Yunnan Energy New Material Co., Ltd.

2020 Annual Report

March 2021

If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

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Section 1 Important Notes, Contents and Definitions

The Board of Directors and its members, the Supervisory Committee and its members, and the senior management warrant that the contents of the Annual Report are truthful, accurate and complete, without any false statement, misrepresentation or major omission, and that they are jointly and severally liable for them.

PAUL XIAOMING LEE, the Company's legal representative, Li Jian, the person in charge of accounting affairs, and Liu Lianhua, the person in charge of and warrant that the contents of the Financial Statements in this Annual Report are truthful, accurate and complete.

All Directors were present at the Board meeting to review this Annual Report.

The forward-looking statements in this Annual Report, such as estimates of operating results, are among the planned matters of the Company, subjected to uncertainties and do not constitute material commitments of the Company to investors. Investors are advised to pay attention to investment risks. The future plans, development strategies and other forward-looking descriptions in this Report do not constitute material commitments of the Company to investors. Investors and related persons should be fully aware of the risks in connection therewith and should understand the difference between plan, forecast and commitment.

1. Regulatory risk relating to lithium-ion battery separator film business

China will gradually annul the financial assistance policies as the new energy vehicle industry develops to a certain extent, which will change the demands of the downstream customers and thus adversely change the results of the Company. If the downstream segments, such as new energy vehicle and lithium-ion battery manufacturing, are unable to improve their competitiveness through technological advancement, scale effect or otherwise, the future possible adjustments to the assistance policies will have a negative impact on each link of

3. Risk of price fluctuation of major raw materials

The major raw materials used by the Company are subjected to price fluctuation to some extent, especially polyethylene and polypropylene, whose prices are affected by the strong fluctuations of the international crude oil price. The results of the Company may be adversely affected by the gross profit margin which may be affected to some extent if the prices of major raw materials fluctuate sharply due to the macroeconomic fluctuations, the demand and supply relation for enterprises in the upstream and downstream parts and other factors.

4. Risk relating to construction in progress

The Company needs a great amount of investment funds for the under-construction production lines in the production bases, such as, Jiangxi Tonry, and Wuxi Energy. If the Company fails to raise sufficient funds in time, or complete the projects and put into operation on schedule, the production, operation and profitability will be adversely affected.

5. Risk of technology leakage and talent outflow

An enterprise engaging in lithium-ion battery separator film requires advanced technology and process, rich management experience and deep understanding of the industry. To ensure the ability of constant innovation and the steady growth of business, the Company should have teams consisting of steady high-quality employees in scientific research, management and sale. The Company constantly improves the mechanisms for talent cultivation, incentive, promotion and restriction, but there is still the possibility of the outflow of core employees from the Company. In case of leakage of the core technology or the departure of core employees, the production and operation of the Company may be adversely affected.

6. Risk of technological progress and alternatives

Lithium-ion battery is mainly used for electronics and electrical appliances, new energy vehicles, and energy storage power stations. As the alternatives to lithium-ion battery, nickel-cadmium batteries, nickel-hydrogen batteries, fuel cells and lead-acid batteries can also be used for the industries above-mentioned. Although the lithium-ion battery is currently the first choice for electronics, electrical appliances and new energy vehicles, the demands of the industries above-mentioned for lithium-ion battery will decline when technological progress improves the performance and reduce the production costs of these alternatives or creates batteries with better performance, and the lithium-ion battery separator film in the upstream part of the industry chain will also be affected adversely.

7. Risk of exchange rate fluctuation

The export sales volume of the Company increases constantly as the Company expands its business scale and gradually strengthens the development in the international market. If the RMB exchange rate and the foreign exchange rate in the countries where our products were sold fluctuate sharply in the future, the results of the Company may be affected to some extent.

