,168,263)(through)-36cost | | 762,017,481.23 |
| Held-for-trading financial . . . | | | | |

- 4) On January 1, 2019, the reconciliation statement on the provision for impairment of the financial assets under revised financial instrument standards is as follows:

| Items | Provision for impairment made under original financial instrument standards/Provisions recognized under the contingencies standard (Dec. 31, 2018) | Reclassification | Remeasurement | Provision for impairment under revised financial instrument standards (Jan. 1, 2019) |
|------------------------------|--|------------------|---------------|--|
| Notes receivable | 775,675.00 | | | 775,675.00 |
| Accounts receivable. | 64,749,916.65 | | | 64,749,916.65 |
| Other receivables | 14,308,496.27 | | | 14,308,496.27 |

- (3) The Company has adopted the revised “CASBE 7—Non-cash Assets Exchange” since June 10, 2019, and the revised “CASBE 12—Debt Restructuring” since June 17, 2019, and the prospective application method is applicable to changes in accounting policies.

IV. Taxes

(I) Main taxes and tax rates

| Taxes | Tax bases | Tax rates |
|--|---|---|
| Value-added tax (VAT). | The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period | 16%, 13%, 6% |
| Mineral tax. | Taxable revenue | 3.5%, 10% |
| Housing property tax. | For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting a certain percentage of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income. | 1.2%, 12% |
| Urban maintenance and construction tax | Turnover tax actually paid | 7%, 5% |
| Education surcharge | Turnover tax actually paid | 3% |
| Local education surcharge | Turnover tax actually paid | 2% |
| Enterprise income tax | Taxable income | Please refer to the following different enterprise income tax rates applicable to different taxpayers |

Different enterprise income tax rates applicable to different taxpayers:

| Taxpayers | Year 2021 | Year 2020 | Year 2019 |
|---|--|-----------|-----------|
| The Company, New Energy Quzhou . . . | 15% | 15% | 15% |
| Tianjin B&M, Chengdu B&M | 15% | — | — |
| Beijing Youhong. | 20% | 25% | — |
| Guangxi Huayou Engineering, Beijing Huashan, Wenzhou Huake, Tongxiang Huaxun, Zhejiang B&M, Guangxi Huayou New Material, Guangxi Huayou New Energy, Tongxiang Huawang, Tongxiang Hualing. | 20% | — | — |
| Shanghai FC | 20% | 25% | 25% |
| Taxpayers other than the above- mentioned | 25% | 25% | 25% |
| Overseas entities. | Subject to the tax rate in the place of registration | | |

(II) Tax preferential policies

(1) Domestic entities

Manufacturing enterprises including the Company and its subsidiary Huayou Quzhou enjoy the tax preferential policy of “exemption, credit and refund” for export goods, while tax rebate rate in 2019 is 0%, 5% and 13%, and tax rebate rate from 2020 to 2021 is 0% and 13%; foreign trade enterprises including the subsidiary Huayou Import & Export enjoy the tax preferential policy of “exemption and refund” for export goods, while the tax rebate rate in 2019 ranges from 0% to 16%, and tax rebate rate from 2020 to 2021 ranges from 0% to 13%.

(2) Overseas entities

The tax rate for export goods of the subsidiaries CDM Company, MIKAS Company, OIM Company and TMC Company is 0%. If the deductible VAT is higher than the VAT payable, the surplus can be refunded or carried forward to offset future VAT payable.

Pursuant to the Decree of Minister of Finance of Indonesia Concerning the Import Duty Relief for Machinery Required for Construction of Huayue Company in the Context of Foreign Investment, Huayue Company enjoys the import duty exemption policy on imported machinery (in compliance with Government Regulation No. 81 of 2015).

Pursuant to the Decree of Minister of Finance of Indonesia, Huake Indonesia enjoys the preferential policy of VAT exemption regarding the import or delivery of certain taxable goods classified as strategic goods in the “Import Demand and Procurement Plan”.

(1) Domestic entities

According to the "High-tech Enterprise Certificate" jointly issued by Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance

(2) Overseas entities

Pursuant to the Decree of Minister of Finance of Indonesia Concerning Preferential Policies of Enterprise Income Tax Reduction and Exemption to Huayue Company, Huayue Company is exempted from enterprise income tax as well as tax withheld by third parties on certain income from Huayue Company for 15 years from the tax year of the commencement of its commercial production. It also enjoys a tax reduction of 50% for 2 years following the expiration of the above exemption period.

Pursuant to the Decree of Minister of Finance of Indonesia Concerning the Import Duty Relief for Machinery Required for Construction of Huayue Company in the Context of Foreign Investment, Huayue Company enjoys the import duty exemption policy on imported machinery.

Pursuant to the Decree of Minister of Finance of Indonesia Concerning the Import Duty Relief for Machinery Required for Construction of Huake Indonesia in the Context of Foreign Investment, Huake Indonesia enjoys the import duty exemption policy on imported machinery.

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Cash on hand | 30,717,041.97 | 6,419,244.46 | 10,989,287.18 |
| Cash in bank | 6,028,851,637.85 | 1,422,345,842.00 | 1,908,537,857.72 |
| Other cash and bank balances | 3,709,915,975.32 | 905,492,542.46 | 966,233,394.40 |
| Total | 9,769,484,655.14 | 2,334,257,628.92 | 2,885,760,539.30 |
| Including: Deposited overseas | 1,749,990,024.72 | 529,776,013.67 | 826,645,363.20 |

(2) Details of other cash and bank balances

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|-------------------|
| Deposits for notes | 2,703,403,483.57 | 400,532,127.19 | 581,818,967.05 |
| Deposits for letters of credit | 251,997,597.57 | 303,975,001.15 | 287,376,985.90 |
| Deposits for letters of guarantee | 6,122,337.26 | 13,976,405.12 | 10,200,000.00 |
| Deposits for borrowings | 662,940,956.10 | 102,567,145.99 | 18,720,250.00 |
| Deposits for forward foreign exchange settlement | 30,232,894.50 | 9,590,000.00 | |
| Deposited investment funds | 44,445,877.93 | 58,715,881.96 | 65,053,455.93 |
| Funds frozen due to litigations | | 12,170,972.77 | |
| Balances in WeChat accounts | 4,378,838.00 | 1,998,538.28 | |
| Other deposits | 6,393,990.39 | 1,966,470.00 | 3,063,735.52 |
| Total | 3,709,915,975.32 | 905,492,542.46 | 966,233,394.40 |
| Including: Total restricted funds | 3,661,091,259.39 | 844,778,122.22 | 901,179,938.47 |

2) Accounts receivable with provision made on an individual basis

a. December 31, 2021

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons |
|---|---------------|----------------------------|------------------------------------|---|
| Ningxia King Lithium Cell Co., Ltd. | 9,209,380.00 | 9,209,380.00 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtors. |
| Jiangxi Jialong New Material Co., Ltd. | 5,717,261.90 | 5,717,261.90 | 100.00 | |
| Shenzhen King Power Technology Co., Ltd. | 4,724,396.86 | 4,724,396.86 | 100.00 | |
| R&F Company | 3,783,340.38 | 3,783,340.38 | 100.00 | |
| Others. | 1,803,965.44 | 1,803,965.44 | 100.00 | |
| Subtotal | 25,238,344.58 | 25,238,344.58 | 100.00 | |

b. December 31, 2020

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons |
|---|---------------|----------------------------|------------------------------------|---|
| Ningxia King Lithium Cell Co., Ltd. | 9,209,380.00 | 9,209,380.00 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtors. |
| Jiangxi Jialong New Material Co., Ltd. | 5,717,261.90 | 5,717,261.90 | 100.00 | |
| Others. | 5,273,793.10 | 5,273,793.10 | 100.00 | |
| Subtotal | 20,200,435.00 | 20,200,435.00 | 100.00 | |

c. December 31, 2019

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons |
|---|---------------|----------------------------|------------------------------------|---|
| Ningxia King Lithium Cell Co., Ltd. | 9,209,380.00 | 9,209,380.00 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtors. |
| Jiangxi Jialong New Material Co., Ltd. | 5,717,261.90 | 5,717,261.90 | 100.00 | |
| Others. | 1,401,917.44 | 1,401,917.44 | 100.00 | |
| Subtotal | 16,328,559.34 | 16,328,559.34 | 100.00 | |

3) Accounts receivable with provision made on a collective basis using age analysis method

| Items | December 31, 2021 | | | December 31, 2020 | | |
|-------------------------|-------------------|----------------------------|------------------------------------|-------------------|----------------------------|------------------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year | 4,601,347,981.21 | 230,067,399.06 | 5.00 | 1,178,381,700.06 | 58,919,085.00 | 5.00 |
| 1-2 years | 503,054.00 | 100,610.80 | 20.00 | 26,093,185.86 | 5,218,637.17 | 20.00 |
| 2-3 years | 24,181,177.98 | 12,090,588.99 | 50.00 | 405,906.32 | 202,953.16 | 50.00 |
| Over 3 years | 1,849,082.85 | 1,849,082.85 | 100.00 | 1,866,779.32 | 1,866,779.32 | 100.00 |
| Subtotal | 4,627,881,296.04 | 244,107,681.70 | 5.27 | 1,206,747,571.56 | 66,207,454.65 | 5.49 |

(Continued)

| Items | December 31, 2019 | | |
|-------------------------|-------------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year | 907,753,151.27 | 45,387,657.56 | 5.00 |
| 1-2 years | 6,413,134.88 | 1,282,626.98 | 20.00 |
| 2-3 years | 857,905.20 | 428,952.60 | 50.00 |
| Over 3 years | 1,318,161.97 | 1,318,161.97 | 100.00 |
| Subtotal | 916,342,353.32 | 48,417,399.11 | 5.28 |

(2) Age analysis

| Ages | Book balance | | |
|-------------------------|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Within 1 year | 4,601,347,981.21 | 1,178,381,700.06 | 907,753,151.27 |
| 1-2 years | 5,371,894.38 | 26,093,185.86 | 7,225,134.88 |
| 2-3 years | 25,563,177.98 | 5,089,781.98 | 9,891,485.20 |
| Over 3 years | 20,836,587.05 | 17,383,338.66 | 7,801,141.31 |
| Total | 4,653,119,640.62 | 1,226,948,006.56 | 932,670,912.66 |

(3) Changes in provision for bad debts

1) Year 2021

| Items | Opening balance | Increase | | | Decrease | | | Closing balance |
|--|-----------------|---------------|----------|---------------|----------|-----------|---------------|-----------------|
| | | Accrual | Recovery | Others [Note] | Reversal | Write-off | Others [Note] | |
| Receivables with provision made on an individual basis | 20,200,435.00 | 313,512.72 | | 4,724,396.86 | | | | 25,238,344.58 |
| Receivables with provision made on a collective basis | 66,207,454.65 | 98,198,634.52 | | 80,022,958.77 | | | 321,366.24 | 244,107,681.70 |
| Total | 86,407,889.65 | 98,512,147.24 | | 84,747,355.63 | | | 321,366.24 | 269,346,026.28 |

2) Year 2020

| Items | Opening balance | Increase | | | Decrease | | | Closing balance |
|--|-----------------|---------------|----------|--------|----------|-----------|--------|-----------------|
| | | Accrual | Recovery | Others | Reversal | Write-off | Others | |
| Receivables with provision made on an individual basis | 16,328,559.34 | 3,871,875.66 | | | | | | 20,200,435.00 |
| Receivables with provision made on a collective basis | 48,417,399.11 | 17,790,055.54 | | | | | | 66,207,454.65 |
| Total | 64,745,958.45 | 21,661,931.20 | | | | | | 86,407,889.65 |

3) Year 2019

| Items | Opening balance | Increase | | | Decrease | | | Closing balance |
|--|-----------------|---------------|----------|---------------|--------------|-----------|--------|-----------------|
| | | Accrual | Recovery | Others [Note] | Reversal | Write-off | Others | |
| Receivables with provision made on an individual basis | 13,826,979.34 | 9,845,580.00 | | | 7,344,000.00 | | | 16,328,559.34 |
| Receivables with provision made on a collective basis | 50,922,937.31 | -2,507,129.66 | | 1,591.46 | | | | 48,417,399.11 |
| Total | 64,749,916.65 | 7,338,450.34 | | 1,591.46 | 7,344,000.00 | | | 64,745,958.45 |

Others refer to changes in provision for bad debts due to changes in the consolidation scope.

(4) Details of the top 5 debtors with largest balances

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|-------------------|
| Book balance | 2,184,386,603.14 | 545,361,496.71 | 452,421,351.27 |
| Proportion to the total balance of accounts receivable (%) | 46.94 | 44.45 | 48.51 |
| Provision for bad debts | 109,219,330.15 | 27,268,074.84 | 22,621,067.56 |

(1) Details

| Items | December 31, 2021 | | December 31, 2020 | |
|---------------------------|-------------------|---|-------------------|---|
| | Carrying amount | Accumulated provision for credit impairment | Carrying amount | Accumulated provision for credit impairment |
| Bank acceptance | 1,319,017,850.74 | | 762,316,046.62 | |
| Total | 1,319,017,850.74 | | 762,316,046.62 | |

(Continued)

| Items | December 31, 2019 | |
|---------------------------|-------------------|---|
| | Carrying amount | Accumulated provision for credit impairment |
| Bank acceptance | 460,537,826.62 | |
| Total | 460,537,826.62 | |

(2) No receivables financing written off during the reporting period.

(3) Pledged notes

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---------------------------|-------------------|-------------------|-------------------|
| Bank acceptance | 392,771,270.84 | 511,417,886.84 | 188,831,996.10 |
| Subtotal | 392,771,270.84 | 511,417,886.84 | 188,831,996.10 |

(4) Endorsed or discounted but undue notes at the balance sheet date

| Items | Closing balance derecognized | | |
|---------------------------|------------------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Bank acceptance | 5,311,600,088.59 | 1,906,776,345.83 | 1,243,116,919.37 |
| Subtotal | 5,311,600,088.59 | 1,906,776,345.83 | 1,243,116,919.37 |

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

(5) No receivables financing was transferred to accounts receivable due to non-performance of issuer during the reporting period.

.....

(2) Details of the top 5 debtors with largest balances

| <u>Items</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|--------------------------|
| Book balance | 551,743,831.62 | 651,166,301.96 | 875,978,049.60 |
| Proportion to the total balance of advances paid (%) | 51.00 | 80.10 | 82.06 |

(1) Details

1) Details on categories

| <u>Categories</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------|--------------------------|--------------------------|--------------------------|
| | | | |
| | | | |

2) Other receivables with provision made on an individual basis

December 31, 2021

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons |
|---|--------------|----------------------------|------------------------------------|---|
| Wulong Power (Chongqing) Lithium Battery Materials Co., Ltd. | 3,917,282.59 | 3,917,282.59 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtor. |
| Subtotal | 3,917,282.59 | 3,917,282.59 | 100.00 | |

3) Other receivables with provision made on a collective basis

| Portfolios | December 31, 2021 | December 31, 2020 |
|--------------|-------------------|-------------------|
| Book balance | 82.6 | (-)362.9 |

(3) Changes in provision for bad debts

1) Year 2021

| Items | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------------------------|---|---|----------------|
| | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) | |
| Opening balance. | 3,729,176.74 | 10,142,590.67 | 44,134,265.65 | 58,006,033.06 |
| Opening balance in the current period | — | — | — | |
| —Transferred to stage 2. . . | -2,463,242.63 | 2,463,242.63 | | |
| —Transferred to stage 3. . . | | -5,192,157.99 | 5,192,157.99 | |
| —Reversed to stage 2. . . | | | | |
| —Reversed to stage 1. . . | | | | |
| Provision made in the current period | 3,184,069.86 | 1,954,658.44 | -20,461,352.51 | -15,322,624.21 |
| Provision recovered in the current period | | | | |
| Provision reversed in the current period | | | | |
| Provision written off in the current period | | | | |
| Other changes [Note] . . . | 993,378.71 | 484,636.77 | -167,461.93 | 1,310,553.55 |
| Closing balance | 5,443,382.68 | 9,852,970.52 | 28,697,609.20 | 43,993,962.40 |

2) Year 2020

| Items | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------------------------|---|---|---------------|
| | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) | |
| Opening balance. | 3,437,548.95 | 21,111,954.41 | 8,535,371.02 | 33,084,874.38 |
| Opening balance in the current period | — | — | — | |
| —Transferred to stage 2. . . | -2,535,647.67 | 2,535,647.67 | | |
| —Transferred to stage 3. . . | | -14,428,883.34 | 14,428,883.34 | |
| —Reversed to stage 2. . . | | | | |
| —Reversed to stage 1. . . | | | | |
| Provision made in the current period | 2,827,275.46 | 923,871.93 | 21,170,011.29 | 24,921,158.68 |
| Provision recovered in the current period | | | | |
| Provision reversed in the current period | | | | |
| Provision written off in the current period | | | | |
| Other changes | | | | |
| Closing balance | 3,729,176.74 | 10,142,590.67 | 44,134,265.65 | 58,006,033.06 |

3) Year 2019

| Items | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------------------------|---|---|---------------|
| | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) | |
| Opening balance. | 2,856,988.75 | 1,423,289.98 | 10,028,217.54 | 14,308,496.27 |
| Opening balance in the current period | — | — | — | |
| —Transferred to stage 2. | -2,856,988.75 | 2,856,988.75 | | |
| —Transferred to stage 3. | | -149,079.93 | 149,079.93 | |
| —Reversed to stage 2. | | | | |
| —Reversed to stage 1. | | | | |
| Provision made in the current period | 3,467,996.74 | 16,980,755.61 | -1,641,926.45 | 18,806,825.90 |
| Provision recovered in the current period | | | | |
| Provision reversed in the current period | | | | |
| Provision written off in the current period | | | | |
| Other changes [Note] | -30,447.79 | | | -30,447.79 |
| Closing balance | 3,437,548.95 | 21,111,954.41 | 8,535,371.02 | 33,084,874.38 |

Other changes refer to changes in provision for bad debts due to changes in the consolidation scope.

(4) Other receivables categorized by nature

| Nature of receivables | Book balance | | |
|--|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Security deposits | 167,295,082.41 | 118,940,620.79 | 66,067,274.95 |
| Export tax rebate | 79,374,213.15 | 34,360,309.10 | 39,202,977.25 |
| Petty cash | 7,539,168.62 | 4,683,881.73 | 11,117,827.38 |
| Temporary advance payment receivable | 15,333,606.77 | 13,526,300.61 | 32,896,730.09 |
| Others | 9,642,652.66 | 68,352,158.97 | 73,136,989.47 |
| Total | 279,184,723.61 | 239,863,271.20 | 222,421,799.14 |

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| Debtors | Nature of receivables | Book balance | Ages | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|--|--------------------------|---------------|-----------|---|----------------------------|
| LG Energy Solution (Nanjing) Co., Ltd. . . Haitong UniTrust International Financial | Security deposits | 12,000,000.00 | 1-2 years | 4.30 | 2,400,000.00 |

| Debtors | Nature of receivables | Book balance | Ages | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|---|-----------------------|----------------|---|--|-------------------------|
| New Minerals Investment SPRL (the "New Minerals") | Temporary borrowings | 32,896,730.09 | Within 1 year: 13,424,121.63 yuan, 1-2 years: 19,472,608.46 yuan | 14.79 | 4,565,727.77 |
| Huaxia Financial Leasing Co., Ltd. | Security deposits | 9,000,000.00 | 1-2 years | 4.05 | 1,800,000.00 |
| Subtotal | | 188,878,016.34 | | 84.92 | 22,161,389.57 |

Pursuant to the "Proposal on Termination of Foreign Investment by Overseas Wholly-owned Subsidiary" deliberated and approved by the 26th meeting of the fourth session of the Board of Directors dated August 15, 2019, the "Agreement on Termination of Cooperation Agreement" was entered into among the subsidiary Huayou Mining Hong Kong, Summit Reward Investment Limited, Triprosper Investment Limited and Lucky Resources Holdings Company Limited, and Huayou Mining Hong Kong's proposed acquisition of 51% equity of Lucky Resources Holdings Company Limited from Summit Reward Investment Limited at the consideration of USD66.30 million was terminated. The prepayments for equity transfer of USD9.95 million paid by Huayou Mining Hong Kong would be returned by Summit Reward Investment Limited or its designated third party according to the termination agreement.

(1) Details

| Items | December 31, 2021 [Note] | | | December 31, 2020 | | |
|---|--------------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Book balance | Provision for write-down | Carrying amount | Book balance | Provision for write-down | Carrying amount |
| Raw materials | 4,502,475,893.36 | 2,930,164.38 | 4,499,545,728.98 | 2,430,236,029.73 | 12,287,514.31 | 2,417,948,515.42 |
| Work in process | 1,999,451,448.20 | 1,658,601.67 | 1,997,792,846.53 | 599,777,058.56 | | 599,777,058.56 |
| Goods on hand | 2,541,388,791.33 | 47,031,014.69 | 2,494,357,776.64 | 1,058,703,374.05 | 8,148,296.11 | 1,050,555,077.94 |
| Materials on consignment for further processing | 43,260,608.84 | | 43,260,608.84 | 883,976.69 | | 883,976.69 |
| Consumptive biological assets | | | | | | |
| Total | 9,086,576,741.73 | 51,619,780.74 | 9,034,956,960.99 | 4,089,600,439.03 | 20,435,810.42 | 4,069,164,628.61 |

(Continued)

| Items | December 31, 2019 | | |
|---|-------------------|--------------------------|------------------|
| | Book balance | Provision for write-down | Carrying amount |
| Raw materials | 2,260,868,369.89 | 66,612,819.48 | 2,194,255,550.41 |
| Work in process | 515,869,566.88 | 20,526,195.01 | 495,343,371.87 |
| Goods on hand | 744,627,531.16 | 52,396,525.76 | 692,231,005.40 |
| Materials on consignment for further processing | 10,905,324.17 | 3,055,555.85 | 7,849,768.32 |
| Consumptive biological assets | 653,188.37 | 415,550.40 | 237,637.97 |
| Total | 3,532,923,980.47 | 143,006,646.50 | 3,389,917,333.97 |

(2) Provision for inventory write-down

1) Details

a. Year 2021

| Items | Opening balance | Increase | | Decrease | | Closing balance |
|-----------------------|-----------------|---------------|---------------|---------------|--------------|-----------------|
| | | Accrual | Others | Write-off | Others | |
| Raw materials | 12,287,514.31 | -1,857,973.82 | | 7,499,376.11 | | 2,930,164.38 |
| Work in process . . . | | 11,163,160.74 | 73,149.09 | 9,577,708.16 | | 1,658,601.67 |
| Goods on hand. . . . | 8,148,296.11 | 6,343,731.10 | 42,061,812.05 | 7,032,788.90 | 2,490,035.67 | 47,031,014.69 |
| Total | 20,435,810.42 | 15,648,918.02 | 42,134,961.14 | 24,109,873.17 | 2,490,035.67 | 51,619,780.74 |

b. Year 2020

| Items | Opening balance | Increase | | Decrease | | Closing balance |
|--|-----------------|---------------|--------|----------------|--------|-----------------|
| | | Accrual | Others | Write-off | Others | |
| Raw materials | 66,612,819.48 | 1,531,747.35 | | 55,857,052.52 | | 12,287,514.31 |
| Work in process . . . | 20,526,195.01 | | | 20,526,195.01 | | |
| Goods on hand. . . . | 52,396,525.76 | 29,821,774.81 | | 74,070,004.46 | | 8,148,296.11 |
| Materials on consignment for further processing. . | 3,055,555.85 | | | 3,055,555.85 | | |
| Consumptive biological assets . . | 415,550.40 | | | 415,550.40 | | |
| Total | 143,006,646.50 | 31,353,522.16 | | 153,924,358.24 | | 20,435,810.42 |

c. Year 2019

| Items | Opening balance | Increase | | Decrease | | Closing balance |
|--|-----------------|----------------|--------|----------------|--------|-----------------|
| | | Accrual | Others | Write-off | Others | |
| Raw materials | 427,790,869.43 | 69,309,702.46 | | 430,487,752.41 | | 66,612,819.48 |
| Work in process . . . | 30,850,240.28 | 45,658,661.85 | | 55,982,707.12 | | 20,526,195.01 |
| Goods on hand. . . . | 219,006,042.21 | 195,200,132.28 | | 361,809,648.73 | | 52,396,525.76 |
| Materials on consignment for further processing. . | 5,942,911.04 | 18,266,593.47 | | 21,153,948.66 | | 3,055,555.85 |
| Consumptive biological assets . . | | 415,550.40 | | | | 415,550.40 |
| Total | 683,590,062.96 | 328,850,640.46 | | 869,434,056.92 | | 143,006,646.50 |

Other changes refer to changes in provision for inventory write-down due to changes in the consolidation scope.

2) Determination basis of net realizable value and reasons for the reversal or write-off of provision for inventory write-down

1. 11/11/11

(Continued)

| Items | December 31, 2019 | | | Discount rate range |
|--|-------------------|----------------------------|-----------------|------------------------|
| | Book balance | Provision for bad debts | Carrying amount | |
| La Societe Immobiliere du Congo | 1,231,124.90 | | 1,231,124.90 | N/A |
| SGM | 41,036,101.26 | | 41,036,101.26 | N/A |
| Gecamines | 2,051,874.83 | | 2,051,874.83 | N/A |
| La Province du Lualaba . . . | 15,786,647.52 | | 15,786,647.52 | N/A |
| IWIP Company | 102,271,092.00 | | 102,271,092.00 | N/A |
| Veinstone | | | | |

Company as at the end of each reporting period were USD14,660,000.00, USD27,780,000.00 and USD27,780,000.00 (equivalent to 102,271,092.00 yuan, 181,261,722.00 and 177,116,946.00 yuan according to the exchange rate at the end of each reporting period).