8. Risk of China-US trade friction

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Since 2018, the U.S. has restricted import of Chinese products by means of tariff increases to reduce the trade deficit with China. Lithium-ion batteries are also among the products subject to the tariff increase. From the perspective of supply chain, the total revenue of the Company has been less affected by the China-US trade disputes because the exports to US account for a very small proportion in the total revenue of the Company. However, if the demands of the downstream customers change due to the China-US trade friction, the results of the Company may be affected adversely. In addition, some of the Company's raw materials and mechanical equipment are imported from overseas. If the trade friction between the U.S. and China intensifies and results in changes in the global trading environment, but the Company fails to make timely adjustments, the stability of the Company's supply chain may be adversely affected.

9. Risk of COVID-19 Epidemic

Since 2020, the COVID-19 epidemic broke out in China and other parts of

upstream industries have been affected by the epidemic, and the demand for lithium-ion battery separator film has been affected accordingly. So far, the Company has resumed normal production and operation in all respects, among other enterprises. However, there exists still great uncertainty about the global epidemic situation and its control, and the overseas spread also imposes risk of i
effectively in the future and spread continuously for a long time, the global economy and new energy vehicle industry will be affected adversely, and the results of the Company will be affected negatively.

10. Management risk after expansion of business scale

requirements for the management level of the Company. The management risk arises if the capabilities of the Company to manage the production, sales, quality

systems for talent cultivation and management, and the organizational structure are not further improved.

The profit distribution proposal approved by the Board of Directors is as follows: Based on 886,566,151, the Company proposed to distribute cash dividend of RMB1.70 (tax inclusive) per each 10 shares to all shareholders, and bonus share 0 (tax inclusive), and share distribution from capital reserve is nil.

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Definitions

Term

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Jiangxi Tonry	Jiangxi Tonry New Energy Technology Development Co., Ltd, a wholly-owned subsidiary of Shanghai Energy
Jiangxi Ruijie	Jiangxi Ruijie New Material Technology Co., Ltd, a controlled subsidiary of Jiangxi Tonry
Hainan Energy	Hainan Energy Investment Co., Ltd, a wholly-owned subsidiary of Shanghai Energy
Hong Kong Chuangxin	Chuangxin New Material (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company during the Reporting Period
Energy Trading	Wuxi Energy Trading Co., Ltd., a wholly-owned subsidiary of the Company
Kunshasi	Yuxi Kunshasi Plastic Co., Ltd., a joint-stock Company of Yunnan Hongta Plastic Co., Ltd.
General Meeting of Shareholders	The general meeting of shareholders of Yunnan Energy New Material Co., Ltd.
Board of Directors	the Board of Directors of Yunnan Energy New Material Co., Ltd.
Board of Supervisors	the Supervisory Committee of Yunnan Energy New Material Co., Ltd.
CSRC	China Securities Regulatory Commission
CSDCC Shenzhen Branch	Shenzhen Branch of China Securities Depository and Clearing Company Limited
SZSE	Shenzhen Stock Exchange
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Labor Law	Labor Law of the People's Republic of China
Articles of Association	Articles of Association of Yunnan Energy New Material Co., Ltd.
CITIC Securities	CITIC Securities Co., Ltd., the sponsor and financial advisor of the Company
Dahua CPAs, Dahua CPAs Firm	Dahua CPAs (SGP)
Grandall Law Firm, Legal Adviser	Grandall (Shanghai) Law firm
cninfo.com	cninfo.com (http://www.cninfo.com.cn)
Yuan, 0’000 Yuan, 100 million Yuan	RMB Yuan, RMB0’000 Yuan, RMB100 million Yuan
Reporting Period, This Reporting Period	January 1, 2020 to December 31, 2020
Same period last year	January 1, 2019 to December 31, 2019
Major Asset Restructuring	the Company issues share to purchase assets and raises supporting funds and related transactions (now changed to: the Company issues share in 2018 to purchase assets and related transactions)
Counterparties of major asset restructuring, Counterparties	Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua, Kunming Huachen Investment Co., Ltd, Sherry Lee, Future Industry Investment Fund

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	(Limited Partnership), Zhuhai Hengjie Enterprise Management Office (Limited Partnership), Huang Shuhua, Zhang Tao, Gao Xiang, He Baohua, Huang Yuchen, Hu Jiadong, Wang Chizhou, Jiang Xinmin, Zhang Fang, Zhang Fan, Zheng Mei, Liu Wei, Du Jun, Cao Ben
Shares not publicly offered in 2020, non-public offering	The 69,444,444 RMB-denominated ordinary shares (A shares) offered by Energy Technology to 22 specific investors by way of non-public offering in 2020
Counterparties of shares not publicly offered in 2020	Shanghai Lingang Dongfang Jun and Kechuang Industry Equity Investment Fund Partnership(L.P.), Shanghai Shenchuang Equity Investment Fund Partnership(L.P.), Shanghai Shenchuang Pujiang Equity Investment Fund Partnership(L.P.), Shanghai Shenchuang New Power Equity Investment Fund Partnership(L.P.), Dajia Assets Management Co., Ltd., JPMorgan Asset Management Asia Pacific Limited, JPMorgan Chase Bank, National Association, JT Asset Management Co., Ltd., Generali China Asset Management Co., Ltd., Lombarda China Fund Management Co., Ltd., UBS AG, Yunnan Energy Finance Holdings Co., Ltd., Guotai Fund Management Co., Ltd., Hongde Fund Management Co., Ltd., Bill & Melinda Gates Foundation Trust, Caisse de d ép ôt et placement du Qu ébec, Hongta Securities Co., Ltd., Tianjin Liren Investment Management Partnership(L.P.), Zhuhai Hecheng Equity Investment Partnership (L.P.), Beijing Hongdao Investment Management Co., Ltd., Caitong Fund Management Co., Ltd., and China Structural Reform Fund Co., Ltd..
Stock Ownership Incentive Scheme	2017 restricted stock incentive plan of the Company
Lithium-ion battery, lithium battery	Rechargeable battery (chargeable battery), which works through the lithium ion movement between the positive and negative electrodes It generally used the electrodes contain lithium materials, and representative of modern high-performance battery.
Lithium Ion Battery Separator Film	In the structure of lithium battery, the film is one of the key inner components. Its main function is to separate the positive and negative electrodes of the battery, prevent the contact between the two poles and short circuit, and achieve the function of blocking current conduction and preventing the battery from overheating
Base film	The film immersed in the electrolyte of lithium battery is widely distributed with nano-scale micropores on its surface to allow lithium ion to move freely between the positive and negative electrodes
Coating film	The film with coating treatment
Wet-process, Wet processing	A production process of lithium-ion battery separator film, also known as phase separation or thermal phase separation. It is a preparation process of microporous film material by adding small molecules with high boiling point into polyolefin as pore forming agent, heating and melting into a uniform system, extruding the casting piece by screw,

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	extracting the pore forming agent with organic solvent after simultaneous or sequential stretching, and then heat setting with stretching amplitude.
PVDF	PVDF
Cigarette label	Cigarette external packing, commonly known as “cigarette box”
Aseptic packaging	Composite packaging materials for aseptic filling of dairy products or non-carbonated soft drinks
Gable top package	The gable top package is a packaging for pasteurized milk, a paper-plastic composite packaging

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Section 2 Company Profile & Key Financial Indicators

I. Corporate Information

Stock Name	Energy Technology	Stock Code	002812
Stock Exchange	Shenzhen Stock Exchange		
Name of the Company in Chinese			
Short Name of the Company in Chinese			
Name of the Company in English	YUNNAN ENERGY NEW MATERIAL CO., LTD.		
Short Name of the Company in English	ENERGY TECHNOLOGY		
Legal Representative of the Company	PAUL XIAOMING LEE		
Registered Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province		
Postal Code for Registered Address	653100		
Office Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province		
Postal Code for Office Address	653100		
Official Website	www.cxxcl.cn		
Email	groupheadquarter@cxxcl.cn		

II. Contact Information

	Board Secretary	Securities Affairs Representative
Name	Xiong Wei	Yu Xue
Correspondence Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province
Tel.	0877-8888661	0877-8888661
Fax	0877-8888677	0877-8888677
Email	groupheadquarter@cxxcl.cn	groupheadquarter@cxxcl.cn