4) Veinstone

Pursuant to the "Supplementary Agreement" entered into among the subsidiary Huayou Mining Hong Kong, Newstride Limited, Zhenshi Group Hong Kong Cornerstone Investment Co., Ltd., Brunp (China) Recycling Technology Co., Ltd. and Yongqing Technology Co., Ltd. in 2019, Huayou Mining Hong Kong, together with other shareholders of Veinstone, rendered shareholder borrowings to Veinstone based on their holding proportions. Balances due from Veinstone as at the end of each reporting period were USD14,503,276.00, USD16,368,000.00, USD16,368,000.00 (equivalent to

(2) Details

1) Year 2021

| Investees | Opening balance | Increase/Decrease | | | |
|--|------------------|-----------------------|-----------------------|--|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Joint ventures | | | | | |
| Town Mining Resource Co., Ltd. (the "TMR Company") | 14,029,958.18 | | 16,593,971.47 | 2,032,746.66 | 531,266.63 |
| PT. Alam Hijau Environmental Services | 2,613,413.59 | 3,880,680.00 | | -123,694.21 | -64,654.27 |
| Subtotal | 16,643,371.77 | 3,880,680.00 | 16,593,971.47 | 1,909,052.45 | 466,612.36 |
| Associates | | | | | |
| Newstride Technology Limited (the "Newstride Technology") . . . | 671,818,440.04 | 333,564,358.79 | | 310,235,283.58 | -25,839,592.65 |
| Quzhou Minfu Woneng New Energy Vehicle Technology Co., Ltd. (the "Minfu Woneng") | | | | | |
| Nanjing Hanmo New Energy Industry Investment Partnership (LP) (the "Hanmo New Energy") | 2,844,222.10 | | | -2,844,222.10 | |
| AVZ Minerals Limited (the "AVZ Company") | 67,343,994.89 | | | -1,637,263.52 | 985,432.01 |
| Zhejiang Puhua New Energy Materials Co., Ltd. (the "Puhua Company") | 16,961,987.41 | | | 8,758,432.24 | |
| Leyou New Energy Materials (Wuxi) Co., Ltd. (the "Leyou Company") | 970,411,523.40 | | | 165,763,725.38 | |
| Ruiyou Investment Company Limited (the "Ruiyou Company") | 10,004,722.91 | | | -4,816.23 | -1,917.68 |
| Hanaq Argentina S.A. (the "HANAQ Company") | 7,803,471.01 | | 6,003,668.72 | -1,329,518.59 | 3,532,162.11 |
| Veinstone | 84,039,406.46 | | | 61,355,873.23 | -2,590,980.62 |
| IWIP Company | 130,626,922.57 | | | 61,783,367.92 | -3,093,816.23 |
| PT. Hua Pioneer Indonesia (the "Indonesia Huatuo") | | | | | |
| Quzhou Xinyou Equity Investment Partnership (LP) (the "Quzhou Xinyou") | | 7,800,000.00 | 7,806,343.53 | 6,343.53 | |
| Quzhou Anyou Equity Investment Partnership (LP) (the "Quzhou Anyou") | | 599,000,000.00 | | -569,053.81 | |
| POSCO-HY Clean Metal Co., Ltd. (the "PHC Company") | | 238,873,179.19 | | -2,811,829.56 | -13,753,179.19 |
| Shenzhen Phoenicia Technology Co., Ltd. (the "Shenzhen Phoenicia") | | 4,500,000.00 | | 52,737.31 | |
| PT. Huafei Nickel Cobalt (the "Indonesia Huafei") | | 3,239,250.00 | | -1,435,648.96 | -34,796.21 |
| Subtotal | 2,061,854,690.79 | 1,186,976,787.98 | 13,810,012.25 | 597,323,410.42 | -40,796,688.46 |
| Total | 2,078,498,062.56 | 1,190,857,467.98 | 30,403,983.72 | 599,232,462.87 | -40,330,076.10 |

(Continued)

| Investees | Increase/Decrease | | | | Closing balance | Closing balance of provision for impairment |
|--|-------------------------|---|--------------------------|--------|-----------------|---|
| | Changes in other equity | Cash dividend/ Profit declared for distribution | Provision for impairment | Others | | |
| Joint ventures | | | | | | |
| TMR Company. | | | | | | |
| PT. Alam Hijau Environmental Services. | | | | | 6,305,745.11 | |

| Investees | Opening balance | Increase/Decrease | | | |
|--------------------------|------------------|-----------------------|-----------------------|--|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| HANAQ Company | 8,233,962.91 | | | -203,495.15 | -226,996.75 |
| Veinstone | 72,608,885.91 | 9,017,216.00 | | 7,052,281.00 | -4,638,976.45 |
| IWIP Company | 104,150,493.27 | | | 33,941,873.24 | -7,465,443.94 |
| Indonesia Huatuo | 1,393,774.09 | 2,085,420.00 | | | |
| Subtotal | 1,312,767,942.88 | 809,744,151.14 | 52,698,834.14 | 59,803,357.93 | -63,121,425.60 |
| Total | 1,331,485,724.88 | 809,744,151.14 | 52,698,834.14 | 58,026,342.85 | -63,418,820.75 |

(Continued)

| Investees | Changes in other equity | Increase/Decrease | | | | Closing balance | Closing balance of provision for impairment |
|--|-------------------------|---|--------------------------|--------|------------------|-----------------|---|
| | | Cash dividend/ Profit declared for distribution | Provision for impairment | Others | | | |
| Joint ventures | | | | | | | |
| TMR Company. | | | | | 14,029,958.18 | | |
| PT. Alam Hijau Environmental Services. | | | | | 2,613,413.59 | | |
| Subtotal | | | | | 16,643,371.77 | | |
| Associates | | | | | | | |
| Newstride Technology | | | | | 671,818,440.04 | | |
| Minfu Woneng | | | 1,161,307.33 | | | 1,161,307.33 | |
| Hanmo New Energy. | | | | | 2,844,222.10 | | |
| AVZ Company | | | | | 67,343,994.89 | | |
| NZC Company. | | | | | | | |
| Puhua Company. | | | | | 116,961,987.41 | | |
| Leyou Company | | | | | 970,411,523.40 | | |
| Ruiyou Company. | | | | | 10,004,722.91 | | |
| HANAQ Company | | | | | 7,803,471.01 | | |
| Veinstone | | | | | 84,039,406.46 | | |
| IWIP Company. | | | | | 130,626,922.57 | | |
| Indonesia Huatuo | | | 3,479,194.09 | | | 3,479,194.09 | |
| Subtotal | | | 4,640,501.42 | | 2,061,854,690.79 | 4,640,501.42 | |
| Total. | | | 4,640,501.42 | | 2,078,498,062.56 | 4,640,501.42 | |

3) Year 2019

| Investees | Opening balance | Increase/Decrease | | | |
|--|-----------------|-----------------------|-----------------------|--|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Joint ventures | | | | | |
| TMR Company | 14,361,644.59 | | | 1,805,274.70 | -236,667.99 |
| PT. Alam Hijau Environmental Services. | | 2,816,000.00 | | -39,167.69 | 10,698.39 |
| Subtotal | 14,361,644.59 | 2,816,000.00 | | 1,766,107.01 | -225,969.60 |

| Investees | Opening balance | Increase/Decrease | | |
|-----------|--------------------|--------------------------|--------------------------|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method |
| | | | | |

(1) Details

1) December 31, 2021/Year 2021

| Items | Closing balance | Dividend income | Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings | |
|--|-----------------|-----------------|--|---------|
| | | | Amount | Reasons |
| Shenzhen Sinuo Industrial Development Co., Ltd. (the "Sinuo Industrial") | | | | |
| Beijing Saidemei Resources Recycling Research Institute Co., Ltd. (the "Beijing Saidemei") | 1,550,000.00 | | | |
| Inner Mongolia Sinuo New Material Technology Co., Ltd. (the "Inner Mongolia Sinuo") | 29,000,000.00 | | | |
| HANAQ Company | 4,002,445.81 | | | |
| Total | 34,552,445.81 | | | |

2) December 31, 2020/Year 2020

| Items | Closing balance | Dividend income | Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings | |
|----------------------------------|-----------------|-----------------|--|---------|
| | | | Amount | Reasons |
| Sinuo Industrial | 4,103,575.00 | | | |
| Beijing Saidemei | 1,550,000.00 | | | |
| Optimal Mining Limited | | | | |
| Total | 5,653,575.00 | | | |

3) December 31, 2019/Year 2019

| Items | Closing balance | Dividend income | Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings | |
|----------------------------------|-----------------|-----------------|--|---------|
| | | | Amount | Reasons |
| Sinuo Industrial | 1,311,510.76 | | | |
| Beijing Saidemei | 1,550,000.00 | | | |
| Optimal Mining Limited | 9,068,581.76 | | | |
| Total | 21,930,092.52 | | | |

(2) Reasons for equity instrument investments designated as at fair value through other comprehensive income

Considering that the above investments were non-trading equity instrument investments, the Company designated them as equity instrument investments at fair value through other comprehensive income.

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|----------------------|----------------------|----------------------|
| Financial assets classified as at fair value through profit or loss | 6,573,600.00 | 6,573,600.00 | 6,573,600.00 |
| Including: Equity instrument investments . . . | 6,573,600.00 | 6,573,600.00 | 6,573,600.00 |
| T2021December 31, | | | |

| Items | Buildings and structures | Machinery | Transport facilities | Other equipment | Total |
|--|-----------------------------|------------------|-------------------------|--------------------|-------------------|
| 2) Transferred into construction in progress | | 462,508.42 | | 178,720.39 | 641,228.81 |
| 3) Decrease due to business combination . . | 93,887,172.67 | 95,313,763.09 | 4,978,164.84 | 7,975,629.60 | 202,154,730.20 |
| 4) Translation reserve . . . | 54,723,030.05 | 87,111,008.09 | 7,058,562.62 | 3,436,276.33 | 152,328,877.09 |
| Closing balance | 5,384,618,800.50 | 9,668,703,108.81 | 337,973,625.73 | 424,401,887.41 | 15,815,697,422.45 |
| Accumulated depreciation | | | | | |
| Opening balance. | 692,231,701.14 | 1,563,742,677.77 | 100,796,454.35 | 102,148,599.50 | 2,458,919,432.76 |
| Increase | 307,867,697.68 | 1,039,250,242.72 | 34,655,225.60 | 68,982,619.85 | 1,450,755,785.85 |
| 1) Accrued. | 192,834,053.01 | 706,723,085.69 | 30,699,893.67 | 63,169,895.13 | 993,426,927.50 |
| 2) Increase due to business combination . . | 115,033,644.67 | 332,527,157.03 | 3,955,331.93 | 5,812,724.72 | 457,328,858.35 |
| Decrease | 53,893,794.71 | 157,104,398.34 | 38,607,717.69 | 11,893,924.26 | 261,499,835.00 |
| 1) Disposal/Scrapping. . . . | 17,151,105.38 | 99,245,333.47 | 34,130,843.68 | 7,339,161.70 | 157,866,444.23 |
| 2) Transferred into construction in progress | | 19,251.14 | | 55,783.60 | 75,034.74 |
| 3) Decrease due to business combination . . | 12,863,114.62 | 36,545,778.57 | 2,617,490.47 | 4,105,061.14 | 56,131,444.80 |
| 4) Translation reserve | 23,879,574.71 | 21,294,035.16 | 1,859,383.54 | 393,917.82 | 47,426,911.23 |
| Closing balance | 946,205,604.11 | 2,445,888,522.15 | 96,843,962.26 | 159,237,295.09 | 3,648,175,383.61 |
| Provision for impairment | | | | | |
| Opening balance. | | 15,457,126.71 | | 1,288,905.93 | 16,746,032.64 |
| Increase | 21,908,400.62 | 9,097,900.83 | 174,687.29 | 122,709.59 | 31,303,698.33 |
| 1) Accrued. | 21,908,400.62 | 9,097,900.83 | 174,687.29 | 122,709.59 | 31,303,698.33 |
| Decrease | | 4,977,410.67 | | | 4,977,410.67 |
| 1) Disposal/Scrapping. . . . | | 4,977,410.67 | | | 4,977,410.67 |
| Closing balance | 21,908,400.62 | 19,577,616.87 | 174,687.29 | 1,411,615.52 | 43,072,320.30 |
| Carrying amount | | | | | |
| Closing balance | 4,416,504,795.77 | 7,203,236,969.79 | 240,954,976.18 | 263,752,976.80 | 12,124,449,718.54 |
| Opening balance. | 3,027,657,239.34 | 4,928,990,511.88 | 134,616,259.09 | 229,760,901.51 | 8,321,024,911.82 |

2) Year 2020

| Items | Buildings and structures | Machinery | Transport facilities | Other equipment | Total |
|---|-----------------------------|------------------|-------------------------|--------------------|--------------------|
| Cost | | | | | |
| Opening balance. | 3,152,969,789.51 | 4,804,180,094.81 | 220,329,581.53 | 225,882,777.16 | 8,403,362,243.01 |
| Increase | 778,717,503.70 | 1,975,386,189.45 | 34,754,088.67 | 126,183,923.55 | 2,915,041,705.37 |
| 1) Acquisition. | 26,694,042.20 | 65,472,138.64 | 26,692,308.70 | 22,679,760.10 | 141,538,249.64 |
| 2) Transferred in from construction in progress | 752,023,461.50 | 1,909,914,050.81 | 8,061,779.97 | 103,504,163.45 | 2,773,503,455.73 |
| Decrease | 211,798,352.73 | 271,375,967.90 | 19,670,956.76 | 18,868,293.77 | 521,713,571.16 |
| 1) Disposal/Scrapping. . . . | 91,564,854.16 | 40,061,429.61 | 5,166,327.47 | 6,108,680.36 | 142,901,291.60 |
| 2) Transferred into construction in progress | | 70,937,764.42 | 407,002.17 | 11,602,553.44 | 82,947,320.03 |
| 3) Translation reserve | 120,233,498.57 | 160,376,773.87 | 14,097,620.12 | 1,157,059.97 | 295,864,959.53 |
| Closing balance | 3,719,888,940.48 | 6,508,190,316.36 | 235,412,716.246 | 333,898,605.494 | 10,796,996,997.722 |

| Items | Buildings and structures | Machinery | Transport facilities | Other equipment | Total |
|--|--------------------------|------------------|----------------------|-----------------|------------------|
| Decrease | 96,145,677.50 | 88,154,984.64 | 10,513,960.46 | 5,863,002.10 | 200,677,624.70 |
| 1) Disposal/Scrapping . . . | 68,087,446.75 | 31,043,055.03 | 4,066,858.36 | 3,183,649.47 | 106,381,009.61 |
| 2) Transferred into construction in progress | | 4,908,818.86 | 42,236.62 | 1,900,551.59 | 6,851,607.07 |
| 3) Translation reserve . . . | 28,058,230.75 | 52,203,110.75 | 6,404,865.48 | 778,801.04 | 87,445,008.02 |
| Closing balance | 692,231,701.14 | 1,563,742,677.77 | 100,796,454.35 | 102,148,599.50 | 2,458,919,432.76 |
| Provision for impairment | | | | | |
| Opening balance. | | 6,342,325.05 | | 51,113.08 | 6,393,438.13 |
| Increase | | 9,114,801.66 | | 1,237,792.85 | 10,352,594.51 |
| 1) Accrual. | | 9,114,801.66 | | 1,237,792.85 | 10,352,594.51 |
| Decrease | | | | | |
| 1) Disposal/Scrapping . . . | | | | | |
| Closing balance | | 15,457,126.71 | | 1,288,905.93 | 16,746,032.64 |
| Carrying amount | | | | | |
| Closing balance | 3,027,657,239.34 | 4,928,990,511.88 | 134,616,259.09 | 229,760,901.51 | 8,321,024,911.82 |
| Opening balance | 2,525,666,403.48 | 3,613,684,947.48 | 133,994,762.66 | 165,741,259.04 | 6,439,087,372.66 |

3) Year 2019

| Items | Buildings and structures | Machinery | Transport facilities | Other equipment | Total |
|---|--------------------------|------------------|----------------------|-----------------|------------------|
| Cost | | | | | |
| Opening balance. | 2,474,157,150.32 | 3,400,674,833.42 | 139,003,002.15 | 115,328,473.77 | 6,129,163,459.66 |
| Increase | 707,588,384.50 | 1,413,375,809.57 | 85,810,216.58 | 111,682,038.95 | 2,318,456,449.60 |
| 1) Acquisition. | 49,778,785.20 | 38,212,013.47 | 71,740,724.01 | 6,237,701.65 | 165,969,224.33 |
| 2) Transferred in from construction in progress | 631,222,552.31 | 1,326,405,048.11 | 11,660,144.11 | 104,440,875.50 | 2,073,728,620.03 |
| 3) Increase due to business combination . . | | | | 541,508.69 | 541,508.69 |
| 4) Translation reserve . . . | 26,587,046.99 | 48,758,747.99 | 2,409,348.46 | 461,953.11 | 78,217,096.55 |
| Decrease | 28,775,745.31 | 9,870,548.18 | 4,483,637.20 | 1,127,735.56 | 44,257,666.25 |
| 1) Disposal/Scrapping . . . | 28,303,763.47 | 3,337,947.77 | 679,445.65 | 1,039,938.04 | 33,361,094.93 |
| 2) Decrease due to business combination . . | | 5,817,067.43 | 631,659.83 | 64,269.57 | 6,512,996.83 |
| 3) Translation reserve . . . | 471,981.84 | 715,532.98 | 3,172,531.72 | 23,527.95 | 4,383,574.49 |
| Closing balance | 3,152,969,789.51 | 4,804,180,094.81 | 220,329,581.53 | 225,882,777.16 | 8,403,362,243.01 |
| Accumulated depreciation | | | | | |
| Opening balance. | 475,340,054.26 | 893,046,403.34 | 67,645,988.41 | 40,455,816.11 | 1,476,488,262.12 |
| Increase | 176,250,504.16 | 293,953,638.58 | 19,306,851.51 | 20,579,945.18 | 510,090,939.43 |
| 1) Accrual. | 169,503,325.85 | 284,764,829.60 | 18,314,245.88 | 20,094,447.36 | 492,676,848.69 |
| 2) Increase due to business combination . . | | | | 107,907.84 | 107,907.84 |
| 3) Translation reserve . . . | 6,747,178.31 | 9,188,808.98 | 992,605.63 | 377,589.98 | 17,306,182.90 |
| Decrease | 24,287,172.39 | 2,847,219.64 | 618,021.05 | 945,356.25 | 28,697,769.33 |
| 1) Disposal/Scrapping . . . | 24,202,752.22 | 2,203,699.00 | 550,961.75 | 917,346.38 | 27,874,759.35 |
| 2) Decrease due to business combination . . | | 183,567.77 | 25,276.88 | 5,907.88 | 214,752.53 |
| 3) Translation reserve . . . | 84,420.17 | 459,952.87 | 41,782.42 | 22,101.99 | 608,257.45 |
| Closing balance | 627,303,386.03 | 1,184,152,822.28 | 86,334,818.87 | 60,090,405.04 | 1,957,881,432.22 |
| Provision for impairment | | | | | |
| Opening balance. | | 6,396,509.17 | | 53,666.85 | 6,450,176.02 |
| Increase | | | | | |
| 1) Accrual. | | | | | |
| Decrease | | 54,184.12 | | 2,553.77 | 56,737.89 |

| Items | Buildings and structures | Machinery | Transport facilities | Other equipment | Total |
|--------------------------------|--------------------------|------------------|----------------------|-----------------|------------------|
| 1) Disposal/Scrapping. | | 54,184.12 | | 2,553.77 | 56,737.89 |
| Closing balance | | 6,342,325.05 | | 51,113.08 | 6,393,438.13 |
| Carrying amount | | | | | |
| Closing balance | 2,525,666,403.48 | 3,613,684,947.48 | 133,994,762.66 | 165,741,259.04 | 6,439,087,372.66 |
| Opening balance. | 1,998,817,096.06 | 2,501,231,920.91 | 71,357,013.74 | 74,818,990.81 | 4,646,225,021.52 |

(2) Fixed assets temporarily idle

1) December 31, 2021

| Items | Cost | Accumulated depreciation | Provision for impairment | Carrying amount | Remarks |
|------------------------------------|----------------|--------------------------|--------------------------|-----------------|---------|
| Buildings and structures | 51,409,853.87 | 29,501,453.25 | 21,908,400.62 | | |
| Machinery. | 80,655,832.30 | 48,913,064.29 | 18,574,185.22 | 13,168,582.79 | |
| Transport facilities. | 1,584,292.34 | 1,409,605.05 | 174,687.29 | | |
| Other equipment. | 4,283,970.70 | 1,256,051.47 | 1,411,615.52 | 1,616,303.71 | |
| Subtotal. | 137,933,949.21 | 81,080,174.06 | 42,068,888.65 | 14,784,886.50 | |

2) December 31, 2020

| Items | Cost | Accumulated depreciation | Provision for impairment | Carrying amount | Remarks |
|------------------------------------|---------------|--------------------------|--------------------------|-----------------|---------|
| Buildings and structures | 6,393,176.49 | 6,008,100.97 | | 385,075.52 | |
| Machinery. | 49,602,200.12 | 29,545,596.18 | 14,583,719.89 | 5,472,884.05 | |
| Other equipment. | 2,432,337.67 | 888,327.25 | 1,296,154.12 | 247,856.30 | |
| Subtotal. | 58,427,714.28 | 36,442,024.40 | 15,879,874.01 | 6,105,815.87 | |

3) December 31, 2019

| Items | Cost | Accumulated depreciation | Provision for impairment | Carrying amount | Remarks |
|------------------------------------|---------------|--------------------------|--------------------------|-----------------|---------|
| Buildings and structures | 6,835,365.73 | 6,493,597.48 | | 341,768.25 | |
| Machinery. | 29,343,286.59 | 21,155,531.45 | 5,468,918.23 | 2,718,836.91 | |
| Other equipment. | 356,360.32 | 255,555.70 | 25,066.43 | 75,738.19 | |
| Subtotal. | 36,535,012.64 | 27,904,684.63 | 5,493,984.66 | 3,136,343.35 | |

(3) No fixed assets leased in under finance leases at the end of each reporting period.

(4) Fixed assets leased out under operating leases

| Items | Carrying amount as at December 31, 2021 | Carrying amount as at December 31, 2020 | Carrying amount as at December 31, 2019 |
|------------------------------------|---|---|---|
| Buildings and structures | 202,741.87 | 4,577,247.74 | 5,357,684.31 |
| Machinery | | 74,705.53 | 5,736,870.84 |
| Transport facilities. | | | 25,135.67 |
| Other equipment | 12,513,369.39 | 14,108.07 | 18,060.97 |
| Subtotal. | 12,716,111.26 | 4,666,061.34 | 11,137,751.79 |

As the fixed assets leased out under operating leases were only part of the Company's buildings and structures for temporary lease, they were not accounted for as investment property.

(5) Fixed assets with certificate of titles being unsettled

| <u>Items</u> | <u>Carrying amount</u> | <u>Reasons for unsettlement</u> |
|---|------------------------|---------------------------------|
| Housing property of Chengdu B&M, Huayou Quzhou, etc. | 1,023,744,027.41 | In processing |
| Subtotal. | 1,023,744,027.41 | |

(1) Details

| <u>Items</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------------|--------------------------|--------------------------|--------------------------|
| Construction in progress. | 9,107,231,788.43 | 2,838,568,176.12 | 2,932,64,939.99 |

| Projects | December 31, 2021 | | | December 31, 2020 | | |
|---|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Phase II engineering of battery grade lithium carbonate project with annual output of 10,000 tons. | | | | | | |
| High-purity ternary power battery grade nickel sulfate project with annual output of 30,000 tons (metal content). | 404,971,085.98 | | 404,971,085.98 | 76,638,030.28 | | 76,638,030.28 |
| High-grade nickel power battery grade nickel sulfate project with annual output of 50,000 tons (metal content). | 251,206,988.70 | | 251,206,988.70 | | | |
| Ternary precursor material project for high-grade nickel power battery with annual output of 50,000 tons. | 755,812,376.99 | | 755,812,376.99 | 6,909,812.95 | | 6,909,812.95 |
| Ternary cathode material precursor project for high-performance power battery with annual output of 50,000 tons. | 101,095,586.82 | | 101,095,586.82 | | | |
| Ternary precursor material project for high-grade nickel power battery with annual output of 40,000 tons. | | | | 671,948,361.81 | | 671,948,361.81 |
| Nickel cobalt hydroxide project with annual output of 60,000 tons (nickel content). | 5,428,143,914.13 | | 5,428,143,914.13 | 1,081,047,978.83 | | 1,081,047,978.83 |
| Ternary precursor new material project for power battery with annual output of 50,000 tons. | | | | | | |
| New energy precursor material project for lithium battery with annual output of 30,000 tons. | 75,436,129.06 | | 75,436,129.06 | 231,213,250.64 | | 231,213,250.64 |
| Supporting project for optimization of deamination process and treatment of saline wastewater. | | | | | | |

| Projects | December 31, 2021 | | | December 31, 2020 | | |
|--|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| High-grade nickel matte project with annual output of 45,000 tons (nickel content) | 997,080,941.89 | | 997,080,941.89 | 4,254,138.10 | | 4,254,138.10 |
| High energy density lithium battery materials industrialization project | 428,453,373.36 | | 428,453,373.36 | | | |
| Construction of Huayou Headquarters Research Institute | 120,658,315.19 | | 120,658,315.19 | 7,571,109.36 | | 7,571,109.36 |
| Other piecemeal engineering | 255,777,036.37 | | 255,777,036.37 | 316,658,549.83 | | 316,658,549.83 |
| Subtotal | 9,107,231,788.43 | | 9,107,231,788.43 | 2,838,568,176.12 | | 2,838,568,176.12 |

(Continued)

| Projects | December 31, 2019 | | |
|--|-------------------|--------------------------|-----------------|
| | Book balance | Provision for impairment | Carrying amount |
| DRC Mining Concession PE527—Lukuni Mine electrowinning copper project with annual output of 30,000 tons | 99,313,284.01 | | 99,313,284.01 |
| Transformation project for extraction workshop with annual output of 30,000 tons of cobalt products | 59,774,045.84 | | 59,774,045.84 |
| Brine project with annual output of 2,500 tons | 125,427,322.42 | | 125,427,322.42 |
| Construction project of Cobalt and Nickel New Material Research Institute | 89,899,605.20 | | 89,899,605.20 |
| Technical transformation of anhydrous iron phosphate workshop for 302A cobalt tetroxide project | 276,209,289.79 | | 276,209,289.79 |
| Wet process phase III expansion and reconstruction project of MIKAS Company | 21,806,859.70 | | 21,806,859.70 |
| Construction project of Huayou Technology Innovation Center | 188,871,623.31 | | 188,871,623.31 |
| Phase II engineering of battery grade lithium carbonate project with annual output of 10,000 tons | 103,853,265.16 | | 103,853,265.16 |
| High-purity ternary power battery grade nickel sulfate project with annual output of 30,000 tons (metal content) | 470,209.21 | | 470,209.21 |
| High-grade nickel power battery grade nickel sulfate project with annual output of 50,000 tons (metal content) | | | |

December 31, 2019

| Projects | Book balance | Provision for impairment | Carrying amount |
|--|------------------|--------------------------|------------------|
| Ternary precursor material project for high-grade nickel power battery with annual output of 50,000 tons | | | |
| Ternary cathode material precursor project for high-performance power battery with annual output of 50,000 tons. | | | |
| Ternary precursor material project for high-grade nickel power battery with annual output of 40,000 tons. | 643,744,623.62 | | 643,744,623.62 |
| Nickel cobalt hydroxide project with annual output of 60,000 tons (nickel content) | 120,299,909.03 | | 120,299,909.03 |
| Ternary precursor new material project for power battery with annual output of 50,000 tons . . | 587,631,349.63 | | 587,631,349.63 |
| New energy precursor material project for lithium battery with annual output of 30,000 tons . . | 224,824,305.71 | | 224,824,305.71 |
| Supporting project for optimization of deamination process and treatment of saline wastewater . . | 82,836,186.52 | | 82,836,186.52 |
| High-grade nickel matte project with annual output of 45,000 tons (nickel content) | | | |
| High energy density li-ion battery materials industrialization project. | | | |
| Construction of Huayou Headquarters Research Institute . . | | | |
| Other piecemeal engineering | 307,679,624.03 | | 307,679,624.03 |
| Subtotal | 2,932,641,503.18 | | 2,932,641,503.18 |

2) Changes in significant projects

1) Year 2021

| Projects | Budgets | Opening balance | Increase | Transferred to fixed assets | Other decrease [Note 1] | Closing balance |
|---|-------------|-----------------|----------------|-----------------------------|-------------------------|-----------------|
| Construction project of Cobalt and Nickel New Material Research Institute . . . | 28,739.25 | 165,807,562.91 | 17,269,600.13 | | | 183,077,163.04 |
| Wet process phase III expansion and reconstruction project of MIKAS Company | USD3,860.00 | 62,076,116.39 | 91,902,398.25 | 153,268,790.61 | 709,724.03 | |
| Construction project of Huayou Technology Innovation Center . . . | 40,152.00 | 214,443,265.02 | 153,034,989.75 | 261,959,377.87 | | 105,518,876.90 |

(Continued)

| Projects | Accumulated input to budget | Completion percentage | Accumulated amount of borrowing cost capitalization | Amount of borrowing cost capitalization in the current period | Annual capitalization rate | Fund source |
|--|-----------------------------------|--------------------------|---|--|----------------------------------|---|
| | %) | %) | | | %) | |
| Construction project of Cobalt and Nickel New Material Research Institute | 101.87 | 95.00 | | | | Raised funds and other sources |
| Wet process phase III expansion and reconstruction project of MIKAS Company. | 112.51 | 100.00 | | | | Other sources |
| Construction project of Huayou Technology Innovation Center. . . | 114.33 | 95.00 | 12,956,807.22 | 1,829,153.82 | 3.84 | Financial institution loans and other sources |
| High-purity ternary power battery grade nickel sulfate project with annual output of | | | | | | |

| Projects | Accumulated input to budget | Completion percentage | Accumulated amount of borrowing cost capitalization | Amount of borrowing cost capitalization in the current period | Annual capitalization rate | Fund source |
|---|-----------------------------|-----------------------|---|---|----------------------------|---|
| | (%) | (%) | | | (%) | |
| New energy precursor material project for lithium battery with annual output of 30,000 tons | 40.98 | 45.00 | 3,402,866.12 | 2,769,875.30 | 4.65 | Financial institution loans and other sources |
| High-grade nickel matte project with annual output of 45,000 tons (nickel content) | 31.97 | 30.00 | 2,435,148.72 | 2,435,148.72 | 4.90 | Raised funds and other sources |
| High energy density li-ion battery materials industrialization project | 45.65 | 50.00 | 50,396,883.95 | 3,045,572.86 | 6.25 | Financial institution loans and other sources |
| Construction of Huayou Headquarters Research Institute . . | 34.47 | 30.00 | | | | Raised funds and other sources |
| Subtotal | | | 180,510,869.42 | 108,081,730.25 | | |

Other decrease included: 1) effect of foreign exchange rate changes arising from translation of foreign currency financial statements of overseas subsidiaries of 95,433,462.39 yuan; 2) offsetting of construction in progress of 105,853,079.68 yuan by output from trial operation in the current period.

Current increase of 172,243,095.80 yuan was due to changes in the consolidation scope.

2) Year 2020

| Projects | Budgets | Opening balance | Increase | Transferred to fixed assets | Other decrease [Note 3] | Closing balance |
|---|--------------|-----------------|---------------|-----------------------------|-------------------------|-----------------|
| DRC Mining Concession PE527—Lukuni Mine electrowinning copper project with annual output of 30,000 tons | USD13,066.96 | 99,313,284.01 | 40,320,472.83 | 136,421,400.17 | 3,212,356.67 | |
| Transformation project for extraction workshop with annual output of 30,000 tons of cobalt products . . | 9,843.00 | 59,774,045.84 | 449,764.22 | 60,223,810.06 | | |
| Brine project with annual output of 2,500 tons | USD2,250.00 | 125,427,322.42 | 1,792,623.47 | 123,162,912.65 | 4,057,033.24 | |
| Construction project of Cobalt and Nickel New Material Research Institute . . | 28,739.25 | 89,899,605.20 | 75,907,957.71 | | | 165,807,562.91 |

| Projects | Budgets | Opening balance | Increase | Transferred to fixed assets | Other decrease [Note 3] | Closing balance |
|--|---------------|-----------------|------------------|-----------------------------|-------------------------|------------------|
| Technical transformation of anhydrous iron phosphate workshop for 302A cobalt tetroxide project . . . | 30,989.00 | 276,209,289.79 | 49,340,467.71 | 325,549,757.50 | | |
| Construction project of Huayou Technology Innovation Center . . . | 40,152.00 | 188,871,623.31 | 117,176,216.32 | 91,604,574.61 | | 214,443,265.02 |
| Ternary precursor material project for high-grade nickel power battery with annual output of 40,000 tons | 90,460.00 | 643,744,623.62 | 306,408,194.80 | 278,204,456.61 | | 671,948,361.81 |
| Phase II engineering of battery grade lithium carbonate project with annual output of 10,000 tons | 16,789.00 | 103,853,265.16 | 73,578,887.93 | 177,432,153.09 | | |
| Ternary precursor new material project for power battery with annual output of 50,000 tons | 91,479.27 | 587,631,349.63 | 82,278,343.14 | 669,909,692.77 | | |
| New energy precursor material project for lithium battery with annual output of 30,000 tons | 98,226.00 | 224,824,305.71 | 116,165,694.96 | 109,776,750.03 | | 231,213,250.64 |
| Supporting project for optimization of deamination process and treatment of saline wastewater. . . | 22,513.44 | 82,836,186.52 | 30,592,448.23 | 113,428,634.75 | | |
| Nickel cobalt hydroxide project with annual output of 60,000 tons (nickel content) . . . | USD124,739.10 | 120,299,909.03 | 1,004,209,642.30 | | 43,461,572.50 | 1,081,047,978.83 |
| High-purity ternary power battery grade nickel sulfate project with annual output of 30,000 tons (metal content) | 80,086.00 | 470,209.21 | 76,167,821.07 | | | 76,638,030.28 |
| Wet process phase III expansion and reconstruction project of MIKAS Company. | | | | | | |

(Continued)

| Projects | Accumulated input to budget (%) | Completion percentage (%) | Accumulated amount of borrowing cost capitalization | Amount of borrowing cost capitalization in the current period | Annual capitalization rate (%) | Fund source |
|--|--|-------------------------------------|---|--|---|--|
| DRC Mining Concession PE527 —Lukuni Mine electrowinning copper project with annual output of 30,000 tons | 97.29 | 100.00 | 2,883,939.35 | | | Financial institution loans and other sources |
| Transformation project for extraction workshop with annual output of 30,000 tons of cobalt products . . . | 61.18 | 100.00 | | | | Other sources |
| Brine project with annual output of 2,500 tons | 82.71 | 100.00 | | | | Other sources |
| Construction project of Cobalt and Nickel New Material Research Institute. | 95.87 | 90.00 | | | | Raised funds and other sources |
| Technical transformation of anhydrous iron phosphate workshop for 302A cobalt tetroxide project . . | 105.06 | 100.00 | 16,560,690.78 | 2,232,236.10 | | 4.75 Financial institution loans, bond issuance and other sources |
| Construction project of Huayou Technology Innovation Center. . | 76.22 | 80.00 | 11,127,653.40 | 3,141,441.82 | | 4.50 Financial institution loans and other sources |
| Ternary precursor material project for high-grade nickel power battery with annual output of 40,000 tons | 105.04 | 95.00 | | | | Other sources |
| Phase II engineering of battery grade lithium carbonate project with annual | | | | | | loans and other Technology |

Accumulated

Projects

| Projects | Budgets | Opening balance | Increase | Transferred to fixed assets | Other decrease | Closing balance |
|---|---------------|------------------|----------------------------|-----------------------------|----------------|------------------|
| Construction project of Cobalt and Nickel New Material Research Institute . . . | 28,739.25 | 118,662,490.97 | 28,282,507.14 | 57,045,392.91 | | 89,899,605.20 |
| Technical transformation of anhydrous iron phosphate workshop for 302A cobalt tetroxide project . . . | 30,989.00 | 212,091,469.38 | 64,117,820.41 | | | 276,209,289.79 |
| Construction project of Huayou Technology Innovation Center. . . | 40,152.00 | 78,477,659.90 | 110,393,963.41 | | | 188,871,623.31 |
| Newly-built oxygen pressure leaching project | 13,980.00 | 93,787,931.97 | 36,895,271.66 | 130,683,203.63 | | |
| Ternary precursor material project for high-grade nickel power battery with annual output of 40,000 tons. | 90,460.00 | 44,953,831.39 | 598,790,792.23 | | | 643,744,623.62 |
| Phase II engineering of battery grade lithium carbonate project with annual output of 10,000 tons. | 16,789.00 | | 103,853,265.16 | | | 103,853,265.16 |
| Ternary precursor new material project for power battery with annual output of 50,000 tons. | 91,479.27 | | 932,682,929.29 [Note 4] | 345,051,579.66 | | 587,631,349.63 |
| New energy precursor material project for lithium battery with annual output of 30,000 tons. | 98,226.00 | 14,150,690.84 | 210,909,350.00 | 235,735.13 | | 224,824,305.71 |
| Supporting project for optimization of deamination process and treatment of saline wastewater . . . | 22,513.44 | | 82,836,186.52 | | | 82,836,186.52 |
| Nickel cobalt hydroxide project with annual output of 60,000 tons (nickel content). . . . | USD124,739.10 | | 120,299,909.03 | | | 120,299,909.03 |
| Subtotal. | | 1,087,810,744.85 | 3,226,680,933.76 | 1,711,806,868.37 | | 2,602,684,810.24 |

(Continued)

| Projects | Accumulated input to budget | Completion percentage | Accumulated amount of borrowing cost capitalization | Amount of borrowing cost capitalization in the current period | Annual capitalization rate | Fund source |
|--|-----------------------------------|--------------------------|---|--|----------------------------------|---|
| | %) | %) | | | %) | |
| DRC Mining Concession PE527 —Lukuni Mine electrowinning copper project with annual output of 30,000 tons | 92.56 | 95.00 | 2,883,939.35 | 2,883,939.35 | 8.50 | Financial institution loans and other sources |
| Transformation project for extraction workshop with annual output of 30,000 tons of cobalt products . . . | 60.73 | 65.00 | | | | Other sources |
| Brine project with annual output of 2,500 tons | 81.49 | 85.00 | | | | Other sources |
| Green recycling project of waste battery | | | | | | |

| Projects | Accumulated input to budget %) | Completion percentage %) | Accumulated amount of borrowing cost capitalization | Amount of borrowing cost capitalization in the current period | Annual capitalization rate %) | Fund source |
|---|---|------------------------------------|---|--|--|---|
| Ternary precursor new material project for power battery with annual output of 50,000 tons | 101.96 | 95.00 | 1,761,634.42 | 1,761,634.42 | 4.94 | Financial institution loans and other sources |
| New energy precursor material project for lithium battery with annual output of 30,000 tons | 21.47 | 30.00 | | | | Other sources |
| Supporting project for optimization of deamination process and treatment of saline wastewater . . | 36.79 | 40.00 | 351,681.62 | 351,681.62 | 5.23 | Financial institution loans and other sources |
| Nickel cobalt hydroxide project with annual output of 60,000 tons (nickel content) . . . | 1.26 | 5.00 | 1,588,860.90 | 1,588,860.90 | 6.00 | Other sources |
| Subtotal | | | 59,113,966.57 | 47,208,720.33 | | |

.. . Current increase of 801,709,027.42 yuan was due to changes in the consolidation scope.

(3) Construction materials

| Items | Buildings and structures | Transport facilities | Total |
|---------------------------------|-----------------------------|----------------------|---------------|
| Provision for impairment | | | |
| Opening balance. | | | |
| Increase | | | |
| Decrease. | | | |
| Closing balance. | | | |
| Carrying amount | | | |
| Closing balance. | 50,013,501.12 | 13,699,355.27 | 63,712,856.39 |
| Opening balance [Note]. | 31,346,648.57 | 18,265,807.02 | 49,612,455.59 |

... Please refer to section III (XXXIII) 1 of notes to the financial statements for details on the difference between balance

| Items | Land use right | Software | Mining right | Patent right and software copyright | Pollution discharging right | Total |
|---------------------------------|----------------|---------------|----------------|-------------------------------------|-----------------------------|----------------|
| 1) Disposal. | | | | | | |
| 2) Translation reserve. | 91,592.42 | | | | | 91,592.42 |
| Closing balance. . . | 41,793,179.73 | 7,047,998.36 | 172,700,415.42 | 245,800.00 | 2,807,633.27 | 224,595,026.78 |
| Carrying amount | | | | | | |
| Closing balance. . . | 412,420,899.00 | 17,492,585.85 | 341,912,062.07 | | 7,946,902.73 | 779,772,449.65 |
| Opening balance . . | 250,335,319.63 | 15,506,891.86 | 427,236,673.07 | | 1,984,267.51 | 695,063,152.07 |

(2) Land use right with certificate of titles being unsettled

| Items | Carrying amount | Reasons for unsettlement |
|--|-----------------|--------------------------|
| Land use right of Huayue Company and Huake | | |
| Indonesia | 129,844,573.90 | In processing |
| Subtotal. | 129,844,573.90 | |

(1) Details

| Investees or events resulting in goodwill | December 31, 2021 | | | December 31, 2020 | | |
|---|-------------------|--------------------------|-----------------|-------------------|--------------------------|-----------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Huahai New Energy . . . | 95,136,198.86 | | 95,136,198.86 | 95,136,198.86 | | 95,136,198.86 |
| Tianjin B&M | 366,245,456.38 | 901,194.16 | 365,344,262.22 | | | |
| Total | 461,381,655.24 | 901,194.16 | 460,480,461.08 | 95,136,198.86 | | 95,136,198.86 |

(Continued)

| Investees or events resulting in goodwill | December 31, 2019 | | |
|---|-------------------|--------------------------|-----------------|
| | Book balance | Provision for impairment | Carrying amount |
| Huahai New Energy | 95,136,198.86 | | 95,136,198.86 |
| Tianjin B&M | | | |
| Total | 95,136,198.86 | | 95,136,198.86 |

(2) Cost

1) Year 2021

3) Year 2019

| Investees or events resulting in goodwill | Opening balance | Due to business combination in current period | Decrease | | Closing balance |
|--|--------------------|---|----------|--------|-----------------|
| | | | Disposal | Others | |
| Huahai New Energy . . . | | 95,136,198.86 | | | 95,136,198.86 |
| Total | | 95,136,198.86 | | | 95,136,198.86 |

(3) Provision for impairment

Year 2021

| Investees or events resulting in goodwill | Opening balance | Increase | | Decrease | | Closing balance |
|---|--------------------|------------|--------|----------|--------|--------------------|
| | | Accrual | Others | Disposal | Others | |
| Tianjin B&M | | 901,194.16 | | | | 901,194.16 |
| Total | | 901,194.16 | | | | 901,194.16 |

Goodwill of Tianjin B&M included: 1) the core goodwill of 336,004,594.11 yuan (please refer to section VI(I)2 of notes to the financial statements for details); and 2) the goodwill of 30,240,862.27 yuan arising from the recognition of deferred tax liabilities. For the latter, provision for impairment loss of goodwill was made based on corresponding holding proportion along with the reversal of deferred tax liabilities.

The aforementioned estimation of the recoverable amount of goodwill suggests that the goodwill is not impaired.

(2) Tianjin B&M

a. Related information of asset group or asset group portfolios which include goodwill

| Composition of asset group or asset group portfolios | Relevant asset group of Tianjin B&M |
|--|--|
| Carrying amount of asset group or asset group portfolios | 3,123,226,077.42 |
| Carrying amount of goodwill allocated to the asset group or asset group portfolios | 870,084,521.17 |
| Carrying amount of asset group or asset group portfolios that include goodwill | 3,993,310,598.59 |
| Whether asset group or asset group portfolios are consistent with those at acquisition date or at goodwill impairment testing date in previous years | Yes |

b. Impairment test process, method and conclusion

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 13.89% (before tax), and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

The aforementioned estimation of the recoverable amount of goodwill suggests that the core goodwill is not impaired.

/ s/ [Signature]

(1) Year 2021

Items _____

(3) Year 2019

| Items | Opening balance | Increase | Amortization | Other decrease | Closing balance |
|---|-----------------|---------------|--------------|----------------|-----------------|
| Renovation cost of fixed assets | 10,910,511.13 | 56,542,891.74 | 554,084.98 | 10,460,745.18 | 57,546,742.67 |
| Mining entry fees. | 5,706,846.61 | | 46,980.54 | 5,753,827.15 | |
| Insurance premium | 4,869,739.23 | | | 1,298,597.16 | 3,571,142.07 |
| Total | 21,487,096.97 | 56,542,891.74 | 601,065.52 | 17,513,169.49 | 61,117,884.74 |

Other increase and other decrease all refer to the effect of foreign exchange rate changes arising from translation of foreign currency financial statements of overseas subsidiaries.

(1) Deferred tax assets before offset

| Items | December 31, 2021 | | December 31, 2020 | |
|---|---------------------------------|---------------------|---------------------------------|---------------------|
| | Deductible temporary difference | Deferred tax assets | Deductible temporary difference | Deferred tax assets |
| Uncovered losses | 288,626,080.46 | 72,156,520.12 | 477,007,150.23 | 119,251,787.56 |
| Deferred income. | 444,089,181.12 | 105,845,508.58 | 410,473,311.89 | 99,117,265.87 |
| Provision for impairment of assets | 291,806,406.80 | 51,279,014.30 | 102,488,777.28 | 22,231,856.75 |
| Unrealized profit from inventories | 555,341,660.38 | 117,677,690.20 | 74,132,539.38 | 14,597,729.01 |
| Gains or losses on changes in fair value. | | | 12,523,650.79 | 2,305,415.89 |
| Expenses related to share-based payment. | 158,766,835.07 | 23,815,025.26 | | |
| Total | 1,738,630,163.83 | 370,773,758.46 | 1,076,625,429.57 | 257,504,055.08 |

(Continued)

| Items | December 31, 2019 | |
|--|---------------------------------|---------------------|
| | Deductible temporary difference | Deferred tax assets |
| Uncovered losses | 459,126,601.09 | 110,018,678.89 |
| Deferred income | 238,813,222.82 | 56,115,900.15 |
| Provision for impairment of assets | 196,822,372.81 | 45,713,500.97 |
| Unrealized profit from inventories. | 175,429,008.70 | 42,655,034.58 |
| Gains or losses on changes in fair value | 29,864,682.00 | 7,466,170.50 |
| Expenses related to share-based payment. | | |
| Total | 1,100,055,887.42 | 261,969,285.09 |

(2) Deferred tax liabilities before offset

| Items | December 31, 2021 | | December 31, 2020 | |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
| | Taxable temporary difference | Deferred tax liabilities | Taxable temporary difference | Deferred tax liabilities |
| Temporary difference of long-term assets | 497,855,156.20 | 69,896,630.79 | 4,370,535.48 | 1,092,633.87 |
| Depreciation of fixed assets . . . | 327,054,279.90 | 74,244,116.70 | 270,523,736.56 | 66,541,014.23 |
| Gains or losses on changes in fair value | 25,920,305.01 | 4,188,247.13 | | |
| Total | 850,829,741.11 | 148,328,994.62 | 274,894,272.04 | 67,633,648.10 |

(Continued)

| Items | December 31, 2019 | |
|--|------------------------------|--------------------------|
| | Taxable temporary difference | Deferred tax liabilities |
| Temporary difference of long-term assets | 36,417,990.70 | 9,104,497.67 |
| Depreciation of fixed assets | 119,611,576.39 | 29,902,894.10 |
| Gains or losses on changes in fair value | | |
| Total | 156,029,567.09 | 39,007,391.77 |

(3) Details of unrecognized deferred tax assets

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|-------------------|
| Temporary difference of long-term assets | 481,946,867.68 | 177,870,425.25 | 114,888,492.00 |
| Unrealized profit from inventories . . . | | 52,236,525.42 | 19,969,457.43 |
| Provision for impairment of assets | | | |

Unrealized.....TD .09,9 Tc [(156,029,567.09724J 14J 69,81

Details

| Items | December 31, 2021 | | | December 31, 2020 | | |
|---|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Prepayments for acquisition of land and engineering equipment | 2,934,461,836.89 | | 2,934,461,836.89 | 1,519,697,296.97 | | 1,519,697,296.97 |
| Prepayments for equity investment | 127,514,040.64 | | 127,514,040.64 | 171,732,358.79 | | 171,732,358.79 |
| Prepayments for intangible assets | | | | 2,326,620.33 | | 2,326,620.33 |
| Total | 3,061,975,877.53 | | 3,061,975,877.53 | 1,693,756,276.09 | | 1,693,756,276.09 |

(Continued)

| Items | December 31, 2019 | | |
|---|-------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount |
| Prepayments for acquisition of land and engineering equipment | 670,389,596.09 | | 670,389,596.09 |
| Prepayments for equity investment | 699,824,800.00 | | 699,824,800.00 |
| Prepayments for intangible assets | 2,487,186.15 | | 2,487,186.15 |
| Total | 1,372,701,582.24 | | 1,372,701,582.24 |

Prepayments for equity investment in 2019 mainly refer to the equity investment funds of USD100 million paid by the subsidiary Huawei Nickel Resources for subscription of 20 million shares of Newstride Technology, which was temporarily presented under other non-current assets as the equity transfer was not yet completed; prepayments for equity investment in 2020 mainly refer to the subsidiary Huawei Nickel Resources's prepayments of USD25.82 million for acquisition of equity of Newstride Technology, which were temporarily presented under other non-current assets as the equity transfer was not yet completed; prepayments for equity investment in 2021 mainly refer to the subsidiary Huayou Mining Hong Kong's prepayments of USD20.00 million for acquisition of equity of Prospect Lithium Zimbabwe (Pvt) Limited, which was temporarily presented under other non-current assets as the equity transfer was not yet completed.

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Guaranteed borrowings | 4,126,701,735.13 | 3,108,838,666.60 | 2,870,460,514.76 |
| Credit borrowings | 1,166,549,556.40 | 699,900,345.24 | 848,240,433.46 |
| Mortgaged borrowings | | 17,991,000.00 | 30,763,200.00 |
| Pledged borrowings | 2,410,825,955.03 | 1,464,565,106.20 | 1,102,197,171.85 |
| Guaranteed and pledged borrowings | 50,000,000.00 | | 100,000,000.00 |
| Guaranteed and mortgaged borrowings | 316,751,400.00 | 560,000,000.00 | 952,000,000.00 |
| Interest on short-term borrowings | 12,951,198.14 | 11,141,509.50 | 11,316,425.94 |
| Total | 8,083,779,844.70 | 5,862,436,627.54 | 5,914,977,746.01 |

(2) No overdue and outstanding short-term borrowings at the end of each reporting period.

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Held-for-trading financial liabilities. . . | 360,612.00 | 23,939,270.26 | |
| Including: Derivative financial liabilities | 360,612.00 | 23,939,270.26 | |
| Total | 360,612.00 | 23,939,270.26 | |

Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|----------------------------------|-------------------|-------------------|-------------------|
| Hedged futures contract. | 104,821,710.25 | | |
| Total | 104,821,710.25 | | |

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---------------------------|-------------------|-------------------|-------------------|
| Trade acceptance. | 834,020,112.13 | 109,583,180.62 | 451,679,594.57 |
| Bank acceptance | 3,976,777,510.99 | 965,710,671.67 | 1,260,004,630.81 |
| Total | 4,810,797,623.12 | 1,075,293,852.29 | 1,711,684,225.38 |

(2) Other remarks

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|-------------------|
| Notes payable due but unpaid | | 171,455.50 | |

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|-------------------|
| Payments for goods | 4,14,060,983.46 | 1,102,497,794.66 | 773,985,161.80 |
| Payments for engineering and equipment | 2,089,527,914.24 | 590,724,896.11 | 573,652,004.38 |
| Others | 29,583,513.06 | 96,214,499.11 | 110,209,663.66 |
| Total | 6,233,172,410.76 | 1,789,437,189.88 | 1,457,846,829.84 |

(2) No significant balance with age over one year at the end of each reporting period.

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Payments for goods | | | 47,877,473.73 |
| Payments for equipment received in advance | 641,739,400.77 | | |
| Others | 3,000,000.13 | 13,203,500.00 | 1,604,526.00 |
| Total | 644,739,400.90 | 13,203,500.00 | 49,481,999.73 |

(2) No significant balance with age over one year at the end of each reporting period.

(2) Details of short-term employee benefits

1) Year 2021

| Items | Opening balance | Increase | Decrease | Closing balance |
|--|-----------------|------------------|------------------|-----------------|
| Wage, bonus, allowance and subsidy | 242,499,817.19 | 1,612,505,049.52 | 1,388,202,122.12 | 466,802,744.59 |
| Employee welfare fund | | 133,135,604.49 | 133,135,604.49 | |
| Social insurance premium | 2,098,875.38 | 44,857,314.68 | 43,824,110.33 | 3,132,079.73 |
| Including: Medicare premium | 1,960,397.46 | 39,890,422.84 | 39,159,285.56 | 2,691,534.74 |
| Occupational injuries premium | 97,168.83 | 3,688,751.53 | 3,446,828.36 | 339,092.00 |
| Maternity premium | 41,309.09 | 1,278,140.31 | 1,217,996.41 | 101,452.99 |
| Housing provident fund | 1,106,875.00 | 24,822,073.56 | 23,903,333.56 | 2,025,615.00 |
| Trade union fund and employee education fund | 25,633.87 | 11,826,395.32 | 11,774,161.76 | 77,867.43 |
| Subtotal | 245,731,201.44 | 1,827,146,437.57 | 1,600,839,332.26 | 472,038,306.75 |

2) Year 2020

| Items | Opening balance | Increase | Decrease | Closing balance |
|--|-----------------|------------------|------------------|-----------------|
| Wage, bonus, allowance and subsidy | 145,702,718.97 | 936,812,453.51 | 840,015,355.29 | 242,499,817.19 |
| Employee welfare fund | | 109,981,827.50 | 109,981,827.50 | |
| Social insurance premium | 1,969,871.06 | 26,975,520.80 | 26,846,516.48 | 2,098,875.38 |
| Including: Medicare premium | 1,701,693.69 | 24,969,359.81 | 24,710,656.04 | 1,960,397.46 |
| Occupational injuries premium | 232,867.68 | 1,025,957.71 | 1,161,656.56 | 97,168.83 |
| Maternity premium | 35,309.69 | 980,203.28 | 974,203.88 | 41,309.09 |
| Housing provident fund | 546,200.00 | 16,879,252.67 | 16,318,577.67 | 1,106,875.00 |
| Trade union fund and employee education fund | 53.98 | 7,359,684.45 | 7,334,104.56 | 25,633.87 |
| Subtotal | 148,218,844.01 | 1,098,008,738.93 | 1,000,496,381.50 | 245,731,201.44 |

3) Year 2019

| Items | Opening balance | Increase | Decrease | Closing balance |
|--|-----------------|----------------|----------------|-----------------|
| Wage, bonus, allowance and subsidy | 104,773,728.30 | 663,480,884.48 | 622,551,893.81 | 145,702,718.97 |
| Employee welfare fund | | 74,484,583.94 | 74,484,583.94 | |
| Social insurance premium | 1,549,809.78 | 20,216,636.92 | 19,796,575.64 | 1,969,871.06 |
| Including: Medicare premium | 1,259,693.89 | 16,831,867.86 | 16,389,868.06 | 1,701,693.69 |
| Occupational injuries premium | 217,918.40 | 2,355,453.42 | 2,340,504.14 | 232,867.68 |
| Maternity premium | 72,197.49 | 1,029,315.64 | 1,066,203.44 | 35,309.69 |
| Housing provident fund | 470,956.00 | 12,151,685.27 | 12,076,441.27 | 546,200.00 |
| Trade union fund and employee education fund | 765,867.99 | 5,292,399.51 | 6,058,213.52 | 53.98 |
| Subtotal | 107,560,362.07 | 775,626,190.12 | 734,967,708.18 | 148,218,844.01 |

(3) Details of defined contribution plan

1) Year 2021

| Items | Opening balance | Increase | Decrease | Closing balance |
|---|-----------------|---------------|---------------|-----------------|
| Basic endowment insurance premium | 1,154,722.82 | 55,904,422.71 | 51,498,039.80 | 5,561,105.73 |
| Unemployment insurance premium | 41,317.30 | 1,962,506.26 | 1,811,649.01 | 192,174.55 |
| Subtotal | 1,196,040.12 | 57,866,928.97 | 53,309,688.81 | 5,753,280.28 |

(3) Other payables

1) Details

| <u>Items</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|--------------------------|
| Call loans and interest thereon . . . | 921,453,985.70 | 546,616,317.81 | 598,006,415.73 |
| Repurchase obligation of restricted shares. | 339,232,639.00 | | |
| Funds from repo transactions. . . . | 139,707,302.12 | 178,038,988.88 | |
| Security deposits | 24,858,852.19 | 19,034,399.98 | 11,561,916.00 |
| Others. | 9,340,406.86 | 25,719,388.17 | 11,224,899.67 |
| Total. | 1,434,593,185.87 | 769,409,094.84 | 620,793,231.40 |

5260 0 m 74.86820 1D .Q BT /F1 757 0 0 10.9757 85.0394 626.573.431 [(2))A.88.14total payas paya-363.1(payares

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|-------------------|
| Long-term borrowings due within one year | 1,911,767,314.98 | 903,085,107.35 | 231,438,388.99 |
| Call loans and interest thereon | 18,477,837.35 | 320,324,659.86 | 582,512,686.04 |
| Sale and leaseback fund due within one year | 679,795,502.76 | 224,599,857.57 | 289,591,919.50 |
| Bonds payable and interest thereon due within one year | | | 107,368,599.95 |
| Lease liabilities due within one year | 25,917,330.55 | | |
| Total | 2,635,957,985.64 | 1,448,009,624.78 | 1,210,911,594.48 |

(2) Details of long-term borrowings due within one year

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Guaranteed borrowings | 1,160,122,228.30 | 694,289,142.24 | 138,135,000.05 |
| Guaranteed and mortgaged borrowings | 524,552,687.31 | 205,373,753.35 | 92,511,724.82 |
| Guaranteed and pledged borrowings | 100,000,000.00 | | |
| Mortgaged borrowings | | 1,741,700.16 | |
| Credit borrowings | 125,159,270.83 | | |
| Interest on borrowings | 1,933,128.54 | 1,680,511.60 | 791,664.12 |
| Total | 1,911,767,314.98 | 903,085,107.35 | 231,438,388.99 |

(3) Other remarks

- 1) Please refer to section V (I) 36 of notes to the financial statements for details on call loans and interest thereon.
- 2) Please refer to section V (I) 36 of notes to the financial statements for details on sale and leaseback fund due within one year.
- 3) Please refer to section V (I) 34 of notes to the financial statements for details on bonds payable and interest thereon due within one year.

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Output VAT to be recognized | 4,147,523.95 | 4,503,600.24 | |
| Total | 4,147,523.95 | 4,503,600.24 | |

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Guaranteed borrowings | 981,754,275.12 | 771,622,693.39 | 190,439,800.05 |
| Mortgaged borrowings | | 33,092,303.01 | |
| Guaranteed and mortgaged borrowings | 1,263,295,850.63 | 615,374,610.27 | 860,699,103.90 |
| Guaranteed and pledged borrowings | 4,485,420,000.00 | | |
| Interest on long-term borrowings | 7,790,519.67 | 1,915,366.51 | 2,118,542.98 |
| Total | 6,738,260,645.42 | 1,422,004,973.18 | 1,053,257,446.93 |

(1) Current period movements (not including other financial instruments such as preferred shares/perpetual bonds classified as financial liabilities)

| Bonds | Par value | Issuing date | Maturity | Amount outstanding |
|------------------------|----------------|--------------|----------|--------------------|
| G18 Huayou 1 | 620,000,000.00 | 3/27/2018 | 3 years | 615,040,000.00 |
| 18 Huayou 01 | 100,000,000.00 | 1/19/2018 | 2 years | 99,000,000.00 |
| Subtotal | 720,000,000.00 | | | 714,040,000.00 |

(Continued)

| Bonds | Opening balance | Current period issuance | Par value interest | Premium/Discount amortization | Current period repayment | Closing balance |
|------------------------|-----------------|-------------------------|--------------------|-------------------------------|--------------------------|-----------------|
| G18 Huayou 1 | 616,207,055.81 | | 11,072,350.68 | 3,792,944.19 | 620,000,000.00 | |
| 18 Huayou 01 | 99,454,947.68 | | 7,800,000.00 | 520,069.67 | | 99,975,017.35 |
| Subtotal | 715,662,003.49 | | 18,872,350.68 | 4,313,013.86 | 620,000,000.00 | 99,975,017.35 |

The amount of 99,975,017.35 yuan, which was to be repaid in 2020, was transferred to non-current liabilities due within one year.

(2) Other remarks

- 1) In March 2018, the Company issued green corporate bond (phase I) of 2018 (the “G18 Huayou 1”) through private placement, with total amount of 620 million yuan, which had been listed and traded on the Integrated Electronic Platform for Fixed-income Securities of Shanghai Stock Exchange since April 3, 2018. In March 2019, the Company completed the repayment of green corporate bonds (phase I).
- 2) In January 2018, the Company issued corporate bonds (phase I) of 2018 (the “18 Huayou 01”) through private placement, with total amount of 100 million yuan, which had been listed and traded on the Integrated Electronic Platform for Fixed-income Securities of Shanghai Stock Exchange since February 12, 2018. The term was from January 19, 2018 to January 19, 2020.

| Items | December 31, 2021 |
|---|-------------------|
| Unpaid lease payments | 34,289,431.32 |
| Less: Unrecognized financing expenses | 1,501,176.18 |
| Total | 32,788,255.14 |

(1) Details

| Items | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|-------------------|
| Funds from sale and leaseback | 741,232,347.77 | 261,465,550.76 | 197,110,898.52 |
| Long-term call loans and interest thereon | 319,993,726.26 | 327,482,012.20 | 342,480,258.36 |
| Total | 1,061,226,074.03 | 588,947,562.96 | 539,591,156.88 |

(2) Other remarks

- (1) Funds from sale and leaseback refer to funds from financial institutions such as Cinda Financial Leasing Co., Ltd. through the sale and leaseback of fixed assets (of which, 289,591,919.50 yuan should be repaid in 2020, 224,599,857.57 yuan should be repaid in 2021, and 679,795,502.76 yuan should be repaid in 2022, which were transferred to non-current liabilities due within one year).
- (2) Long-term call loans of 2019 included: a. funds of 844,120,200.06 yuan from Trafigura Pte. Ltd. (of which, 582,512,686.04 yuan should be repaid in 2020, which was transferred to non-current liabilities due within one year); and b. long-term borrowings of 80,872,744.34 yuan from Manpower Hong Kong.

Long-term call loans of 2020 included: a. funds of 327,482,012.20 yuan from

2) Year 2020

| Items | Opening balance | Increase | Decrease | Closing balance | Reasons for balance |
|-----------------------------|-----------------|----------------|---------------|-----------------|--|
| Government grants | 238,813,222.82 | 184,028,540.00 | 12,368,450.93 | 410,473,311.89 | Granted by the government free of charge |
| Total | 238,813,222.82 | 184,028,540.00 | 12,368,450.93 | 410,473,311.89 | |

3) Year 2019

| Items | Opening balance | Increase | Decrease | Closing balance | Reasons for balance |
|-----------------------------|-----------------|---------------|--------------|-----------------|--|
| Government grants | 151,159,115.75 | 96,708,540.00 | 9,054,432.93 | 238,813,222.82 | Granted by the government free of charge |
| Total | 151,159,115.75 | 96,708,540.00 | 9,054,432.93 | 238,813,222.82 | |

(2) Details of government grants

1) Year 2021

| Items | Opening balance | Increase | Grants included into profit or loss | Closing balance | Related to assets/income |
|---|-----------------|---------------|-------------------------------------|-----------------|--------------------------|
| Subsidies for infrastructure construction | 246,740,380.77 | | 4,290,675.01 | 242,449,705.76 | Related to assets |
| Fiscal subsidies for technological transformation | 19,539,746.80 | | 1,185,676.93 | 18,354,069.87 | Related to assets |
| Fiscal subsidies for technological innovation | 33,468,157.53 | 17,346,976.98 | 2,250,132.27 | 48,565,002.24 | Related to assets |
| Subsidies for life cycle green manufacturing projects | 26,216,493.86 | | 1,202,091.56 | 25,014,402.30 | Related to assets |
| Optimization and improvement of wastewater treatment and comprehensive utilization of renewable resources project | 11,911,509.84 | | 623,016.96 | 11,288,492.88 | Related to assets |
| Special subsidies for energy conservation and industrial circular economy | 16,602,008.14 | | 489,225.48 | 16,112,782.66 | Related to assets |
| Funds and supporting subsidies for provincial key enterprise research institutes | 10,000,000.00 | | 1,000,000.08 | 8,999,999.92 | Related to assets |
| Fiscal subsidies for industrial transformation and upgrading | 8,997,305.50 | 13,992,202.57 | 905,733.96 | 22,083,774.11 | Related to assets |

2) Year 2020

| Items | Opening balance | Increase | Grants included into profit or loss | Closing balance | Related to assets/income |
|---|-----------------|----------------|-------------------------------------|-----------------|--------------------------|
| Subsidies for infrastructure construction | 126,815,236.69 | 123,316,040.00 | 3,390,895.92 | 246,740,380.77 | Related to assets |
| Fiscal subsidies for technological transformation | 19,940,207.64 | 562,600.00 | 963,060.84 | 19,539,746.80 | Related to assets |
| Fiscal subsidies for technological innovation | 18,996,068.57 | 15,561,600.00 | 1,089,511.04 | 33,468,157.53 | Related to assets |
| Subsidies for life cycle green manufacturing projects | 13,500,000.00 | 13,500,000.00 | 783,506.14 | 26,216,493.86 | Related to assets |
| Optimization and improvement of wastewater treatment | | | | | |

198,904,192.00 Related to assets

| Items | Opening balance | Increase | Grants included into profit or loss [Note 2] | Closing balance | Related to assets/income |
|--|-----------------|---------------|--|-----------------|--------------------------|
| Optimization and improvement of wastewater treatment and comprehensive utilization of renewable resources project. | 7,021,433.34 | 5,382,400.00 | 196,333.33 | 12,207,500.01 | Related to assets |
| Central special funds for prevention and control of air pollution. | 1,800,000.00 | | | 1,800,000.00 | Related to assets |
| Subsidies for the integration of informatization and industrialization . . | 1,010,158.52 | | 66,206.00 | 943,952.52 | Related to assets |
| Major special funds for technologies for control and treatment of water pollution. | 1,746,600.00 | 1,327,700.00 | 780,257.38 | 2,294,042.62 | Related to income |
| Other piecemeal subsidies | 2,577,710.81 | | 546,901.34 | 2,030,809.47 | Related to assets |
| Other piecemeal subsidies | 295,675.22 | 1,800,000.00 | 1,375,000.00 | 720,675.22 | Related to income |
| Subtotal | 151,159,115.75 | 96,708,540.00 | 9,054,432.93 | 238,813,222.82 | |

... In the current period, the increase of 78,623,800.21 yuan was resulted from changes in the consolidation scope.
 ... Please refer to section V (IV) 3 of notes to the financial statements for details on government grants included into profit or loss.

(1) Details

1) Year 2021

| Items | Opening balance | Movements | | | | Subtotal | Closing balance |
|------------------------|-----------------|---------------------|--------------|-------------------------------|---------------|------------------|-----------------|
| | | Issue of new shares | Bonus shares | Reserve transferred to shares | Others | | |
| Total shares | 1,141,261,526 | 757,119,942 | 292,110,216 | 1,078,000,000 | 10,975,785.04 | 2,270,147,483.20 | |

was 799,999,997.74 yuan. After deducting the issuance fees of 18,846,563.25

- (ii) Pursuant to the restricted share incentive plan deliberated and approved by the 14th meeting and the 17th meeting of the fifth session of the Board of Directors and the first extraordinary shareholders' meeting of 2021, taking June 17, 2021 as the grant date, the Company ultimately granted 6,829,900 restricted shares to 720 incentive objects at a price of 37.89 yuan per share. As a result, paid-in capital of 6,829,900.00 yuan and capital reserve (share premium) of 251,955,011.00 yuan were recognized. Such restricted share issuance had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2021] 349 was issued thereon. Meanwhile, pursuant to the "Interpretation of China Accounting Standards for Business Enterprises No. 7", treasury shares were increased by 258,784,911.00 yuan and other payables were increased by 258,784,911.00 yuan based on the number of restricted shares issued and the corresponding repurchase obligations.
 - (iii) Pursuant to the restricted share incentive plan deliberated and approved by the 21st meeting of the fifth session of the Board of Directors and the first extraordinary shareholders' meeting of 2021, taking September 28, 2021 as the grant date, the Company ultimately granted 1,494,200 restricted shares to 255 incentive objects at a price of 53.84 yuan per share. As a result, paid-in capital of 1,494,200.00 yuan and capital reserve (share premium) of 78,953,528.00 yuan were recognized. Such restricted share issuance had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2021] 593 was issued thereon. Meanwhile, pursuant to the "Interpretation of China Accounting Standards for Business Enterprises No. 7", treasury shares were increased by 80,447,728.00 yuan and other payables were increased by 80,447,728.00 yuan based on the number of restricted shares issued and the corresponding repurchase obligations.
 - (iv) The subsidiary Tianjin B&M brought in an employee stock ownership platform, resulting in a change of the Company's holding proportion, and share premium was increased by 12,206,546.48 yuan based on the difference on the proportionate share of net assets before and after the capital increase as well as the proportion share in capital premium arising from share-based payment of Tianjin B&M.
 - (v) The Company sold partial equity of its subsidiaries Tongxiang Huashan and Wenzhou Huashan, and share premium was increased by 315,956.20 yuan based on the difference between the consideration and the proportionate share of the net assets.
- b. In 2021, capital reserve (share premium) was decreased by 8,727,397.32 yuan due to the following events:
- (i) The Company acquired non-controlling interest of the subsidiary SESA Company, and share premium was decreased by 8,088,340.85 yuan based on the difference between the acquisition consideration and the proportionate share of net assets.
 - (ii) The Company sold partial equity of the subsidiaries Jiangsu Huayou and Beijing Huashan, and share premium was decreased by 639,056.47 yuan based on the difference between the disposal consideration and the proportionate share of net assets.

(2) Year 2020

| Items | Opening balance | Current period cumulative | | | | | Less: OCI previously recognized but transferred to retained earnings in current period (attributable to parent company after tax) | Closing balance |
|--|-----------------|---|---|---------------------------|--|--|---|-----------------|
| | | Net OCI after tax | | | Attributable to parent company after tax | Attributable to non-controlling shareholders after tax | | |
| | | Current period cumulative before income tax | Less: OCI previously recognized but transferred to profit or loss in current period | Less: Income tax expenses | | | | |
| Items not to be reclassified subsequently to profit or loss . . . | -28,688,489.24 | -16,276,517.52 | | | -16,276,517.52 | | -44,965,006.76 | |
| Including: Changes in fair value of other equity instrument investments . . . | -28,688,489.24 | -16,276,517.52 | | | -16,276,517.52 | | -44,965,006.76 | |
| Items to be reclassified subsequently to profit or loss . . . | 203,914,647.81 | -358,239,828.64 | | | -304,942,800.88 | -53,297,027.76 | -101,028,153.07 | |
| Including: Items to be transferred to profit or loss under equity method | 8,023,617.00 | -63,418,820.75 | | | -63,418,820.75 | | -55,395,203.75 | |
| Translation reserves | 195,891,030.81 | -294,821,007.89 | | | -241,523,980.13 | -53,297,027.76 | -45,632,949.32 | |
| Total | 175,226,158.57 | -374,516,346.16 | | | -321,219,318.40 | -53,297,027.76 | -145,993,159.83 | |

(3) Year 2019

| Items | Opening balance | Current period cumulative | | | | | Less: OCI previously recognized but transferred to retained earnings in current period (attributable to parent company after tax) | Closing balance |
|--|-----------------|---|---|---------------------------|--|--|---|-----------------|
| | | Net OCI after tax | | | Attributable to parent company after tax | Attributable to non-controlling shareholders after tax | | |
| | | Current period cumulative before income tax | Less: OCI previously recognized but transferred to profit or loss in current period | Less: Income tax expenses | | | | |
| Items not to be reclassified subsequently to profit or loss . . . | | -28,688,489.24 | | | -28,688,489.24 | | -28,688,489.24 | |
| Including: Changes in fair value of other equity instrument investments . . . | | -28,688,489.24 | | | -28,688,489.24 | | -28,688,489.24 | |
| Items to be reclassified subsequently to profit or loss . . . | 77,104,325.30 | 139,577,519.71 | 1,417,581.90 | | 126,810,322.51 | 11,349,615.30 | 203,914,647.81 | |
| Including: Items to be transferred to profit or loss under equity method | 2,948,159.06 | 5,075,457.94 | | | 5,075,457.94 | | 8,023,617.00 | |
| Translation reserves | 74,156,166.24 | 134,502,061.77 | 1,417,581.90 | | 121,734,864.57 | 11,349,615.30 | 195,891,030.81 | |
| Total | 77,104,325.30 | 110,889,030.47 | 1,417,581.90 | | 98,121,833.27 | 11,349,615.30 | 175,226,158.57 | |

(1) Details

Year 2021

| <u>Items</u> | <u>Opening balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Closing balance</u> |
|---------------------------------|------------------------|-----------------|-----------------|------------------------|
| Work safety fund | 6,938,266.87 | 42,664,689.92 | 49,580,329.66 | 22,627.13 |
| Mine development fund | 9,123,243.02 | 7,994,685.46 | 491,994.50 | 16,625,933.98 |
| Total | 16,061,509.89 | 50,659,375.38 | 50,072,324.16 | 16,648,561.11 |

3) Year 2019

Statutory surplus reserve as at December 31, 2019 was 4,703,198.42 yuan higher than that as at December 31, 2018, which included: a. the adjustment of 1,555,884.22 yuan on the balance of surplus reserve as at January 1, 2019 due to the Company's adoption of the

(II) Notes to items of the consolidated income statement

(1) Details

| Items | Year 2021 | | Year 2020 | | Year 2019 | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost | Revenue | Cost |
| Main operations | 34,260,483,178.74 | 27,315,814,905.28 | 20,391,649,685.92 | 17,527,983,920.38 | 18,459,062,264.47 | 16,487,538,528.75 |
| Other operations. | 1,056,065,821.22 | 815,253,535.55 | 795,194,279.83 | 486,078,464.39 | 393,766,198.75 | 260,723,043.15 |
| Total | 35,316,548,999.96 | 28,131,068,440.83 | 21,186,843,965.75 | 18,014,062,384.77 | 18,852,828,463.22 | 16,748,261,571.90 |
| Including: Revenue from contracts with customers | | | | | | |
| | 35,300,204,306.80 | 28,122,012,006.82 | 21,184,180,221.56 | 18,013,860,601.69 | — | — |

(2) Breakdown of revenue

1) Breakdown of revenue from contracts with customers by goods or services

| Items | Year 2021 | | Year 2020 | | Year 2019 | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost | Revenue | Cost |
| Cobalt products | 8,412,029,764.01 | 5,760,274,376.63 | 5,081,409,972.25 | 4,044,621,289.65 | 5,680,726,491.32 | 5,042,733,164.61 |
| Copper products. | 5,378,197,687.90 | 2,737,758,347.72 | 3,013,641,659.45 | 1,755,518,297.59 | 2,632,845,658.27 | 1,777,876,302.10 |
| Nickel products | 251,221,594.20 | 217,406,096.48 | 480,532,082.96 | 425,039,175.45 | 365,348,208.21 | 354,753,617.98 |
| Ternary precursors. | 5,761,110,211.29 | 4,886,038,213.95 | 2,532,355,171.03 | 2,104,375,532.05 | 1,151,304,938.30 | 968,162,399.81 |
| Cathode materials | 4,763,925,346.54 | 4,213,440,382.36 | | | | |
| Trade and others. | 10,733,719,702.86 | 10,307,094,589.68 | 10,076,241,335.87 | 9,684,306,306.95 | 9,022,603,167.12 | 8,604,736,087.40 |
| Subtotal | 35,300,204,306.80 | 28,122,012,006.82 | 21,184,180,221.56 | 18,013,860,601.69 | 18,852,828,463.22 | 16,748,261,571.90 |

2) Breakdown of revenue from contracts with customers by operating regions

| Items | Year 2021 | | Year 2020 | | Year 2019 | |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost | Revenue | Cost |
| Domestic | 16,584,104,400.71 | 12,360,411,280.92 | 8,540,127,185.52 | 6,917,463,197.10 | 9,226,501,600.76 | 8,365,492,658.30 |
| Overseas | 18,716,099,906.09 | 15,761,600,725.90 | 12,644,053,036.04 | 11,096,397,404.59 | 9,626,326,862.46 | 8,382,768,913.60 |
| Subtotal | 35,300,204,306.80 | 28,122,012,006.82 | 21,184,180,221.56 | 18,013,860,601.69 | 18,852,828,463.22 | 16,748,261,571.90 |

3) Breakdown of revenue by time of transferring goods or rendering services

| Items | Year 2021 | Year 2020 |
|---|-------------------|-------------------|
| Recognized at a point in time | 35,300,204,306.80 | 21,184,180,221.56 |
| Subtotal. | 35,300,204,306.80 | 21,184,180,221.56 |

(3) Contract liabilities carried over to revenue during the reporting period

| Items | Year 2021 | Year 2020 |
|----------------------------|----------------|---------------|
| Operating revenue. | 258,378,053.53 | 46,451,445.72 |
| Subtotal. | 258,378,053.53 | 46,451,445.72 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|----------------|----------------|----------------|
| Urban maintenance and construction tax | 19,449,572.64 | 9,536,977.33 | 4,802,006.94 |
| Education surcharge | 8,344,669.70 | 4,094,419.01 | 2,058,002.98 |
| Local education surcharge | 5,563,113.15 | 2,739,608.01 | 1,372,001.97 |
| Mineral tax | 252,331,683.53 | 149,990,294.60 | 230,729,795.21 |
| Housing property tax | 2,184,510.75 | 11,198,677.54 | 3,490,813.76 |
| Land use tax | 1,196,828.35 | 6,191,972.60 | 3,300,812.18 |
| Stamp duty | 1,574,021.02 | 5,420,021.88 | 5,551,897.95 |
| Others | 3,315,788.96 | 4,794,955.02 | 2,460,638.13 |
| Total | 303,960,188.10 | 193,966,925.99 | 253,765,969.12 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|---------------------------------------|---------------|---------------|----------------|
| Employee benefits | 23,703,539.51 | 17,589,450.99 | 13,235,948.10 |
| Business traveling expenses | 2,644,943.23 | 1,342,267.83 | 2,187,077.95 |
| Logistics costs | | | 138,453,417.10 |
| Service expenses | 2,793,527.01 | 993,535.15 | 2,872,742.36 |
| Sample charges | 2,287,648.99 | 1,230,369.16 | 741,363.15 |
| Entertainment expenses | 2,280,232.56 | 1,361,345.11 | 1,345,810.28 |
| Others | 4,235,133.04 | 4,759,651.97 | 4,935,747.16 |
| Total | 37,945,024.34 | 27,276,620.21 | 163,772,106.10 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|------------------|----------------|----------------|
| Employee benefits and incentives | 551,210,078.98 | 335,751,956.69 | 220,908,564.80 |
| Office expenses | 68,936,442.36 | 47,004,704.40 | 42,664,811.47 |
| Service expenses | 127,267,676.23 | 82,717,833.40 | 52,893,038.70 |
| Business entertainment expenses | 17,650,251.77 | 11,061,740.25 | 11,855,337.68 |
| Depreciation and amortization | 131,597,162.53 | 72,016,744.06 | 66,385,434.43 |
| Insurance premium | 25,417,747.21 | 12,680,740.81 | 8,589,274.43 |
| Aircraft usage fees | 17,838,084.62 | 22,247,035.74 | 4,660,877.73 |
| Share-based payments | 186,168,950.15 | | |
| Others | 53,571,596.06 | 81,560,653.32 | 59,643,650.45 |
| Total | 1,179,657,989.91 | 665,041,408.67 | 467,600,989.69 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|----------------|----------------|----------------|
| Employee benefits | 173,324,584.98 | 102,299,884.29 | 69,584,561.50 |
| Materials consumption | 560,190,978.97 | 229,400,699.58 | 180,364,652.48 |
| Depreciation and amortization | 45,312,627.31 | 26,899,174.29 | 10,552,114.96 |
| Others | 37,442,016.10 | 12,184,370.79 | 7,109,382.89 |
| Total | 816,270,207.36 | 370,784,128.95 | 267,610,711.83 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|----------------|----------------|----------------|
| Interest expenses | 502,298,446.61 | 394,032,889.30 | 375,408,861.86 |
| Interest income | -74,079,354.47 | -23,232,304.04 | -19,536,813.86 |
| Gains or losses on foreign exchange | -30,173,497.39 | -8,780,448.12 | 6,429,661.02 |
| Handling charges and others | 86,294,299.41 | 40,507,736.51 | 64,800,903.30 |
| Total | 484,339,894.16 | 402,527,873.65 | 427,102,612.32 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|---------------|---------------|---------------|
| Government grants related to assets | 18,563,114.54 | 8,793,708.31 | 6,899,175.55 |
| Government grants related to income | 31,645,987.32 | 53,695,454.88 | 79,097,654.97 |
| Refund of handling fees for withholding individual income tax . . . | 572,918.39 | 485,163.11 | 299,167.39 |
| Total | 50,782,020.25 | 62,974,326.30 | 86,295,997.91 |

Please refer to section V (IV) 3 of notes to the financial statements for details on government grants included into other income.

Details

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|----------------|----------------|----------------|
| Investment income from long-term equity investments under equity method | 599,789,831.39 | 58,862,496.59 | -9,014,236.77 |
| Investment income from disposal of long-term equity investments. | 100,646,800.54 | 19,614,188.31 | 5,090,389.40 |
| Losses on discounting of receivables financing. | -49,415,734.06 | -22,268,178.76 | -46,477,984.36 |
| Losses on derecognition of accounts receivable. | -2,570,177.84 | -3,683,035.79 | -11,603,265.73 |
| Investment income from disposal of held-for-trading financial assets. . . | -12,951,009.39 | 20,309,020.43 | 8,229,572.05 |
| Investment income from other debt investments | 9,742,561.82 | | 7,363,237.34 |
| Investment income from disposal of other debt investments | -9,277,757.88 | | |
| Total | 635,964,514.58 | 72,834,490.78 | -46,412,288.07 |

Amount of 2019 refers to the interest income on the Company's call loans rendered to Commus Company; amount of 2021 refers to the interest income of the subsidiary Huachuang International on call loans rendered to IWIP Company.

It refers to the investment income of the subsidiary Huayou Mining Hong Kong from transfer of creditor's rights over SESA Company.

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|----------------|----------------|----------------|
| Held-for-trading financial assets | 26,384,375.52 | -4,640,814.31 | -43,656,625.15 |
| Including: Gains on changes in fair value of derivative financial instruments. | 26,144,786.48 | -4,605,453.20 | -43,691,986.26 |
| Gains on changes in fair value of financial products | 239,589.04 | -35,361.11 | 35,361.11 |
| Held-for-trading financial liabilities . . . | 4,045,551.54 | -23,939,270.26 | 6,529,248.16 |
| Including: Gains on changes in fair value of derivative financial instruments. | 4,045,551.54 | -23,939,270.26 | 6,529,248.16 |
| Hedging gains or losses | -45,018,743.56 | | |
| Total | -14,588,816.50 | -28,580,084.57 | -37,127,376.99 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|---------------------|----------------|----------------|----------------|
| Bad debts | -83,189,523.03 | -59,163,312.39 | -37,637,572.84 |
| Total | -83,189,523.03 | -59,163,312.39 | -37,637,572.84 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|----------------|----------------|-----------------|
| Inventory write-down loss | -15,648,918.02 | -31,353,522.16 | -328,850,640.46 |
| Impairment loss of fixed assets. | -31,303,698.33 | -10,352,594.51 | |
| Impairment loss of long-term equity investments | | -4,640,501.42 | |
| Impairment loss of goodwill. | -901,194.16 | | |
| Total | -47,853,810.51 | -46,346,618.09 | -328,850,640.46 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|---------------|------------|-----------|
| Gains on disposal of fixed assets. | -5,822,487.58 | 220,407.91 | |
| Gains on disposal of intangible assets | 2,700,000.00 | 76,333.16 | |
| Total | -3,122,487.58 | 296,741.07 | |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|--------------|--------------|--------------|
| Gains on damage or retirement of non-current assets. | 16,963.42 | 55,353.24 | |
| Including: Losses on damage or retirement of fixed assets. | 116,963.42 | 55,353.24 | |
| Indemnity income | 2,106,593.67 | 1,952,349.60 | 8,724,390.05 |
| Others | 336,696.23 | 574,554.15 | 987,103.28 |
| Total | 2,560,253.32 | 2,582,256.99 | 9,711,493.33 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|---------------|---------------|---------------|
| Losses on damage or retirement of non-current assets | 62,969,804.49 | 26,717,505.85 | 5,016,805.69 |
| Including: Losses on damage or retirement of fixed assets. | 62,969,804.49 | 26,713,464.80 | 5,016,805.69 |
| Losses on damage or retirement of intangible assets | | 4,041.05 | |
| Donations to external parties | 7,501,230.16 | 7,142,762.21 | 2,525,286.09 |
| Others | 5,109,508.19 | 5,199,913.01 | 3,886,315.23 |
| Total | 75,580,542.84 | 39,060,181.07 | 11,428,407.01 |

(1) Details

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|----------------|----------------|----------------|
| Current period income tax expenses | 896,003,065.80 | 316,927,177.22 | 85,390,233.99 |
| Deferred income tax expenses | -91,364,135.03 | 36,141,887.39 | -34,248,441.36 |
| Total | 804,638,930.77 | 353,069,064.61 | 51,141,792.63 |

(2) Reconciliation of accounting profit to income tax expenses

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|----------------|----------------|---------------|
| Recovery of cash and bank balances not considered as cash and cash equivalents | 325,750,397.20 | 242,779,913.28 | 42,927,813.24 |
| Receipt of payments for equipment from Indonesia Huafei | 641,739,400.77 | | |
| Receipt of fund for transfer of creditor's right from SESA Company | 167,636,001.13 | | |
| Receipt of interest on call loans from IWIP Company. | 9,742,561.82 | Com5. 1 6 | |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|------------------|------------------|------------------|
| Recovery of cash and bank balances not considered as cash and cash equivalents | 59,848,145.99 | 106,373,750.00 | 38,634,541.51 |
| Funds from repo transactions | | 176,778,674.26 | 283,112,964.42 |
| Cash receipts from discounting of bank acceptance for financing purposes . . . | 149,611,023.32 | 19,524,777.78 | 373,224,578.99 |
| Funds from sale and leaseback | 970,000,000.00 | 370,000,000.00 | 500,000,000.00 |
| Receipt of call loans | 1,912,147,177.57 | 1,878,848,300.43 | 784,883,407.60 |
| Recovery of deposits for sale and leaseback. | | 9,000,000.00 | 5,000,000.00 |
| Recovery of deposits for repo transactions | 21,370,393.00 | | |
| Payments for transfer of partial equity of the subsidiary Wenzhou Huashan | 8,500,000.00 | | |
| Payments for transfer of partial equity of the subsidiary Jiangsu Huayou | 5,000,000.00 | | |
| Total | 3,126,476,739.88 | 2,560,525,502.47 | 1,984,855,492.52 |

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|------------------|------------------|----------------|
| Payments of cash and bank balances not considered as cash and cash equivalents | 620,221,956.10 | 94,280,001.00 | 106,373,750.00 |
| Repayments for repo transactions. | | | 283,839,061.95 |
| Payments of deposits for repo transactions | | 27,563,403.38 | |
| Payments for sale and leaseback. | 486,278,861.90 | 407,079,093.70 | 341,977,321.18 |
| Payments of deposits for sale and leaseback. | 65,900,000.00 | 10,000,000.00 | 38,400,000.00 |
| Bank acceptance for financing purposes with undertaking to pay at maturity | 20,000,000.00 | 384,930,000.00 | 63,093,168.58 |
| Payments for issuance fees | 7,480,766.06 | 14,233,647.00 | 7,269,775.00 |
| Repayments for call loans and interest thereon. | 1,924,530,243.34 | 1,873,383,581.53 | 34,898,501.39 |
| Funds for acquisition of non-controlling interest of Huayou America | | 4,516,723.64 | |
| Payments for lease liabilities. | 30,502,932.44 | | |
| Payments for repo transactions. | 38,331,686.76 | | |
| Total | 3,193,246,446.60 | 2,815,986,450.25 | 875,851,578.10 |

(1) Supplementary information to the cash flow statement

| Supplementary information | Year 2021 | Year 2020 | Year 2019 |
|--|-------------------|---------------------|----------------------------|
| 1) Reconciliation of net profit to cash flows from operating activities: | | | |
| Net profit | 4,023,639,932.18 | 1,125,653,177.92 | 108,123,915.50 |
| Add: Provision for assets impairment | 131,043,333.54 | 105,509,930.48 | 366,488,213.30 |
| Depreciation of fixed assets, oil and gas assets and productive biological assets | 982,520,861.89 | 675,763,274.66 | 492,676,848.69 |
| Depreciation of right-of-use assets | 21,898,654.49 | | |
| Amortization of intangible assets | 88,642,075.64 | 67,732,810.22 | 104,052,407.03 |
| Amortization of long-term prepayments | 28,503,304.53 | 34,736,443.86 | 17,513,169.49 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains) | 3,122,487.58 | -296,741.07 | |
| Fixed assets retirement loss (Less: gains) | 62,852,841.07 | 26,662,152.61 | 5,016,805.69 |
| Losses on changes in fair value (Less: gains) | 14,588,816.50 | 28,580,084.57 | 37,127,376.99 |
| Financial expenses (Less: gains) | 474,591,749.22 | 386,052,441.18 | 381,838,522.88 |
| Investment losses (Less: gains) | -687,950,426.48 | -98,785,705.33 | -11,668,962.02 |
| Decrease of deferred tax assets (Less: increase) | -10,219,302.33 | 7,515,631.06 | -44,457,121.95 |
| Increase of deferred tax liabilities (Less: decrease) | 80,695,346.52 | 28,626,256.33 | 10,208,680.59 |
| Decrease of inventories (Less: increase) | -3,846,764,208.40 | -710,600,816.80 | 1,769,075,202.26 |
| Decrease of operating receivables (Less: increase) | -5,607,591,433.39 | -815,842,446.55 | -1,011,197,816.48 |
| Increase of operating payables (Less: decrease) | 4,085,214,324.05 | 968,245,565.66 | 371,073,551.15 |
| Others | 193,503,053.71 | 30,217,061.08 | 3,800,783.66 |
| Net cash flows from operating activities | -61,708,589.68 | 1,859,769,119.88 | 2,599,671,576.78 |
| 2) Significant investing and financing activities not related to cash receipts and payments: | | | |
| Conversion of debt into capital | | | |
| Convertible bonds due within one year | | | |
| Fixed assets leased in under finance leases | | | |
| 3) Net changes in cash and cash equivalents: | | | |
| Cash at the end of the period | 6,108,393,395.75 | 1,489,50,393,395.75 | 1,489,50,39(leasbi-19.3091 |

(2) Net cash payments for acquisition of subsidiaries during the reporting period

| <u>Items</u> | <u>Year 2021</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|--|------------------|------------------|------------------|
| Cash and cash equivalents paid in the current period as consideration for business combination in current period | 1,351,200,000.00 | | 772,741,373.73 |
| Including: Tianjin B&M | 1,351,200,000.00 | | |
| Huahai New Energy | | | 772,741,367.00 |

(5) Amount of endorsed commercial acceptance not involving cash receipts and payments

| Items | Year 2021 | Year 2020 | Year 2019 |
|---|------------------|----------------|----------------|
| Amount of endorsed commercial acceptance | 1,320,042,637.44 | 484,327,490.75 | 838,996,457.49 |
| Including: Payments for acquisition of long-term assets, such as fixed assets | 1,320,042,637.44 | 484,327,490.75 | 838,996,457.49 |

(6) Remarks

Cash and bank balances not considered as cash and cash equivalents

- 1) Balances as at December 31, 2019 of the “cash and cash equivalents” in the consolidated cash flow statement and the “cash and bank balances” in the consolidated balance sheet were 1,984,580,600.83 yuan and 2,885,760,539.30 yuan respectively, with a difference of 901,179,938.47 yuan. It was due to a reduction of 901,179,938.47 yuan from “cash and cash equivalents” in the consolidated cash flow statement, which was not considered as cash and cash equivalents.
- 2) Balances as at December 31, 2020 of the “cash and cash equivalents” in the consolidated cash flow statement and the “cash and bank balances” in the consolidated balance sheet were 1,489,479,506.70 yuan and 2,334,257,628.92 yuan respectively, with a difference of 844,778,122.22 yuan. It was due to a reduction of 844,778,122.22 yuan from “cash and cash equivalents” in the consolidated cash flow statement, which was not considered as cash and cash equivalents.
- 3) Balances as at December 31, 2021 of the “cash and cash equivalents” in the consolidated cash flow statement and the “cash and bank balances” in the consolidated balance sheet were 6,108,393,395.75 yuan and 9,769,484,655.14 yuan respectively, with a difference of 3,661,091,259.39 yuan. It was due to a reduction of 3,661,091,259.39 yuan from “cash and cash equivalents” in the consolidated cash flow statement, which was not considered as cash and cash equivalents.

| Items | Carrying amount | Reasons for restrictions |
|---------------------------------------|------------------|--|
| Inventories. | 364,660,857.10 | Pledged for financing from financial institutions and inventories repurchased after sales. |
| Long-term equity investments. | 1,768,804.83 | Pledged for borrowings of associates' shareholders. Please refer to section X (II) 3 of notes to the financial statements for details. |
| Fixed assets. | 4,105,444,007.99 | Mortgaged for bank financing and fixed assets leased back after sales. |
| Construction in progress. | 428,453,373.36 | Mortgaged for bank financing. |
| Intangible assets. | 253,140,794.88 | Mortgaged for bank financing. |
| Total. | 9,507,569,957.43 | |

(2) Other remarks

At the end of 2021, the Company pledged 36.86% equity of Tianjin B&M, 80.00% equity of CDM Company, 80.68% equity of Huayou Quzhou and 100.00% equity of Huayuan Copper for the Company's financing from financial institutions.

(1) Details as of December 31, 2021

| Items | Balance in foreign currencies | Exchange rate | RMB equivalent |
|--|-------------------------------|---------------|------------------|
| Cash and bank balances. | | | 4,208,307,126.76 |
| Including: USD. | 650,804,604.63 | 6.3757 | 4,149,334,917.74 |
| EUR. | 1,414,908.18 | 7.2197 | 10,215,212.59 |
| HKD. | 796,682.84 | 0.81760 | 651,367.89 |
| AUD. | 62.39 | 5.65313 | 352.70 |
| IDR. | 81,984,739,095.61 | 0.0004467160 | 36,623,894.71 |
| ZAR. | 16,095,668.58 | 0.40040 | 6,444,705.70 |
| CDF. | 1,571,164,657.07 | 0.003188 | 5,008,872.93 |
| ARS. | 227,241.99 | 0.06209 | 14,109.46 |
| SGD. | 2,902.36 | 4.7179 | 13,693.04 |
| Accounts receivable. | | | 1,728,953,250.29 |
| Including: USD. | 271,137,398.84 | 6.3757 | 1,728,690,713.78 |
| ZAR. | 655,685.58 | 0.40040 | 262,536.51 |
| Other receivables. | | | 30,363,231.47 |
| Including: USD. | 4,287,033.57 | 6.3757 | 27,332,839.93 |
| HKD. | 150,845.31 | 0.81760 | 123,331.13 |
| IDR. | 6,427,853,072.85 | 0.0004467160 | 2,871,424.81 |
| ZAR. | 89,000.00 | 0.40040 | 35,635.60 |
| Long-term receivables. | | | 336,406,346.60 |
| Including: USD. | 52,763,829.32 | 6.3757 | 336,406,346.60 |
| Short-term borrowings. | | | 2,327,209,334.24 |
| Including: USD. | 364,193,652.55 | 6.3757 | 2,321,989,470.56 |
| EUR. | 723,002.85 | 7.2197 | 5,219,863.68 |
| Accounts payable. | | | 3,216,437,316.55 |
| Including: USD. | 460,670,847.51 | 6.3757 | 2,937,099,122.47 |
| EUR. | 188,439.50 | 7.2197 | 1,360,476.66 |
| IDR. | 605,094,798,949.00 | 0.0004467160 | 270,305,528.21 |
| ZAR. | 19,161,311.71 | 0.40040 | 7,672,189.21 |
| Other payables. | | | 842,569,062.86 |
| Including: USD. | 129,927,020.01 | 6.3757 | 828,375,701.45 |
| HKD. | 17,359,786.44 | 0.8176 | 14,193,361.39 |
| IDR. | 54.00 | 0.0004467160 | 0.02 |
| Non-current liabilities due within one year. | | | 618,557,950.78 |

| Items | Balance in foreign currencies | Exchange rate | RMB equivalent |
|--------------------------------|-------------------------------|---------------|------------------|
| Including: USD | 97,018,045.20 | 6.3757 | 618,557,950.78 |
| Long-term borrowings | | | 3,941,347,617.57 |
| Including: USD | 618,182,727.79 | 6.3757 | 3,941,347,617.57 |
| Long-term payables | | | 319,993,726.26 |
| Including: USD | 50,189,583.30 | 6.3757 | 319,993,726.26 |

(2) Remarks on foreign operations

| Foreign operating entities | Main operating place | Functional currencies | Basis for selection of functional currencies |
|----------------------------|--------------------------------------|-----------------------|--|
| Huayou Hong Kong . . . | Hong Kong, China | HKD | The local currency |
| Huayou Singapore . . . | Singapore | USD | The local primary currency |
| CDM Company | The Democratic Republic of the Congo | USD | The local primary currency |
| MIKAS Company | The Democratic Republic of the Congo | USD | The local primary currency |
| Huayue Company | Republic of Indonesia | USD | The local primary currency |
| Huake Indonesia | Republic of Indonesia | USD | The local primary currency |

(1) Details

1) Year 2021

a. Government grants related to assets

| Items | Opening balance of deferred Amortization of |
|-------|---|
|-------|---|

| Items | Opening balance of deferred income | Increase | Amortization | Closing balance of deferred income | Amortization presented under | Remarks |
|--|------------------------------------|---------------|--------------|------------------------------------|------------------------------|---------|
| Supporting funds for enterprises | 7,217,380.26 | 20,797,814.04 | 1,310,582.50 | 26,704,611.80 | Other income | |
| Central special funds for prevention and control of air pollution | 1,680,000.00 | | 180,000.00 | 1,500,000.00 | Other income | |
| Subsidies for the integration of informatization and industrialization | 877,746.65 | | 66,206.04 | 811,540.61 | Other income | |
| Subsidies for collaborative innovation projects of high-quality development industries | 12,000,000.00 | 3,000,000.00 | 666,666.67 | 14,333,333.33 | Other income | |
| Subsidies for industrial productive investment projects | 9,816,659.63 | | 1,000,002.06 | 8,816,657.57 | Other income | |
| Subsidies for industrial Internet innovation and development projects. . . | 3,560,000.00 | 4,585,000.00 | 271,500.00 | 7,873,500.00 | Other income | |
| Subsidies for innovation-driven funds projects. . . | | 18,798,809.95 | 985,363.10 | 17,813,446.85 | Other income | |
| Subsidies for investment in fixed assets | | 3,130,120.12 | 159,992.65 | 2,970,127.47 | Other income | |
| Special subsidies for technological transformation | | 30,772,314.06 | 1,531,308.43 | 29,241,005.63 | Other income | |
| Industrial chain collaborative innovation project. | | 13,500,000.00 | | 13,500,000.00 | Other income | |
| Other piecemeal subsidies | 1,800,247.80 | 298,000.00 | 0.00 | 2,098,247.80 | Other income | |

d. Fiscal interest subvention

Interest subvention directly obtained

| Items | Opening balance of deferred income | Increase | Amounts carried forward | Closing balance of deferred income | Amounts carried forward presented under | Remarks |
|-------------------------------------|------------------------------------|--------------|-------------------------|------------------------------------|---|---------|
| Fiscal interest subvention. | | 2,466,800.00 | 2,466,800.00 | | Financial expenses | |
| Subtotal | | 2,466,800.00 | 2,466,800.00 | | | |

2) Year 2020

a. Government grants related to assets

| Items | Opening balance of deferred income | Increase | Amortization | Closing balance of deferred income | Amortization presented under | Remarks |
|---|------------------------------------|----------------|--------------|------------------------------------|------------------------------|--------------|
| Subsidies for infrastructure construction. | 126,815,236.69 | 123,316,040.00 | 3,390,895.92 | 246,740,380.77 | | Other income |
| Fiscal subsidies for technological transformation | 19,940,207.64 | 562,600.00 | 963,060.84 | 19,539,746.80 | | Other income |
| Fiscal subsidies for technological innovation. | 18,996,068.57 | 15,561,600.00 | 1,089,511.04 | 33,468,157.53 | | Other income |
| Subsidies for life cycle green manufacturing projects | 13,500,000.00 | 13,500,000.00 | 783,506.14 | 26,216,493.86 | | Other income |
| Optimization and improvement of wastewater treatment and comprehensive utilization of renewable resources project | 12,207,500.01 | | 295,990.17 | 11,911,509.84 | | Other income |
| Special subsidies for energy conservation and industrial circular economy | 12,351,862.84 | 4,687,200.00 | 437,054.70 | 16,602,008.14 | | Other income |
| Funds and supporting subsidies for provincial key enterprise research institutes | 10,000,000.00 | | | 10,000,000.00 | | Other income |
| Fiscal subsidies for industrial transformation and upgrading | 9,550,267.78 | | 552,962.28 | 8,997,305.50 | | Other income |
| Supporting funds for enterprises | 7,662,599.46 | | 445,219.20 | 7,217,380.26 | | Other income |
| Central special funds for prevention and control of air pollution | 1,800,000.00 | | 120,000.00 | 1,680,000.00 | | Other income |
| Subsidies for the integration of informatization and industrialization | 943,952.52 | | 66,205.87 | 877,746.65 | | Other income |
| Subsidies for collaborative innovation projects of high-quality development industries | | 12,000,000.00 | | 12,000,000.00 | | Other income |

| Items | Opening balance of deferred income | Increase | Amortization | Closing balance of deferred income | Amortization presented under | Remarks |
|--|------------------------------------|----------------|--------------|------------------------------------|------------------------------|---------|
| Subsidies for industrial productive investment projects | | 10,000,000.00 | 183,340.37 | 9,816,659.63 | Other income | |
| Subsidies for industrial Internet innovation and development projects. . . | | 3,560,000.00 | | 3,560,000.00 | Other income | |
| Other piecemeal subsidies | 2,030,809.47 | 235,400.00 | 465,961.78 | 1,800,247.69 | Other income | |
| Subtotal | 235,798,504.98 | 183,422,840.00 | 8,793,708.31 | 410,427,636.67 | | |

b. Government grants related to income and used to compensate future relevant costs, expenses or losses

| Items | Opening balance of deferred income | Increase | Amounts carried forward | Closing balance of deferred income | Amounts carried forward presented under | Remarks |
|---|------------------------------------|------------|-------------------------|------------------------------------|---|---------|
| Major special funds for technologies for control and treatment of water pollution | 2,294,042.62 | 605,700.00 | 2,899,742.62 | | Other income | |
| Other piecemeal subsidies | 720,675.22 | | 675,000.00 | 45,675.22 | Other income | |
| Subtotal | 3,014,717.84 | 605,700.00 | 3,574,742.62 | 45,675.22 | | |

c. Government grants related to income and used to compensate incurred relevant costs, expenses or losses

| Items | Amounts | Presented under | Remarks |
|---|---------------|-----------------|---------|
| Fiscal incentives. | 38,940,737.98 | Other income | |
| Refund of social insurance premiums | 4,402,803.98 | Other income | |
| Supporting funds for foreign economy and trade. | 1,886,000.00 | Other income | |
| Subsidies for substituting training with work. | 1,630,500.00 | Other income | |
| Piecemeal subsidies. | 3,260,670.30 | Other income | |
| Subtotal | 50,120,712.26 | | |

d. Fiscal interest subvention

Interest subvention directly obtained

| Items | Opening balance of deferred income | Increase | Amounts carried forward | Closing balance of deferred income | Amounts carried forward presented under | Remarks |
|-------------------------------------|------------------------------------|------------|-------------------------|------------------------------------|---|---------|
| Fiscal interest subvention. | | 800,000.00 | 800,000.00 | | Financial expenses | |
| Subtotal | | 800,000.00 | 800,000.00 | | | |

3) Year 2019

a. Government grants related to assets

| Items | Opening balance of deferred income | Increase | Amortization | Closing balance of deferred income | Amortization presented under | Remarks |
|--|------------------------------------|---------------|--------------|------------------------------------|------------------------------|---------|
| Subsidies for infrastructure construction. | 61,751,092.56 | 68,455,040.00 | 3,390,895.87 | 126,815,236.69 | Other income | |
| Fiscal subsidies for technological transformation. | 15,844,811.56 | 4,953,100.00 | 857,703.92 | 19,940,207.64 | Other income | |
| Subsidies for life cycle green manufacturing projects. | 13,500,000.00 | | | 13,500,000.00 | Other income | |
| Fiscal subsidies for industrial transformation and upgrading. | 10,103,230.01 | | 552,962.23 | 9,550,267.78 | Other income | |
| Funds and supporting subsidies for provincial key enterprise research institutes. | 10,000,000.00 | | | 10,000,000.00 | Other income | |
| Fiscal subsidies for technological innovation. | 8,760,979.72 | 10,797,500.00 | 562,411.15 | 18,996,068.57 | Other income | |
| Special subsidies for energy conservation and industrial circular economy. | 8,639,605.40 | 3,992,800.00 | 280,542.56 | 12,351,862.84 | Other income | |
| Supporting funds for enterprises. | 8,107,818.61 | | 445,219.15 | 7,662,599.46 | Other income | |
| Optimization and improvement of wastewater treatment and comprehensive utilization of renewable resources project. | 7,021,433.34 | 5,382,400.00 | 196,333.33 | 12,207,500.01 | Other income | |
| Central special funds for prevention and control of air pollution. | 1,800,000.00 | | | 1,800,000.00 | Other income | |
| Subsidies for the integration of informatization and industrialization. | 1,010,158.52 | | 66,206.00 | 943,952.52 | Other income | |
| Other piecemeal subsidies. | 2,577,710.81 | | 546,901.34 | 2,030,809.47 | Other income | |
| Subtotal | 149,116,840.53 | 93,580,840.00 | 6,899,175.55 | 235,798,504.98 | | |

b. Government grants related to income and used to compensate future relevant costs, expenses or losses

| Items | Opening balance of deferred income | Increase | Amounts carried forward | Closing balance of deferred income | Amounts carried forward presented under | Remarks |
|--|------------------------------------|--------------|-------------------------|------------------------------------|---|---------|
| Major special funds for technologies for control and treatment of water pollution. | 1,746,600.00 | 1,327,700.00 | 780,257.38 | 2,294,042.62 | Other income | |
| Other piecemeal subsidies. | 295,675.22 | 1,800,000.00 | 1,375,000.00 | 720,675.22 | Other income | |
| Subtotal | 2,042,275.22 | 3,127,700.00 | 2,155,257.38 | 3,014,717.84 | | |

c. Government grants related to income and used to compensate incurred relevant costs, expenses or losses

| Items | Amounts | Presented under | Remarks |
|--|---------------|-----------------|---------|
| Supporting funds for foreign economy and trade | 1,832,800.00 | Other income | |
| Refund of social insurance premiums | 14,996,974.82 | Other income | |
| Fiscal incentives | 59,517,000.00 | Other income | |
| Piecemeal subsidies | 595,622.77 | Other income | |
| Subtotal | 76,942,397.59 | | |

(2) Government grants included into profit or loss

VI. Changes in the consolidation scope

(I) Business combination not under common control

(1) Basic information

| Acquirees | Equity acquisition date | Equity acquisition cost | Proportion of equity acquired (%) | Equity acquisition method |
|---|-------------------------|-------------------------|--------------------------------------|---------------------------|
| 1) Year 2021 Tianjin B&M | July 2021 | 1,351,200,000.00 | 38.62 | Acquisition |
| 2) Year 2019 Huahai New Energy | May 2019 | 772,741,367.00 | 99.01 | Cash acquisition |
| Huachuang International | April 2019 | 6.73 | 100.00 | Cash acquisition |

(Continued)

| Acquirees | Acquisition date | Determine basis for acquisition date | Acquiree's income from acquisition date to period end | Acquiree's net profit from acquisition date to period end |
|---|------------------|--|---|---|
| 1) Year 2021 Tianjin B&M | July 2021 | Please refer to other remarks for details. | 4,976,281,811.27 | 174,617,170.20 |
| 2) Year 2019 Huahai New Energy | May 2019 | The Company has paid consideration for equity transfer, completed hand-over procedures of relevant property rights, and obtained the actual control over it. | 331,263,322.55 | 14,490,337.35 |
| Huachuang International | April 2019 | | | 2,894,441.81 |

(2) Other remarks

Pursuant to the 15th meeting of the fifth session of the Board of Directors and the second extraordinary shareholders' meeting of 2021, the Company acquired 38.62% equity of Tianjin B&M from Hangzhou Hongyuan Equity Investment Partnership (LP) (the

(1) Details

| Items | Year 2021 | |
|--|------------------|--|
| | Tianjin B&M | |
| Combination costs | 1,351,200,000.00 | |
| Cash | 1,351,200,000.00 | |
| Original investment costs | | |
| Total combination costs | 1,351,200,000.00 | |
| Less: Share of fair value of net identifiable assets acquired | 1,015,195,405.89 | |
| Less: Others | | |
| Goodwill/Balance of fair value of net identified assets acquired after deducting combination costs | 336,004,594.11 | |

(Continued)

| Items | Year 2019 | |
|--|-------------------|-------------------------|
| | Huahai New Energy | Huachuang International |
| Combination costs | 778,741,367.00 | 6.73 |
| Cash | 772,741,367.00 | 6.73 |
| Original investment costs | 6,000,000.00 | |
| Total combination costs | 778,741,367.00 | 6.73 |
| Less: Share of fair value of net identifiable assets acquired | 649,271,051.22 | 6.73 |
| Less: Others | 34,334,116.92 | |
| Goodwill/Balance of fair value of net identified assets acquired after deducting combination costs | 95,136,198.86 | |

The Company's subsidiary New Energy Quzhou formerly held 0.99% equity of Huahai New Energy with the investment cost of 6,000,000.00 yuan. Pursuant to the Equity Acquisition Agreement entered into between New Energy Quzhou and Huahai Industry Investment dated May 30, 2019, New Energy Quzhou acquired 99.01% equity of Huahai New Energy from Huahai Industry Investment at the consolidation of 772,741,367.00 yuan. The difference between the total investment cost of 778,741,367.00 yuan and share of fair value of net identifiable assets at the acquisition date totaled 129,470,315.78 yuan. As Huahai Industry Investment is an associate of the Company's subsidiary Huayou Quzhou, the equity transfer mentioned above resulted in an income of 34,334,116.92 yuan of Huayou Quzhou's investment in Huahai Industry Investment under equity method. Therefore, the goodwill of 95,136,198.86 yuan was recognized after the above difference was offset by such income in the preparation of the consolidated financial statements.

(1) Details

| Items | Year 2021 | |
|--------------------------------|-----------------------------|----------------------------------|
| | Tianjin B&M | |
| | Acquisition-date fair value | Acquisition-date carrying amount |
| Assets | 8,630,095,474.18 | 8,108,037,013.73 |
| Liabilities | 6,001,245,083.11 | 6,001,245,083.11 |
| Net assets | 2,628,850,391.07 | 2,106,791,930.62 |
| Less: Non-controlling interest | 1,613,654,985.18 | 1,293,202,273.18 |
| Net assets acquired | 1,015,195,405.89 | 813,589,657.44 |

(II) Disposal of subsidiaries

1. Details

| <u>Subsidiaries</u> | <u>Equity disposal consideration</u> | <u>Equity disposal proportion</u> | <u>Equity disposal method</u> | <u>Loss of control date</u> | <u>Determination basis for loss of control date</u> | <u>Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level</u> |
|---------------------|--------------------------------------|-----------------------------------|-------------------------------|-----------------------------|---|--|
| | | %) | | | | |
| 1) Year 2021 | | | | | | |
| TMC Company . . . | 153,760,408.68 | 70.00 | Transfer | March 2021 | Please refer to other remarks for details. | 17,647,751.61 |
| SESA Company . . . | 75,339,504.00 | 100.00 | Transfer | October | | |

(2) SESA Company

| Entities | Equity disposal method | Equity disposal date | Disposal-date net assets | Net profit from the period beginning to the disposal date |
|--|------------------------|----------------------|--------------------------|---|
| Year 2020 | | | | |
| International Recycling Holding | Cancellation | August 2020 | | |
| International Resource Recycling | Cancellation | August 2020 | | |
| Huayou Power | Cancellation | November 2020 | 3,701,301.12 | -12,242,823.85 |

VII. Interest in other entities

(I) Interest in significant subsidiaries

(1) Basis information

| Subsidiaries | Main operating place | Place of registration | Business nature | Holding proportion (%) | | Acquisition method |
|-----------------------------|--------------------------------------|--------------------------------------|--|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Huayou Quzhou | Quzhou City, Zhejiang Province | Quzhou City, Zhejiang Province | Manufacturing | 100.00 | | Establishment |
| Huayou Hong Kong | Hong Kong, China | Hong Kong, China | Trade and wholesale | 100.00 | | Establishment |
| CDM Company | The Democratic Republic of the Congo | The Democratic Republic of the Congo | Manufacturing | 100.00 | | Establishment |
| MIKAS Company | The Democratic Republic of the Congo | The Democratic Republic of the Congo | Mine development and sales of mineral products | 100.00 | | Business combination not under common control |
| New Energy Quzhou | Quzhou City, Zhejiang Province | Quzhou City, Zhejiang Province | Manufacturing | 100.00 | | Establishment |
| Huahai New Energy | Quzhou City, Zhejiang Province | Quzhou City, Zhejiang Province | Technology promotion and application | | | |

| Subsidiaries | Main operating place | Place of registration | Business nature | Holding proportion (%) | | Acquisition method |
|--------------------------|----------------------------------|----------------------------------|-----------------|------------------------|----------|---|
| | | | | Direct | Indirect | |
| Huayue Company | Republic of Indonesia | Republic of Indonesia | Manufacturing | 57.00 | | Establishment |
| Tianjin B&M | Tianjin City | Tianjin City | Manufacturing | 36.86 | | Business combination not under common control |
| Chengdu B&M | Jintang County, Sichuan Province | Jintang County, Sichuan Province | Manufacturing | | | Business combination not under common control |

The Company's subsidiary Tianjin B&M holds 100% equity of Chengdu B&M.

(2) Other remarks

Please refer to section VI (I) 1 of notes to the financial statements for details on remarks on inconsistency between holding proportion and voting right proportion in Tianjin B&M.

| Subsidiaries | Holding proportion of non-controlling shareholders | Non-controlling shareholders' profit or loss | | |
|--------------------------|--|--|----------------|---------------|
| | | Year 2021 | Year 2020 | Year 2019 |
| Huayou Quzhou | 15.68 | | | 30,549,663.23 |
| Huajin Company | 49.00 | -40,866,496.79 | -732,502.33 | 751,037.91 |
| HUAYOU- POSCO | 40.00 | -8,542,058.63 | -1,549,932.80 | 177,534.06 |
| Huayue Company | 43.00 | -21,763,072.75 | -19,388,954.46 | -2,497,180.56 |
| Tianjin B&M | 63.14 | 110,249,956.79 | | |

(Continued)

| Subsidiaries | Dividend declared to non-controlling shareholders | | |
|--------------------------|---|-----------|-----------|
| | Year 2021 | Year 2020 | Year 2019 |
| Huayou Quzhou | | | |
| Huajin Company | | | |
| HUAYOU- POSCO | | | |
| Huayue Company | | | |
| Tianjin B&M | | | |

(Continued)

| Subsidiaries | Closing balance of non-controlling interest | | |
|--------------------------|---|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Huayou Quzhou | | | 550,457,703.28 |
| Huajin Company | 493,980,755.21 | 534,847,252.00 | 404,038,458.08 |
| HUAYOU- POSCO | 124,293,344.11 | 132,835,402.74 | 134,385,335.54 |
| Huayue Company | 700,280,194.03 | 722,043,266.78 | 143,096,181.31 |
| Tianjin B&M | 1,546,300,807.05 | | |

The Company privately issued shares to Cinda Xinneng to acquire 15.68% equity of Huayou Quzhou on February 13, 2020. The Company has held 100% equity of the subsidiary Huayou Quzhou since then. Therefore, Huayou Quzhou was no longer the significant not wholly-owned subsidiary of the Company in 2020.

(II) Transactions resulting in changes in subsidiaries' equity but without losing control

| <u>Subsidiaries</u> | <u>Date of change</u> | <u>Holding proportion before change</u> | <u>Holding proportion after change</u> |
|-----------------------------|-----------------------|---|--|
| | | <u>%)</u> | <u>%)</u> |
| (1) Year 2021 | | | |
| Jiangsu Huayou | February 2021 | 45.00 | 35.00 |
| Beijing Huashan | August 2021 | 68.00 | 51.00 |
| Tongxiang Huashan | August 2021 | 68.00 | 51.00 |
| Wenzhou Huashan | August 2021 | 68.00 | 51.00 |
| SESA Company | October 2021 | 70.00 | 100.00 |
| Tianjin B&M | November 2021 | 38.62 | 36.86 |
| (2) Year 2020 | | | |
| Huayou Quzhou | | | |

(Continued)

| Items | Year 2019 |
|--|-------------------|
| | Huayou New Energy |
| Acquisition costs/Disposal considerations. | 1,040,000,000.00 |
| Cash | 1,040,000,000.00 |

At the end of each reporting period, the Company respectively holds 9.47%, 7.55% and 6.29% equity of AVZ Company.

The Company has disposed of NZC Company in 2020.

(2) Basis for significant influence over an entity on which the Company held less than 20% voting rights or insignificant influence over an entity on which the Company held more than 20% voting rights

- 1) As the Company is a significant shareholder of AVZ Company with holding proportion over 5% and has the right to participate in the decision-making process on financial and operational policies, it has a significant influence over AVZ Company.
- 2) The Company's subsidiary Jiangsu Huayou holds 15.00% equity of Shenzhen Phoenicia. As the Company appoints a director to the entity, it has a significant influence over Shenzhen Phoenicia.

| December 31, 2021/Year 2021 | | | | | |
|------------------------------------|----------------|----------------|------------------|------------------|------------------|
| Items | Puhua Company | AVZ Company | Leyou Company | Veinstone | IWIP Company |
| Current assets | 180,376,975.87 | 13,190,291.33 | 1,349,441,545.94 | 346,155,154.10 | 467,286,398.51 |
| Non-current assets | 241,100,288.23 | 422,019,243.86 | 1,828,688,229.44 | 913,093,812.51 | 1,197,197,874.35 |
| Total assets. | 421,477,264.10 | 435,209,535.19 | 3,178,129,775.38 | 1,259,248,966.61 | 1,664,484,272.86 |
| Current liabilities. | 92,248,109.67 | 33,527,969.51 | 859,955,297.74 | 622,165,218.05 | 183,480,229.38 |
| Non-current liabilities | 9,177,777.77 | | 494,580.87 | 6,193.61 | 760,706,932.95 |
| Total liabilities | 101,425,887.44 | 33,527,969.51 | 860,449,878.61 | 622,171,411.66 | 944,187,162.33 |
| Non-controlling interest | | 10,527,756.00 | | 55,827,131.80 | |
| Equity attributable to | | | | | |
| parent company. | 320,051,376.66 | 391,153,809.68 | 2,317,679,896.77 | 581,250,423.15 | 720,297,110.53 |
| Net profit | 23,289,501.89 | -26,029,626.70 | 338,293,317.11 | 280,948,075.39 | 238,764,283.80 |
| Total comprehensive | | | | | |
| income. | 23,289,501.89 | -10,362,981.04 | 338,293,317.11 | 252,944,337.21 | 225,049,185.28 |

(Continued)

| December 31, 2021/Year 2021 | | | | | |
|------------------------------|-------------------------|------------------|------------------|--------------------|----------------|
| Items | Newstride Technology | Indonesia Huafei | Quzhou Anyou | Shenzhen Phoenicia | PHC Company |
| Current assets | 1,663,322,305.16 | 1,308,094,593.20 | 1,321,148,991.17 | 14,681,046.32 | 472,395,289.13 |
| Non-current assets | 5,050,358,536.95 | 321,314,748.21 | 486,653,466.66 | 28,649,951.08 | 213,106,234.98 |
| Total assets. | 6,713,680,842.11 | 1,629,409,341.41 | 1,807,802,457.83 | 43,330,997.40 | 685,501,524.11 |
| Current liabilities. | 873,597,926.83 | 1,620,565,317.26 | 608,842,566.19 | 10,933,087.19 | 21,530,470.73 |

(Continued)

| Items | December 31, 2020/Year 2020 | | | | | |
|---|-----------------------------|----------------|------------------|------------------|------------------|--------------------------------|
| | Puhua Company | AVZ Company | Leyou Company | Veinstone | IWIP Company | Newstride Technology [Note] |
| Current assets . . . | 211,186,394.64 | 73,229,321.87 | 742,451,264.74 | 221,003,338.43 | 410,679,031.99 | 951,873,169.87 |
| Non-current assets . . | 243,341,697.44 | 431,947,994.81 | 1,819,686,969.97 | 1,016,487,485.00 | 997,537,668.90 | 5,131,870,036.12 |
| Total assets. | 454,528,092.08 | 505,177,316.68 | 2,562,138,234.71 | 1,237,490,823.43 | 1,408,216,700.89 | 6,083,743,205.99 |
| Current liabilities . . | 147,921,772.87 | 2,524,056.69 | 577,683,298.89 | 868,922,073.42 | 539,306,038.64 | 395,684,466.82 |
| Non-current liabilities | 9,844,444.44 | 29,336,270.48 | 4,023,255.38 | | 451,066,337.00 | 945,763,456.05 |
| Total liabilities . . . | 157,766,217.31 | 31,860,327.17 | 581,706,554.27 | 868,922,073.42 | 990,372,375.64 | 1,341,447,922.87 |
| Non-controlling interest | | 58,640,817.88 | | 32,172,046.07 | | 1,110,378,753.74 |
| Equity attributable to parent company . . | 296,761,874.77 | 414,676,171.63 | 1,980,431,680.44 | 336,396,703.94 | 417,844,325.25 | 3,631,916,529.38 |
| Net profit | -6,642,552.05 | -25,418,904.39 | 3,852,078.28 | 31,384,335.65 | 113,139,577.47 | 112,915,459.63 |
| Total comprehensive income | -6,642,552.05 | -27,994,053.13 | 3,852,078.28 | 13,975,341.24 | 88,254,764.35 | -140,031,799.82 |

(Continued)

| Items | December 31, 2019/Year 2019 | | | | | |
|---|-----------------------------|----------------|----------------|------------------|----------------|----------------|
| | Puhua Company | AVZ Company | NZC Company | Leyou Company | Veinstone | IWIP Company |
| Current assets . . . | 68,411,419.89 | 43,136,897.56 | 11,891,584.86 | 942,966,209.62 | 91,211,689.50 | 106,118,415.46 |
| Non-current assets . . | 245,330,440.29 | 363,735,106.39 | 232,145,788.11 | 1,158,343,636.23 | 825,590,541.12 | 726,388,250.43 |
| Total assets. | 313,741,860.18 | 406,872,003.95 | 244,037,372.97 | 2,101,309,845.85 | 916,802,230.62 | 832,506,665.89 |
| Current liabilities . . | 10,337,433.36 | 11,657,248.13 | 30,590,376.66 | 326,397,009.29 | 43,228,890.09 | 165,757,358.99 |
| Non-current liabilities | | 24,435,731.66 | 12,074,760.65 | | 666,256,930.23 | 337,159,746.00 |
| Total liabilities . . . | 10,337,433.36 | 36,092,979.79 | 42,665,137.31 | 326,397,009.29 | 709,485,820.32 | 502,917,104.99 |
| Non-controlling interest | | 56,051,881.66 | 13,087,954.38 | | 33,407,147.60 | |
| Equity attributable to parent company . . | 303,404,426.82 | 314,727,142.50 | 188,284,281.28 | 1,774,912,836.56 | 173,909,262.70 | 329,589,560.90 |
| Net profit | -5,432,533.20 | -24,896,114.98 | -21,703,907.28 | 3,611,086.37 | -204,921.25 | 9,681,088.46 |
| Total comprehensive income | -5,432,533.20 | -25,826,352.90 | -22,103,417.89 | 3,611,086.37 | 18,262.90 | 13,911,230.90 |

As the Company acquired equity of Newstride Technology in April 2020, the income statement of 2020 only presents data from May to December in 2020.

VIII. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting

(Continued)

IX. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value

| Items | Fair value | | | Total |
|---|--------------------------------------|--------------------------------------|--------------------------------------|------------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| Recurring fair value measurement | | | | |
| 1. Held-for-trading financial assets and other non-current financial assets | 9,834,660.26 | | 329,491,891.27 | 339,326,551.53 |
| Equity instrument investments | | | 6,573,600.00 | 6,573,600.00 |
| Derivative financial assets | 9,834,660.26 | | 22,678,702.23 | 32,513,362.49 |
| Short-term bank financial products | | | 300,239,589.04 | 300,239,589.04 |
| 2. Receivables financing | | | 1,319,017,850.74 | 1,319,017,850.74 |
| 3. Other equity instrument investments | | | 34,552,445.81 | 34,552,445.81 |
| 4. Inventories—Hedged items | 162,139,915.55 | | | 162,139,915.55 |
| Total assets at recurring fair value measurement | 171,974,575.81 | | 1,683,062,187.82 | 1,855,036,763.63 |
| 5. Held-for-trading liabilities. | | | 360,612.00 | 360,612.00 |
| Derivative financial liabilities. | | | 360,612.00 | 360,612.00 |
| 6. Derivative financial liabilities | 104,821,710.25 | | | 104,821,710.25 |
| Total liabilities at recurring fair value measurement | 104,821,710.25 | | 360,612.00 | 105,182,322.25 |

| Items | Fair value | | | Total |
|---|--------------------------------------|--------------------------------------|--------------------------------------|----------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| Recurring fair value measurement | | | | |
| 1. Held-for-trading financial assets and other non-current financial assets | 30,317,180.12 | | 6,573,600.00 | 36,890,780.12 |
| Equity instrument investments | | | 6,573,600.00 | 6,573,600.00 |
| Derivative financial assets | 30,317,180.12 | | | 30,317,180.12 |
| 2. Receivables financing | | | 762,316,046.62 | 762,316,046.62 |
| 3. Other equity instrument investments | | | 5,653,575.00 | 5,653,575.00 |
| Total assets at recurring fair value measurement | 30,317,180.12 | | 774,543,221.62 | 804,860,401.74 |
| 4. Held-for-trading liabilities. | 15,684,302.17 | | 8,254,968.09 | 23,939,270.26 |
| Derivative financial liabilities. | 15,684,302.17 | | 8,254,968.09 | 23,939,270.26 |
| Total liabilities at recurring fair value measurement | 15,684,302.17 | | 8,254,968.09 | 23,939,270.26 |

| Items | Fair value as at the balance sheet date | | | Total |
|---|---|--------------------------------------|--------------------------------------|----------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| Recurring fair value measurement | | | | |
| 1. Held-for-trading financial assets and other non-current financial assets | 83,508,361.74 | | 26,608,961.11 | 110,117,322.85 |
| Equity instrument investments | 6,573,600.00 | | 6,573,600.00 | |
| Derivative financial assets . . . | 83,508,361.74 | | | 83,508,361.74 |
| Short-term bank financial products | | | 20,035,361.11 | 20,035,361.11 |
| 2. Receivables financing | | | 460,537,826.62 | 460,537,826.62 |
| 3. Other equity instrument investments | | | 21,930,092.52 | 21,930,092.52 |
| Ttradilj -35.0 q4a6460,537,826.62 | | | | |

(III) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

| Items | Fair value as at December 31, 2021 | Fair value as at December 31, 2020 | Fair value as at December 31, 2019 | Valuation technique |
|---|--|--|--|---|
| Held-for-trading financial assets—Derivative financial assets | 22,678,702.23 | | | The fair value of forward foreign exchange settlement contracts = the amount of foreign currencies sold * (forward exchange rate agreed in contracts – closing forward exchange rate of forward foreign exchange settlement contracts with similar delivery date)/(1+discount rate * number of days from balance sheet date to delivery date/360); |
| Held-for-trading financial liabilities—Derivative financial liabilities . . . | 360,612.00 | 8,254,968.09 | | |
| | | | | |
| | | | | The fair value of foreign exchange swap transactions = the amount of currencies bought agreed in contracts * (forward exchange rate agreed in contracts – closing forward exchange rate of swap transactions with similar delivery date) * exchange rate of foreign currencies to RMB at the balance sheet date/(1+ discount rate * number of days from balance sheet date to delivery date/360); |
| | | | | The fair value of foreign exchange futures contracts with sale transactions = premium income agreed in contracts * number of days from transaction date to balance sheet date/number of days from transaction date to delivery date. |
| Receivables financing . . | 1,319,017,850.74 | 762,316,046.62 | 460,537,826.62 | The carrying amount is used as the fair value as there is little difference between them. |
| Equity instrument investments. | 6,573,600.00 | 6,573,600.00 | 6,573,600.00 | The carrying amount is used as the fair value as there is little difference between them. |
| Short-term bank financial products | 300,239,589.04 | | 20,035,361.11 | The principal plus expected income as of the end of the period. |

| Items | Fair value as at December 31, 2021 | Fair value as at December 31, 2020 | Fair value as at December 31, 2019 | Valuation technique |
|--|--|--|--|---|
| Other equity instrument investments. | 34,552,445.81 | 5,653,575.00 | 21,930,092.52 | For Sinuo Industrial, the valuation value is used as the fair value; for Beijing Saidemei, Inner Mongolia Sinuo and HANAQ Company, the carrying amount is used as the fair value as there is little difference between them; for Optimal Mining Limited, the carrying amount is used as the fair value as there is little difference between them, and investments in the entity are expected to be irrecoverable due to its significant adverse changes in operations in 2020. |

X. Related party relationships and transactions

(I) Related party relationships

.....

Please refer to section VII of notes to financial statements for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

| Joint ventures or associates | Relationships with the Company |
|---|---|
| Minfu Woneng | Associate |
| Huahai Industry Investment. | Associate |
| Huahai New Energy. | The former subsidiary of the associate Huahai Industry Investment, and was brought into the consolidation scope of the Company's subsidiary New Energy Quzhou since June 2019. |
| HANAQ Company | The former associate. As the Company's holding proportion was decreased to 8% in October 2021, it was no longer the related party of the Company since November 2021. |
| Puhua Company | Associate |
| Shenzhen Phoenicia | Associate |
| Leyou Company. | Associate |
| TMR Company. | The joint venture of the Company's former subsidiary TMC Company. As the Company transferred out 70.00% equity of TMC Company on April 6, 2021, it was no longer the related party of the Company since then. |
| Zhejiang Times Li-ion Material Co., Ltd. (the "Times Li-ion Company") | The subsidiary of the associate Quzhou Anyou. |
| PHC Company. | Associate |
| Indonesia Huafei. | Associate |
| Newstride Technology. | Associate |
| IWIP Company. | Associate |
| Veinstone. | Associate |
| PT. Weda Bay Energi (the "WBE Company") | The subsidiary of the associate Veinstone. |
| Indonesia Huatua | Associate |

| Related parties | Relationships with the Company |
|---------------------------------|--|
| Huayou Holding. | The Company's former second largest shareholder, becoming holding shareholder since September 2021. Please refer to section X (I) 1 of notes to the financial statements for details. |
| Great Mountain Company. | The Company's former first largest shareholder and was no longer the related party of the Company since September 2021. Please refer to section X (I) 1 of notes to the financial statements for details. |
| Xie Weitong. | One of the Company's former ultimate controller and was no longer the related party of the Company since September 2021. Please refer to section X (I) 1 of notes to the financial statements for details. |
| Qiu Jinhua. | Close family member of the ultimate controller Chen Xuehua. |
| Huaxing Trading | The Company's key management personnel serves as its Director. |

| Related parties | Relationships with the Company |
|---|---|
| Tongling Huachuang New Material Co., Ltd. (the "Tongling Huachuang") . . . | Under the control of Huayou Holding. |
| Huayou Holding Hong Kong . . . | Under the control of Huayou Holding. |
| Guangxi Huayou Construction Operation Management Co., Ltd. (the "Guangxi Huayou Construction"). | Under the control of Huayou Holding. |
| Zhejiang Beilinde Enterprise Management Co., Ltd. (the "Beilinde Company"). . . . | Associate of Huayou Holding. |
| Inner Mongolia Shengfan Technology New Energy Co., Ltd. (the "Inner Mongolia Shengfan"). | Under the control of Huayou Holding. |
| TMA Company. | Under the control of the ultimate controller Chen Xuehua. |
| Sichuan Hope Ready New Energy Materials Co., Ltd. (the "Sichuan Hope Ready"). . . | Associates of Huayou Holding. Inner Mongolia Hope Ready is a subsidiary of Sichuan Hope Ready. The following related party transactions are presented |
| Inner Mongolia Hope Ready New | separately by transaction entity. |

| <u>Related parties</u> | <u>Content of transaction</u> | <u>Year 2021</u> | <u>Year 2020</u> | <u>Year 2019</u> |
|---------------------------|-----------------------------------|------------------|------------------|------------------|
| | Goods | | | 75,158.62 |
| Huahai New Energy | Processing expenses, service fees | | | 9,427,451.09 |

| Lessees | Types of assets leased | Lease income recognized in 2021 | Lease income recognized in 2020 | Lease income recognized in 2019 |
|----------------------|--|---------------------------------|---------------------------------|---------------------------------|
| Huayou Holding . . . | Buildings and structures | 45,871.56 | 45,871.56 | 22,935.78 |
| TMR Company. . . . | Buildings and structures | 131,389.45 | 340,491.67 | 547,895.05 |
| Puhua Company . . . | Buildings and structures and tangible assets | 66,396.63 | | |
| Total | | 177,261.01 | 386,363.23 | 637,227.46 |

(1) The Company and its subsidiaries as guarantors

| Guaranteed parties | Guarantors | Lenders | Content guaranteed | Amount guaranteed | Commencement date | Maturity date | Whether the guarantee is mature |
|----------------------|-----------------------------|-----------------------|--------------------|--------------------------------------|--------------------------|-------------------------|---------------------------------|
| Indonesia Huafei . . | Huayou International Cobalt | Eve Asia Co., Limited | Call loans | 329,078,298.79 (USD51,614,457.83) | 8/10/2021- 11/25/2021 | 8/9/2028- 11/24/2028 | No |
| Total. | | | | 329,078,298.79 | | | |

(2) The Company and its subsidiaries as guaranteed parties

| Guarantors | Guaranteed parties | Lending financial institutions | Content guaranteed | Amount guaranteed | Commencement date | Maturity date | Whether the guarantee is mature |
|-----------------------------------|--------------------|--|-------------------------------|---|--------------------------|-------------------------|---------------------------------|
| Chen Xuehua, Huayou Holding . . . | The Company | Industrial and Commercial Bank of China Limited Tongxiang Sub-branch | Borrowings | 944,000,000.00 (A total of 39 transactions) | 5/1/2019- 12/31/2021 | 1/5/2022- 6/28/2024 | No |
| Chen Xuehua . . . | The Company | Huaxia Bank Co., Ltd. Jiaxing Tongxiang Sub-branch | Borrowings | 225,696,250.00 (Including: USD12,500,000.00) (A total of 2 transactions) | 9/17/2021- 11/24/2021 | 7/20/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | The Company | Bank of Communications Co., Ltd. Jiaxing Tongxiang Sub-branch | Borrowings Bank acceptance | 200,000,000.00 (A total of 4 transactions) 39,900,000.00 (A total of 2 transactions) | 4/15/2021- 9/17/2021 | 3/17/2022- 3/23/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | The Company | China Minsheng Banking Corp., Ltd. Qingchun Sub-branch | Borrowings | 468,085,739.02 (USD26,363,495.62) (A total of 6 transactions) | 9/2/2021- 12/17/2021 | 3/2/2022- 12/10/2022 | No |

| Guarantors | Guaranteed parties | Lending financial institutions | Content guaranteed | Amount guaranteed | Commencement date | Maturity date | Whether the guarantee is mature |
|---|--------------------|---|--|---|-----------------------|----------------------|---------------------------------|
| Chen Xuehua, Qiu Jinhua . . . | The Company | Shanghai Pudong Development Bank Co., Ltd. Jiaxing Tongxiang Sub-branch | Borrowings | 389,000,000.00 (A total of 5 transactions) | 1/4/2021-12/16/2021 | 1/3/2022-12/16/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | The Company | Bank of China Limited Tongxiang Sub-branch | Borrowings | 136,000,000.00 (A total of 2 transactions) | 10/20/2021-11/18/2021 | 5/17/2022-10/19/2022 | No |
| | | | Letters of credit | 340,332,967.25 (USD53,379,702.19) (A total of 6 transactions) | 8/12/2021-11/24/2021 | 4/13/2022-8/28/2022 | No |
| | | | Letters of guarantee | 114,762,600.00 (USD18,000,000.00) (A total of 1 transaction) | 1/20/2021 | 3/31/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | The Company | China Minsheng Banking Corp., Ltd. Hangzhou Branch | Letters of credit | 103,401,406.83 (USD16,218,047.72) (A total of 1 transaction) | 12/20/2021 | 3/2/2022 | No |
| Chen Xuehua . . . | The Company | China Guangfa Bank Co., Ltd. Jiaxing Branch | Borrowings | 200,000,000.00 (A total of 1 transaction) | 12/14/2021 | 12/13/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | The Company | China Citic Bank Co., Ltd. Jiaxing Tongxiang Sub-branch | Guaranteed discounting of trade acceptance Letters of credit | 165,000,000.00 (A total of 3 transactions) | 7/29/2021-10/27/2021 | 7/28/2022-10/26/2022 | No |
| | | | | 59,679,490.56 (USD9,360,460.90) (A total of 2 transactions) | 8/9/2021-8/27/2021 | 3/11/2022-4/28/2022 | No |
| Chen Xuehua, Huayou Holding . . . | The Company | China Everbright Bank Co., Ltd. Shaoxing Branch | Letters of credit | 84,743,874.66 (USD13,291,697.33) (A total of 2 transactions) | 6/11/2021-6/23/2021 | 2/10/2022-2/20/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | Huayou Hong Kong | China Development Bank Zhejiang Branch | Borrowings | 255,028,000.00 (USD40,000,000.00) (A total of 1 transaction) | 11/19/2019 | 11/18/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | CDM Company | China Citic Bank Co., Ltd. Jiaxing Tongxiang Sub-branch | Borrowings | 123,453,250.00 (USD19,363,089.54) (A total of 1 transaction) | 6/19/2020 | 6/18/2022-6/18/2023 | No |
| Chen Xuehua, Qiu Jinhua, Huayou Holding . . . | Huayou Quzhou | Bank of Communications Co., Ltd. Quzhou Branch | Borrowings | 400,000,000.00 (A total of 4 transactions) | 8/20/2021-9/9/2021 | 3/15/2022-3/17/2022 | No |
| Chen Xuehua, Qiu Jinhua . . . | | | Guaranteed discounting of trade acceptance Letters of credit | 39,000,000.00 (A total of 2 transactions) | 2/23/2021-6/25/2021 | 2/22/2022-3/30/2022 | No |
| | | | | 116,443,832.97 (Including: USD5,234,536.28) (A total of 9 transactions) | 3/3/2021-9/18/2021 | 8/31/2021-11/25/2022 | No |

| Guarantors | Guaranteed parties | Lending financial institutions | Content guaranteed | Amount guaranteed | Commencement date | Maturity date | Whether the guarantee is mature |
|-----------------------------------|--------------------|---|--------------------|--|-----------------------|----------------------|---------------------------------|
| Chen Xuehua, Huayou Holding . . . | Resource Recycling | Industrial and Commercial Bank of China Limited Quzhou Quhua Sub-branch | Borrowings | 120,000,000.00 (A total of 5 transactions) | 12/16/2018-17/2019 | 6/25/2022-12/25/2023 | No |
| Chen Xuehua . . | Huayou Quzhou | China Guangfa Bank Co., Ltd. Jiaxing Branch | Letters of credit | 83,865,850.09 (USD13,153,983.10) (A total of 3 transactions) | 7/27/2021-12/29/2021 | 3/13/2022-5/30/2022 | No |
| Chen Xuehua, Qiu Jinhua . . | New Energy Quzhou | Shanghai Pudong Development Bank Co., Ltd. Quzhou Sub-branch | Borrowings | 120,000,000.00 (A total of 2 transactions) | 1/15/2021-12/17/2021 | 1/14/2022-12/16/2022 | No |
| Chen Xuehua, Qiu Jinhua . . | New Energy Quzhou | China Zheshang Bank Co., Ltd. Quzhou Branch | Borrowings | 145,000,000.00 (A total of 2 transactions) | 4/28/2021-5/11/2021 | 4/12/2022-4/18/2022 | No |
| | | New Energy Quzhou | Letters of credit | 55,735,233.90 (USD8,741,821.90) (A total of 2 transactions) | 4/27/2021-5/27/2021 | 2/10/2022-3/14/2022 | No |
| Chen Xuehua, Qiu Jinhua . . | New Energy Quzhou | China Citic Bank Co., Ltd. Quzhou Branch | Letters of credit | 77,057,068.01 (USD12,086,056.12) (A total of 3 transactions) | 7/30/2021-12/7/2021 | 4/13/2022-9/6/2022 | No |
| Chen Xuehua . . | New Energy Quzhou | Huaxia Bank Co., Ltd. Quzhou Branch | Borrowings | 89,000,000.00 (A total of 2 transactions) | 6/24/2021-6/29/2021 | 6/24/2022-6/29/2022 | No |
| Chen Xuehua . . | New Energy Quzhou | Bank of Beijing Co., Ltd. Quzhou Branch | Letters of credit | 97,999,227.02 (USD15,370,740.00) (A total of 1 transaction) | 8/19/2021 | 6/19/2022 | No |
| | | | Borrowings | 63,000,000.00 (A total of 2 transactions) | 7/29/2021 | 5/21/2022-8/28/2022 | No |
| | | | Bank acceptance | 246,127,418.01 (A total of 29 transactions) | 6/25/2021-8/16/2021 | 2/16/2022-6/25/2022 | No |
| Chen Xuehua . . | Huayue Company | The Export-Import Bank of China Zhejiang Branch | Borrowings | 860,292,328.10 (USD134,933,000.00) (A total of 2 transactions) | 10/27/2021-11/25/2021 | 3/21/2024-9/21/2028 | No |
| | | China Citic Bank Co., Ltd. Jiaxing Tongxiang Sub-branch | | 592,461,922.50 (USD92,925,000.00) (A total of 1 transaction) | 10/28/2021 | 3/21/2024-9/21/2028 | |
| | | Agricultural Bank of China Limited Tongxiang Sub-branch | | 296,795,210.70 (USD46,551,000.00) (A total of 1 transaction) | 10/29/2021 | 3/21/2024-9/21/2028 | |

| Guarantors | Guaranteed parties | Lending financial institutions | Content guaranteed | Amount guaranteed | Commencement date | Maturity date | Whether the guarantee is mature |
|----------------------|---------------------------------|--|--------------------|--|--------------------------|--------------------------|---------------------------------|
| | | China Minsheng Banking Corp., Ltd. Shanghai Pilot Free Trade Zone Branch | | 296,795,210.70 (USD46,551,000.00) (A total of 1 transaction) | 10/29/2021 | 3/21/2024- 9/21/2028 | |
| | | Ping An Bank Co., Ltd. Hangzhou Branch | | 150,466,520.00 (USD23,600,000.00) (A total of 1 transaction) | 10/29/2021 | 3/21/2024- 9/21/2028 | |
| | | China Everbright Bank Co., Ltd. Hangzhou Branch | | 60,186,608.00 (USD9,440,000.00) (A total of 1 transaction) | 11/1/2021 | 3/21/2024- 9/21/2028 | |
| Chen Xuehua . . | Huayuan Copper | Kaifei Investment (Hong Kong) Co., Ltd. | Borrowings | 318,785,000.00 (USD50,000,000.00) (A total of 1 transaction) | 3/11/2020 | 3/11/2023 | No |
| Huayou Holding . . . | The Company/ Chengdu B&M [Note] | Industrial and Commercial Bank of China Limited Jintang Sub-branch | Borrowings | 94,000,000.00 (A total of 1 transaction) | 12/15/2021 | 12/13/2022 | No |
| | | China Construction Bank Corporation Chengdu Jincheng Sub-branch | Borrowings | 570,000,000.00 (A total of 5 transactions) | 4/23/2021- 12/5/2021 | 12/13/2022- 6/28/2026 | No |
| | | Cinda Financial Leasing Co., Ltd. | Sale and leaseback | 309,515,612.67 (A total of 2 transactions) | 9/17/2021- 10/18/2021 | 1/18/2022- 10/18/2024 | No |
| Total | | | | 11,445,512,587.91 | | | |

... The Company provides a guarantee for Chengdu B&M, and Huayou Holding provides a counter guarantee for the Company.

(1) Year 2021

| Related parties | Opening balance | Increase | Decrease [Note] | Closing balance |
|---|-----------------|----------------|-----------------|-----------------|
| Call loans from related parties | | | | |
| Xie Weitong | 7,842,828.93 | | 7,842,828.93 | |
| TMA Company | 65,249,000.00 | | 65,249,000.00 | |
| Huayou Holding | | 100,000,000.00 | 100,000,000.00 | |
| HANAQ Company | 5,387,943.50 | 14,606,013.46 | 19,993,956.96 | |
| Newstride Technology | 9,671,127.61 | 4,436,139.73 | | 14,107,267.34 |
| Subtotal | 88,150,900.04 | 119,042,153.19 | 193,085,785.89 | 14,107,267.34 |
| Call loans to related parties | | | | |
| IWIP Company | 181,261,722.00 | | 4,144,776.00 | 177,116,946.00 |
| Veinstone | 106,799,563.20 | | 2,442,105.60 | 104,357,457.60 |
| Indonesia Huatuo | 3,262,450.00 | | 74,600.00 | 3,187,850.00 |
| Subtotal | | | | |

In 2020, the Company should pay fund occupation fees of 369,770.83 yuan, 8,216.67 yuan, 310,484.93 yuan, 2,268,284.98 yuan and 2,985,430.60 yuan to Huayou Holding, Huaxing Trading, Xie Weitong, Huayou Holding Hong Kong and TMA Company respectively. As of the end of 2020, the Company still owed interests of 6,678,167.87 yuan to Xie Weitong and 3,555,798.61 yuan to TMA Company.

(3) Year 2019

| Related parties | Opening balance | Increase | Decrease | Closing balance |
|---|-----------------|------------------|------------------|-----------------|
| Call loans from related parties | | | | |
| Xie Weitong. | 209,670,629.92 | 46,177,283.55 | 247,462,628.92 | 8,385,284.55 |
| TMA Company. | | 69,762,000.00 | | 69,762,000.00 |
| Huayou Holding Hong Kong. | | 71,614,041.58 | | 71,614,041.58 |
| Huayou Holding | | 2,10,822,929.05 | 2,030,790,790.00 | 80,032,139.05 |
| HANAQ Company. | 10,984,123.67 | 14,841,804.90 | 22,238,361.91 | 3,587,566.66 |
| Huaxing Trading. | | 34,000,000.00 | | 34,000,000.00 |
| Subtotal | 220,654,753.59 | 2,347,218,059.08 | 2,300,491,780.83 | 267,381,031.84 |
| Call loans to related parties. | | | | |
| Huahai Industry Investment. | | 6,805,479.45 | 6,805,479.45 | |
| IWIP Company. | | 102,271,092.00 | | 102,271,092.00 |
| Veinstone | | 101,177,754.03 | | 101,177,754.03 |
| | | | 28,247,588.43 | |
| New Minerals. | 20,290,080.90 | 7,957,507.53 | [Note] | |
| Subtotal | 20,290,080.90 | 218,211,833.01 | 35,053,067.88 | 203,448,846.03 |

As New Minerals was no longer a related party of the Company since August 15, 2019, other receivables of 28.25 million yuan from New Minerals as of August 2019 are presented there.

In 2019, the Company should pay fund occupation fees of 20,466,261.86 yuan, 879,183.32 yuan, 2,753,912.59 yuan, 1,131,217.13 yuan and 710,710.97 yuan to Huayou Holding, Huaxing Trading, Xie Weitong, Huayou Holding Hong Kong and TMA Company respectively. As of the end of 2019, the Company still owed interests of 599,462.50 yuan, 127,358.33 yuan, 6,819,205.29 yuan, 1,140,453.62 yuan and 716,513.99 yuan respectively. In 2019, the Company has collected fund occupation fees of 484,577.38 yuan from Huahai Industry Investment.

| Related parties | Content of related party transactions | Year 2021 | Year 2020 | Year 2019 |
|--------------------------------------|---|------------------|---------------|---------------|
| IWIP Company. | Acquisition of land use right | 900,101.04 | | |
| Guangxi Huayou Construction. | Acquisition of long-term assets | 674,204.64 | | |
| Hangzhou Hongyuan | Acquisition of equity of Tianjin B&M [Note] | 1,351,200,000.00 | | |
| Huahai New Energy. | Sale of long-term assets | | | 38,717.41 |
| Huayou Holding. | Sale of long-term assets | | 24,835.36 | 3,818.97 |
| | Sales of equipment and materials | | 40,303,925.64 | 10,273,350.84 |

Related parties

| Items | Related parties | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|--------------------------------|-----------------|----------------------|----------------------|----------------------|
| Accounts payable | IWIP Company | 31,602,903.70 | | 237,604.07 |
| | WBE Company | 47,517.57 | | |
| | Leyou Company | 7,439,051.94 | | |
| | Shenzhen | 55,269.00 | | |
| | Phoenicia | | | |
| | Minfu Woneng | | | 498,584.08 |
| | Tongling | | | 254,710.53 |
| | Huachuang | | | |
| Subtotal. | | 39,144,742.21 | | 990,898.68 |
| Advances received | Indonesia | 641,739,400.77 | | |
| | Huafei | | | |
| | Huayou Holding | | | 3,356,287.76 |
| Subtotal. | | 641,739,400.77 | | 3,356,287.76 |
| Contract liabilities | Shenzhen | 127,370.00 | | |
| | Phoenicia | | | |
| | Inner Mongolia | 49,200.00 | | — |
| | Shengfan | | | |
| Subtotal. | | 176,570.00 | | — |
| Other payables | HANAQ | | 5,387,943.50 | 3,587,566.66 |
| | Company | | | |
| | TMR Company | | 100,632.14 | 120,640.00 |
| | TMA Company | | 68,804,798.61 | 70,478,513.99 |
| | Huaxing | | | 34,127,358.33 |
| | Trading | | | |
| | Huayou Holding | | | 72,754,495.20 |
| | Hong Kong | | | |
| | Xie Weitong | | 14,520,996.80 | 15,204,489.84 |
| | Huayou Holding | | | 80,631,601.55 |
| | Newstride | 14,107,267.34 | 9,671,127.61 | |
| | Technology | | | |
| Subtotal. | | 14,107,267.34 | 98,485,498.66 | 276,904,665.57 |

XI. Share-based payment

(I) Overall information

| Items | The Company | Tianjin B&M |
|--|---------------------------------------|------------------|
| Total equity instruments granted in current period. | Restricted shares of 8,491,900 shares | 9,424,800 shares |
| Total equity instruments vested in— current period | — | 9,424,800 shares |
| Total equity instruments expired in current period | — | — |
| The range of exercise prices of share options outstanding at the end of the period and the remaining contractual life. . . . | — | — |

2. Equity incentives of the subsidiary Tianjin B&M

Pursuant to the equity incentive plan approved by the resolution of the 22nd meeting of the fifth session of the Board of Directors of the Company and the first extraordinary shareholders' meeting of Tianjin B&M dated September 30, 2021, Tianjin B&M issued 9,424,800 shares to Jiaxing Bada Enterprise Management Partnership (LP), the employee stock ownership platform, at a price of 10 yuan per share. As the cost of equity indirectly acquired by employees is lower than the fair value, the equity-settled share-based payment is recognized in the period to which the grant date belongs.

(II) Equity-settled share-based payment

✂

1. Restricted shares of the Company

| Determination method for grant-date fair value of equity instruments | The closing price of the Company's shares on the grant date |
|---|--|
| Determination method for the number of equity instruments expected to vest | Based on the number of restricted shares granted, as well as a comprehensive consideration of changes in the number of employees eligible to exercise on each balance sheet date, the Company's performance assessment indicators for each exercising year, and the individual performance appraisal of incentive objects. |
| Reasons for significant difference between the estimates in current period and preceding period . | None |
| Capital reserve accumulated due to equity-settled share-based payment | 113,786,486.15 |
| Total expenses incurred due to equity-settled share-based payment | 113,786,486.15 |
| Including: Initial restricted share incentive of 2021. . | 103,349,028.92 |
| The first reserved restricted share incentive of 2021. | |

XII. Commitments and contingencies

(I) Significant commitments

Huayue Company, a holding subsidiary of the Company, as the borrower, signed the “Loan Agreement of USD760,000,000” with The Export-Import Bank of China Zhejiang Branch (Mandated Lead Arranger and Lender), China Citic Bank Co., Ltd. Jiaxing Tongxiang Sub-branch (Co-lead Arranger and Lender), Bank of China (Hong Kong) Limited Jakarta Branch (Domestic Security Agent, Domestic Loan Agent and Domestic Opening Bank), Agricultural Bank of China Limited Tongxiang Sub-branch (Lender), China Minsheng Banking Corp., Ltd. Shanghai Pilot Free Trade Zone Branch (Lender), Ping An Bank Co., Ltd. Hangzhou Branch (Lender) and China Everbright Bank Co., Ltd. Hangzhou Branch (Lender) on September 30, 2021.

The loan agreement specifies the following matters in the “post-loan conditions”: 1. within sixty (60) business days after receipt of the land certificate related to the Huayue Project, the Borrower shall ensure that a letter from a land transaction notary is submitted to the Domestic Security Agent in form and substance satisfactory to the Domestic Security Agent, stating that the land mortgage agreement has been duly signed by the parties and has been submitted to relevant land office for registration; within thirty (30) business days after the signing of the land mortgage agreement, the Borrower shall ensure that the Hak Tanggungan (mortgage) certificate in respect of the land mortgage agreement and the land certificate which has been marked with the mortgage as set forth in the land mortgage agreement are submitted to the Domestic Security Agent; 2. prior to the expiration of one year after the Facility Closing Date, the Borrower shall ensure that a letter from a notary office is submitted to the Domestic Security Agent in form and substance satisfactory to the Domestic Security Agent, stating that the “Machinery Trust Guarantee”, the “Inventory Trust Guarantee” and the “Accounts Receivable Trust Guarantee” have been duly signed by the parties and confirmed to be duly filed with relevant trust registry in Indonesia.

In addition, according to the account pledge agreement between Huayue Company and Bank of China (Hong Kong) Limited Jakarta Branch, Huayue Company pledged part of its accounts opened with such bank as security for the Loan Agreement of USD760,000,000. Given that Huayue Company made external payments in accordance with the payment priority stipulated in the loan agreement, the closing balance of the above pledged accounts of 548,550,590.29 yuan was not considered as assets with title or use right restrictions.

(II) Contingencies

As of December 31, 2021, the progress of the land dispute between GENILAND and the subsidiary CDM Company is as follows:

GENILAND sued CDM Company for the encroachment of the mining area corresponding to CDM Company’s Mining Concession No. 527 on its long-term lease concession (land), and claimed compensation for damages of USD22.65 million. According to the judgment rendered by the court of Democratic Republic of the Congo (DRC), CDM Company shall pay damages and penalties totaling USD9,935,084 to GENILAND. CDM Company has filed an appeal against such judgment, and relevant enforcement is currently suspended.

exploitation works in connection with the mineral substances for which the license has been granted. CDM Company, as the holder of Mining Concession No. 527, has the right to enter the mining area to carry out mining operations. As GENILAND acquired the long-term lease concession (land) on May 25, 2012, later than the date when CDM Company acquired Mining Concession No. 527, GENILAND cannot consider the mining operations or the construction of installations and infrastructures required for mining exploitation conducted by CDM Company within the exploitation perimeter as illegal activities, nor can it claim any compensation on such basis.

GENILAND filed a motion seeking damages of USD22.65 million. However, according to Article 281 of the 2002 Mining Code, the fair compensation for disputes over land occupation between the holder of the mining rights and the holder of the surface rights shall be the value of the land at the time of its occupation plus fifty per cent (50%). Based on the legal opinion issued by the DRC lawyer in September 2020 as well as the investigation conducted by the Land Bureau where the land in question is located, it is confirmed that the land price in the area where the land in question located ranges from

(II) Profit distribution after the balance sheet date

Profit or dividend distributed . . . Pursuant to the profit distribution plan of 2021 approved by the Company's shareholders' meeting of 2021, the Company distributed cash dividends of 3 yuan (tax inclusive) for every 10 shares and issued 3 shares for every 10 shares by converting capital reserve to all shareholders after the appropriation of statutory surplus reserve at 10% of net profit generated by the parent company in 2021.

XIV. Other significant events

(I) Segment information

The Company's main business is manufacturing and sales of cobalt products, copper products, nickel products, ternary precursors, cathode materials, etc., with its operating results managed and evaluated on an integral basis. Therefore, the Company is not required to disclose segment information. Please refer to section V (II) 1 of notes to the financial statements for details on the Company's operating revenues and operating costs by products/geographic information.

(II) Leases

(1) Please refer to section V (I) 15 of notes to the financial statements for details on right-of-use assets.

(2) Short-term leases and low-value asset leases

Please refer to section III (XXIX) of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss in the current period are as follows:

| Items | Year 2021 |
|--|---------------|
| Expense relating to short-term leases | 3,088,592.10 |
| Expense relating to leases of low-value assets (excluding short-term leases) . . | 22,334,877.30 |
| Total | 25,423,469.40 |

(3) Profit or loss and cash flows related to leases

| Items | Year 2021 |
|--|---------------|
| Interest expenses on lease liabilities | 3,597,007.25 |
| Total cash outflows related to leases | 55,926,401.84 |

(4) Please refer to section VIII (II) of notes to the financial statements for details on maturity analysis of lease liabilities and related liquidity risk management.

(Continued)

| Categories | December 31, 2020 | | | | |
|--|-------------------|------------|-------------------------|-----------------------------|-----------------|
| | Book balance | | Provision for bad debts | | |
| | Amount | % to total | Amount | Provision proportion (%) | Carrying amount |
| Receivables with provision made on an individual basis | 6,482,979.34 | 2.54 | 6,482,979.34 | 100.00 | |
| Receivables with provision made on a collective basis | 249,168,495.97 | 97.46 | 9,480,623.88 | 3.80 | 239,687,872.09 |
| Total | 255,651,475.31 | 100.00 | 15,963,603.22 | 6.24 | 239,687,872.09 |

(Continued)

| Categories | December 31, 2019 | | | | |
|--|-------------------|------------|-------------------------|-----------------------------|-----------------|
| | Book balance | | Provision for bad debts | | |
| | Amount | % to total | Amount | Provision proportion (%) | Carrying amount |
| Receivables with provision made on an individual basis | 6,482,979.34 | 2.00 | 6,482,979.34 | 100.00 | |
| Receivables with provision made on a collective basis | 318,274,390.58 | 98.00 | 11,697,192.26 | 3.68 | 306,577,198.32 |
| Total | 324,757,369.92 | 100.00 | 18,180,171.60 | 5.60 | 306,577,198.32 |

(2) Accounts receivable with provision made on an individual basis

a. December 31, 2021

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons for provision made |
|--|--------------|-------------------------|-----------------------------|---|
| Jiangxi Jialong New Material Co., Ltd. | 5,717,261.90 | 5,717,261.90 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtors. |
| Others. | 1,167,765.44 | 1,167,765.44 | 100.00 | |
| Subtotal | 6,885,027.34 | 6,885,027.34 | 100.00 | |

b. December 31, 2020

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons for provision made |
|--|--------------|-------------------------|-----------------------------|---|
| Jiangxi Jialong New Material Co., Ltd. | 5,717,261.90 | 5,717,261.90 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtors. |
| Others. | 765,717.44 | 765,717.44 | 100.00 | |
| Subtotal | 6,482,979.34 | 6,482,979.34 | 100.00 | |

c. December 31, 2019

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons for provision made |
|--|--------------|-------------------------|-----------------------------|---|
| Jiangxi Jialong New Material Co., Ltd. | 5,717,261.90 | 5,717,261.90 | 100.00 | Expected to be irrecoverable due to difficulties in the operation of the debtors. |
| Others. | 765,717.44 | 765,717.44 | 100.00 | |
| Subtotal | 6,482,979.34 | 6,482,979.34 | 100.00 | |

(3) Accounts receivable with provision for bad debts made on a collective basis

| Items | December 31, 2021 | | | December 31, 2020 | | |
|--|-------------------|-------------------------|--------------------------|-------------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) | Book balance | Provision for bad debts | Provision proportion (%) |
| Portfolio grouped with ages | 160,699,463.55 | 8,062,408.23 | 5.02 | 185,811,145.38 | 9,480,623.88 | 5.10 |
| Portfolio grouped with balances due from related parties within the consolidation scope. | 207,970,403.53 | | | 63,357,350.59 | | |
| Subtotal | 368,669,867.08 | 8,062,408.23 | 2.19 | 249,168,495.97 | 9,480,623.88 | 3.80 |

(Continued)

| Items | December 31, 2019 Provision for bad debts | December 31, 2019 Provision proportion | December 31, 2019 Book balance | December 31, 2019 Provision for bad debts |
|-------|--|---|-----------------------------------|--|
| | | | Book balance | |



| Ages | December 31, 2021 | | | December 31, 2020 | | |
|---------------------|-------------------|-------------------------|--------------------------|-------------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year . . . | 160,638,496.78 | 8,031,924.84 | 5.00 | 185,348,130.61 | 9,267,406.53 | 5.00 |
| 1-2 years. | 60,966.77 | 12,193.35 | 20.00 | | | |
| 2-3 years. | 60,966.77 | 30,483.39 | 50.00 | 402,048.00 | 201,024.00 | 50.00 |
| Subtotal | 160,699,463.55 | 8,062,408.23 | 5.02 | 185,811,145.38 | 9,480,623.88 | 5.10 |

(Continued)

| Ages | December 31, 2019 | | |
|-------------------------|-------------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year | 232,335,653.20 | 11,616,782.66 | 5.00 |
| 1-2 years | 402,048.00 | 80,409.60 | 20.00 |
| Subtotal | 232,737,701.20 | 11,697,192.26 | 5.03 |

)

| Ages | Book balance | | |
|-------------------------|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Within 1 year | 345,219,145.39 | 231,781,932.92 | 315,319,523.45 |
| 1-2 years | 9,975,517.24 | 16,984,515.05 | 2,952,599.17 |
| 2-3 years | 13,475,204.45 | 402,048.00 | 2,267.96 |
| Over 3 years | 6,885,027.34 | 6,482,979.34 | 6,482,979.34 |
| Total | 375,554,894.42 | 255,651,475.31 | 324,757,369.92 |

)

(2) Year 2020

| Items | Opening balance | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
|-------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|-------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

(Continued)

| Categories | December 31, 2020 | | | | |
|--|-------------------|------------|-------------------------|-----------------------------|-----------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | % to total | Amount | Provision proportion (%) | |
| Receivables with provision made on an individual basis | | | | | |
| Receivables with provision made on a collective basis | 286,196,007.46 | 100.00 | 2,435,576.81 | 0.85 | 283,760,430.65 |
| Total | 286,196,007.46 | 100.00 | 2,435,576.81 | 0.85 | 283,760,430.65 |

(Continued)

| Categories | December 31, 2019 | | | | |
|--|-------------------|------------|-------------------------|-----------------------------|-----------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | % to total | Amount | Provision proportion (%) | |
| Receivables with provision made on an individual basis | | | | | |
| Receivables with provision made on a collective basis | 110,553,586.32 | 100.00 | 471,405.94 | 0.43 | 110,082,180.38 |
| Total | 110,553,586.32 | 100.00 | 471,405.94 | 0.43 | 110,082,180.38 |

(2) Other receivables with provision made on a collective basis

(Continued)

| Portfolios | December 31, 2019 | | |
|---|-------------------|-------------------------|----------------------------|
| | Book balance | Provision for bad debts | Provision proportion %) |
| Portfolio grouped with balances due from related parties within the consolidation scope | 106,217,575.57 | | |
| Portfolio grouped with ages | 4,336,010.75 | 471,405.94 | 10.87 |
| Including: Within 1 year | 2,779,041.39 | 138,952.07 | 5.00 |
| 1-2 years | 1,523,769.36 | 304,753.87 | 20.00 |
| 2-3 years | 1,000.00 | 5,500.00 | 50.00 |
| Over 3 years | 22,200.00 | 22,200.00 | 100.00 |
| Subtotal | 110,553,586.32 | 471,405.94 | 0.43 |

(2) Age analysis

| Ages | Book balance | | |
|-------------------------|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Within 1 year | 2,901,445,909.94 | 207,109,406.76 | 100,796,128.03 |
| 1-2 years | 145,623,160.18 | 75,904,818.31 | 9,724,258.29 |
| 2-3 years | 67,539,956.56 | 3,148,582.39 | 11,000.00 |
| Over 3 years | 1,916,242.64 | 33,200.00 | 22,200.00 |
| Total | 3,116,525,269.32 | 286,196,007.46 | 110,553,586.32 |

(3) Changes in provision for bad debts

(1) Year 2021

| Items | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------------------------|---|---|--------------|
| | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) | |
| Opening balance | 1,641,630.24 | 113,861.89 | 680,084.68 | 2,435,576.81 |
| Opening balance in the current period | — | — | — | |
| — Transferred to stage 2 | -200,000.00 | 200,000.00 | | |
| — Transferred to stage 3 | -108,861.89 | 108,861.89 | | |
| — Reversed to stage 2 | | | | |
| — Reversed to stage 1 | | | | |
| Provision made in the current period | -722,846.72 | 595,000.00 | -413,586.24 | -541,432.96 |
| Provision recovered in the current period | | | | |
| Provision reversed in the current period | | | | |
| Provision written off in the current period | 231,693.97 | 231,693.97 | | |
| Other changes | | | | |
| Closing balance | 487,089.55 | 800,000.00 | 375,360.33 | 1,662,449.88 |

(4) Other receivables categorized by nature

| Nature of receivables | Book balance | | |
|--------------------------------|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
| Security deposits | 10,916,715.99 | 32,840,372.74 | 1,277,969.36 |
| Temporary borrowings | 3,104,501,272.67 | 251,832,433.32 | 106,635,152.08 |
| Petty cash | 1,099,000.00 | 1,523,201.40 | 906,844.30 |
| Others | 8,280.66 | | 1,733,620.58 |
| Total | 3,116,525,269.32 | 286,196,007.46 | 110,553,586.32 |

(5) Details of the top 5 debtors with largest balances

(1) December 31, 2021

| Debtors | Nature of receivables | Book balance | Ages | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|-----------------------------|-----------------------|------------------|---------------|--|-------------------------|
| Huayou Quzhou | Temporary borrowings | 1,278,161,298.13 | Within 1 year | 41.01 | |
| New Energy Quzhou | Temporary borrowings | 410,151,383.82 | Within 1 year | 13.16 | |
| Tongxiang Huashan | Temporary borrowings | 403,824,799.39 | Within 1 year | 12.96 | |
| Guangxi B&M | Temporary borrowings | 239,889,124.65 | Within 1 year | 7.70 | |
| Wenzhou Huashan | Temporary borrowings | 156,908,331.33 | Within 1 year | 5.03 | |
| Subtotal | | 2,488,934,937.32 | | 79.86 | |

(2) December 31, 2020

| Debtors | Nature of receivables | Book balance | Ages | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|---|-----------------------|----------------|---|--|-------------------------|
| Huayou New Energy | Temporary borrowings | 132,995,733.00 | Within 1 year | 46.47 | |
| CDM Company | Temporary borrowings | 71,026,778.53 | Within 1 year: 7,319,680.26 yuan, 1-2 years: 63,707,098.27 yuan | 24.82 | |
| Huayou Recycling | Temporary borrowings | 28,577,076.60 | Within 1 year: 28,573,190.40 yuan, 1-2 years: 3,886.20 yuan | 9.99 | |
| Fuzhou Superchain Supply Chain Management Co., Ltd. | Security deposits | 27,563,403.38 | Within 1 year | 9.63 | 1,378,170.17 |
| MIKAS Company | Temporary borrowings | 12,404,522.20 | Within 1 year: 7,391,207.99 yuan, 1-2 years: 5,013,314.21 yuan | 4.33 | |
| Subtotal | | 272,567,513.71 | | 95.24 | 1,378,170.17 |

(3) December 31, 2019

| <u>Debtors</u> | <u>Nature of receivables</u> | <u>Book balance</u> | <u>Ages</u> | <u>Proportion to the total balance of other receivables</u> | <u>Provision for bad debts</u> |
|-------------------------|----------------------------------|---------------------|---------------|---|------------------------------------|
| | | | | %) | |
| CDM Company. | Temporary borrowings | 68,449,068.84 | Within 1 year | 61.91 | |
| Huayue Company. | Temporary | | | | |

(3) Year 2019

| Investees | Opening balance | Increase | Decrease | Closing balance | Provision for impairment made in the current period | Closing balance of provision for impairment |
|--------------------------------------|------------------|----------|----------|------------------|--|--|
| Like Cobalt | 33,171,333.03 | | | 33,171,333.03 | | |
| Huayou Import & Export . . | 100,587,951.00 | | | 100,587,951.00 | | |
| Huayou Hong Kong | 458,040,203.00 | | | 458,040,203.00 | | |
| CDM Company | 480,447,838.92 | | | 480,447,838.92 | | |
| OIM Company | 3,958,802.50 | | | 3,958,802.50 | | |
| MIKAS Company | 263,815,386.00 | | | 263,815,386.00 | | |
| Huayou Quzhou | 1,683,000,000.00 | | | 1,683,000,000.00 | | |
| SHAD Company | 518,166.20 | | | 518,166.20 | 518,166.20 | 518,166.20 |
| Huayou Mining Hong Kong | | | | | | |

(2) Year 2020

| Investees | Opening balance | Increase/Decrease | | | |
|---------------------------|-----------------|-----------------------|-----------------------|--|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Associates | | | | | |
| Hanmo New Energy. | 2,884,932.20 | | | -40,710.10 | |
| Total | 2,884,932.20 | | | -40,710.10 | |

(Continued)

| Investees | Increase/Decrease | | | | | Closing balance | Closing balance of provision for impairment |
|---------------------------|-------------------------|---|--------------------------|--------|-----------------|-----------------|---|
| | Changes in other equity | Cash dividend/ Profit declared for distribution | Provision for impairment | Others | Closing balance | | |
| Associates. | | | | | | | |
| Hanmo New Energy. | | | | | 2,844,222.10 | | |
| Total | | | | | 2,844,222.10 | | |

(3) Year 2019

| Investees | Opening balance | Increase/Decrease | | | | Investment income recognized under equity method | Adjustment in other comprehensive income |
|---------------------------|-----------------|-----------------------|-----------------------|--------|-----------------|--|--|
| | | Investments increased | Investments decreased | Others | Closing balance | | |
| Associates | | | | | | | |
| Hanmo New Energy. | 4,965,347.26 | | | | -2,080,415.06 | | |
| Total | 4,965,347.26 | | | | -2,080,415.06 | | |

(Continued)

| Investees | Increase/Decrease | | | | | Closing balance | Closing balance of provision for impairment |
|---------------------------|-------------------------|---|--------------------------|--------|-----------------|-----------------|---|
| | Changes in other equity | Cash dividend/ Profit declared for distribution | Provision for impairment | Others | Closing balance | | |
| Associates. | | | | | | | |
| Hanmo New Energy. | | | | | 2,884,932.20 | | |
| Total | | | | | 2,884,932.20 | | |

(II) Notes to items of the parent company income statement

(1) Details

| Items | Year 2021 | | Year 2020 | | Year 2019 | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Revenue | Cost | Revenue | Cost | Revenue | Cost |
| Main operations | 3,214,350,884.78 | 1,984,069,994.65 | 2,051,317,316.17 | 1,221,195,820.67 | 2,541,060,734.21 | 2,079,360,923.12 |
| Other operations | 122,064,911.41 | 40,059,139.61 | 105,482,335.65 | 59,268,159.27 | 113,579,295.71 | 50,666,732.39 |
| Total | 3,336,415,796.19 | 2,024,129,134.26 | 2,156,799,651.82 | 1,280,463,979.94 | 2,654,640,029.92 | 2,130,027,655.51 |
| Including: Revenue from contracts with customers [Note]. | 3,329,989,151.85 | 2,018,947,056.34 | 2,150,283,269.24 | 1,274,945,481.26 | | |

The difference with the total operating revenue refers to the lease income in revenue from other operations.

(2) Breakdown of revenue

(1) Breakdown of revenue from contracts with customers by goods or services

| Items | Year 2021 | | Year 2020 | | Year 2019 | |
|--|-----------|------|--|------|-----------|------|
| | Revenue | Cost | Revenue | Cost | Revenue | Cost |
| Cobalt PTm [(Cobalt)-875(Revenue)-5875.5(Crs)-3,214,350,887.85 | | | 2,018,908TD 0.888 0 14.7r.888 0 14.7r.37r.407(2,01 0 m7.88wn)-364,945,481.26 | | | |

| Items | Year 2021 | Year 2020 | Year 2019 |
|-------------------------------------|----------------|----------------|----------------|
| Employee benefits | 52,363,779.16 | 39,464,102.76 | 37,591,985.00 |
| Materials consumption | 77,470,509.73 | 58,906,905.23 | 76,326,454.25 |
| Depreciation and amortization . . . | 3,694,320.91 | 4,242,687.35 | 4,311,349.82 |
| Others | 2,503,215.30 | 5,950,380.93 | 16,660,921.20 |
| Total | 136,031,825.10 | 108,564,076.27 | 134,890,710.27 |

Investment income

| Items | Year 2021 | Year 2020 | Year 2019 |
|--|----------------|----------------|----------------|
| Investment income from long-term equity investments under equity method | -3,406,932.38 | -40,710.10 | -2,080,415.06 |
| Investment income from long-term equity investments under cost method [Note] | 275,447,674.72 | 96,628,301.60 | |
| Investment income from disposal of long-term equity investments . . | | -19,298,698.88 | |
| Losses on discounting of receivables financing | -10,627,224.26 | -8,606,417.20 | -24,859,819.74 |
| Losses on derecognition of accounts receivable | -7,209,802.76 | -7,503,599.99 | -609,097.22 |
| Investment income from disposal of held-for-trading financial assets . . | -5,135,843.92 | -14,986,804.39 | -3,677,301.76 |
| Interest income from debt investments | | | 26,165,237.89 |
| Interest income from other debt investments | 13,969,715.30 | | |
| Total | 263,037,586.70 | 46,192,071.04 | -5,061,395.89 |

It refers to dividend income from the subsidiary Huayou Quzhou.

XVI. Other supplementary information

(I) Non-recurring profit or loss

Non-recurring profit or loss

| Items | Amount | | |
|--|---------------|---------------|---------------|
| | Year 2021 | Year 2020 | Year 2019 |
| Gains on disposal of non-current assets, including write-off of provision for impairment | 34,671,471.89 | -6,751,223.23 | 73,583.71 |
| Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality | | | |
| Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards) | 52,675,901.86 | 63,289,163.19 | 85,996,830.52 |
| Fund possession charge from non-financial entities and included in profit or loss . . . | 9,742,561.82 | | 7,363,237.34 |

| Items | Amount | | |
|--|----------------|---------------|----------------|
| | Year 2021 | Year 2020 | Year 2019 |
| Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost | | | |
| Gains on non-cash assets exchange . . . | | | |
| Gains on assets consigned to the third party for investment or management . . . | | | |
| Assets impairment loss incurred due to force majeure such as natural disasters. . | | | |
| Gains on debt restructuring | | | |
| Entity restructuring expenses, such as staffing and integrating expenses. . . . | | | |
| Gains on transactions with unfair value . . . | | | |
| Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date. | | | |
| Contingent gains on non-operating activities | | | |
| Gains or losses on changes 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, excluding those arising from hedging business related to operating activities | -36,817,583.77 | -8,271,064.14 | -28,897,804.94 |
| The reversed provision for impairment of receivables and contract assets based on impairment testing on an individual basis. | | | 7,344,000.00 |
| Gains on designated loans. | | | |
| Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode . | | | |
| Gains on reconciliation of current period profit or loss following legal and regulative requirements on taxation, accounting, etc.. | | | |
| Management charges for consigned operations. | | | |
| Other non-operating revenue or expenditures | -10,167,448.45 | -9,815,771.47 | 3,299,892.01 |

(II) ROE and EPS

(1) ROE

| Profit of the reporting period | Weighted average ROE (%) | | |
|--|--------------------------|-----------|-----------|
| | Year 2021 | Year 2020 | Year 2019 |
| Net profit attributable to shareholders of ordinary shares. | 23.49 | 12.73 | 1.56 |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss. | 23.22 | 12.29 | 0.89 |

(2) EPS

| Profit of the reporting period | EPS (yuan/share) | | | | | |
|---|------------------|-----------|-----------|-------------|-----------|-----------|
| | Basic EPS | | | Diluted EPS | | |
| | Year 2021 | Year 2021 | Year 2020 | Year 2020 | Year 2019 | Year 2019 |
| Net profit attributable to shareholders of ordinary shares. | 3.25 | 1.03 | 0.11 | 3.24 | 1.03 | 0.11 |
| Net profit attributable to shareholders of ordinary | | | | | | |

| Items | Symbols | Year 2021 | Year 2020 | Year 2019 |
|---|---------|-----------------|-----------------|----------------|
| Number of months counting from the next month when the net assets were decreased to the end of the reporting period. | H | 8 | | 8 |
| Others | | | | |
| Translation reserve. | I1 | -228,936,532.63 | -241,523,980.13 | 121,734,864.57 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J1 | 6 | 6 | 6 |
| Adjustment of other comprehensive income due to changes in fair value of other equity instrument investments. | I2 | -4,103,575.00 | -16,276,517.52 | -28,688,489.24 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J2 | 6 | 6 | 6 |
| Proportionate share in other comprehensive income of the investees to be reclassified subsequently to profit or loss under equity method. | I3 | -40,330,076.10 | -63,418,820.75 | 5,075,457.94 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J3 | 6 | 6 | 6 |
| Equity-settled share-based payment expenses recognized for restricted share incentives (initial grant). | I4 | 103,349,028.92 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J4 | 6 | | |
| Equity-settled share-based payment expenses recognized for restricted share incentives (reserved shares granted for the first time). | I5 | 10,411,203.96 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J5 | 3 | | |

| Items | Symbols | Year 2021 | Year 2020 | Year 2019 |
|---|---------|--------------|-----------|-----------|
| Equity-settled share-based payment expenses recognized for restricted share incentives (reserved shares granted for the second time) | I6 | 26,253.27 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J6 | | | |
| Income tax effect on the excess of the pre-tax deductible amount of employee restricted shares over recognized related expenses (initial grant) . . . | I7 | 6,593,305.99 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J7 | | 6 | |
| Income tax effect on the excess of the pre-tax deductible amount of employee restricted shares over recognized related expenses (reserved shares granted for the first time) | I8 | 153,707.53 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J8 | | 3 | |
| Income tax effect on the excess of the pre-tax deductible amount of employee restricted shares over recognized related expenses (reserved shares granted for the second time) | I9 | 38.82 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J9 | | | |

| Items | Symbols | Year 2021 | Year 2020 | Year 2019 |
|---|---------|---------------|-----------|-----------|
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary Tianjin B&M and share-based payment. | I10 | 12,206,546.48 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J10 | | 1 | |
| Adjustment of capital reserve (capital premium) due to transfer of equity of Jiangsu Huayou. | I11 | -621,489.48 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J11 | | 10 | |
| Adjustment of capital reserve (capital premium) due to acquisition of non-controlling interest of SESA Company. | I12 | -8,088,340.85 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J12 | | 2 | |
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary Beijing Huashan. | I13 | -17,566.99 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period. | J13 | | 4 | |
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary Tongxiang Huashan. | I14 | 313,655.60 | | |

| Items | Symbols | Year 2021 | Year 2020 | Year 2019 |
|--|---------|-----------|-----------------|-----------|
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J14 | 4 | | |
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary Wenzhou Huashan | I15 | 2,300.60 | | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J15 | 4 | | |
| Adjustment of capital reserve (capital premium) due to acquisition of non-controlling interest of Huayou Quzhou | I16 | | -253,198,896.29 | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J16 | | 10 | |
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary Huayue Company | I17 | | 63,268.42 | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J17 | | 8 | |
| Adjustment of capital reserve (capital premium) due to acquisition of non-controlling interest of Huayou America | I18 | | 322,809.36 | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J18 | | 2 | |

| Items | Symbols | Year 2021 | Year 2020 | Year 2019 |
|--|--|-------------------|------------------|------------------|
| Adjustment of capital reserve (capital premium) due to capital contribution at premium from non-controlling shareholder of the subsidiary Jiangsu Huayou | I19 | | 2,000,000.00 | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J19 | | 8 | |
| Adjustment of capital reserve (capital premium) due to acquisition of non-controlling interest of Jiangsu Huayou | I20 | | 290,736.62 | |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J20 | | | |
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary Huayou New Energy. | I21 | | | 8,513,186.76 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J21 | | | 7 |
| Special reserve | I22 | 587,051.22 | -4,885,798.92 | 3,800,783.66 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J22 | 6 | 6 | 6 |
| Number of months in the reporting period. | K | 12 | 12 | 12 |
| Weighted average net assets. | $L = D + A/2 + E \times F/K - G \times H/K \pm I \times J/K$ | 16,592,124,873.16 | 9,149,151,412.18 | 7,661,132,389.34 |
| Weighted average ROE. | $M = A/L$ | 23.49 | 12.73 | 1.56 |
| Weighted average ROE after deducting non-recurring profit or loss. | $N = C/L$ | 23.22 | 12.29 | 0.89 |