III. Information Disclosure and Place Where the Annual Report Is Kept

Media Selected by the Company for Information Disclosure	Securities Times, China Securities Journal, Shanghai Securities Journal, Securities Daily

IV. Registration Changes

Organization Code	91530000727317703K
Changes in Main Businesses Since the Company's Listing (If Any)	When the Company was listed, its main businesses were divided into two categories: (1) packaging materials: BOPP films (cigarette film and flat film) and special paper products (laser transfer anti-counterfeiting paper, direct plating paper and cellophane); (2) packaging printing: mainly including cigarette label products and aseptic packaging products. Upon the completion of major asset restructuring in 2018, the Company's main businesses were divided into three categories: (1) Film products (lithium-ion battery separator film, cigarette film and flat film); (2) packaging printing products (cigarette label and aseptic packaging); (3) packaging products (special paper, holographic anti-counterfeiting electrochemical aluminum and other products).
Changes of Previous Controlling Shareholders (If Any)	Mr. Paul Xiaoming Lee and Ms. Sherry Lee, who are shareholders of the Company and members of Xiaoming Lee's family and the de facto controllers of the Company, signed the Power of Attorney for Shareholding on January 14, 2020, by which Ms. Sherry Lee fully delegated the shareholders' rights, such as rights to question, proposal and vote, in connection with all the shares she held in the Company, to her father Mr. Paul Xiaoming Lee, for a period of three years from the date of the Power of Attorney. After the signing of the above-mentioned Power of Attorney for Shareholding, Mr. Paul Xiaoming Lee becomes the single shareholder of the Company with the most voting shares, and the controlling shareholder of the Company is changed from Heyi Investment to Mr. Paul Xiaoming Lee.

V. Other Related Information

Accounting firm hired by the Company

Name of Accounting Firm	Dahua CPAs (SGP)
Office Address of the Accounting Firm	Floor 12, Building 7, 16 West 4th Ring Middle Road, Haidian District, Beijing
Name of Accountant (Signature)	Tang Rongzhou, Yao Rui

Sponsor engaged by the Company to perform continuous supervision duties during the Reporting Period

√ Applicable □ N/A

Name of Sponsor	Office Address	Name of Sponsor Representative	Continuous Supervision Period
CITIC Securities	CITIC Securities Building, 48 Liangmaqiao Road, Chaoyang District, Beijing	Wang Jiaji, Liu Chunqin	July 18, 2019 to December 31, 2021

Financial adviser engaged by the Company to perform continuous supervision duties during the Reporting Period

√ Applicable □ N/A

Name of Financial Adviser	Office Address	Name of Principal of Financial Adviser	Continuous Supervision Period
CITIC Securities	CITIC Securities Building, 48 Liangmaqiao Road, Chaoyang District, Beijing	Wang Jiaji, Liu Chunqin	July 18, 2019 to December 31, 2021

VI. Key Accounting Data and Financial Indicators

Whether the Company is required to retroactively adjust or restate prior years' accounting data

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√ Yes □ No

Re

There is no difference in the net profits and net assets disclosed in the financial reports for the Reporting Period prepared under the accounting standards of the PRC and international accounting standards.

2 Differences in net profit and net assets disclosed in the financial reports prepared under the accounting standards of the PRC and overseas accounting standards.

□ Applicable √ N/A

There is no difference in the net profits and net assets disclosed in the financial reports for the Reporting Period prepared under the accounting standards of the PRC and overseas accounting standards.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	552,861,641.98	887,782,615.50	1,140,685,184.40	1,701,678,147.23
Net profits attributable to shareholders of the Company	138,230,902.44	183,161,737.43	322,104,471.98	472,106,908.62
Net profits attributable to shareholders of the Company (without Income from discontinued operation)	105,336,315.65	162,151,408.49	292,069,716.03	430,949,736.91
Net cash flows from operating activities	34,367,094.55	166,595,532.54	61,577,174.06	792,640,212.04

Whether the above financial indicators or their sums are materially different from those disclosed in the quarterly and semiannual reports of the Company

□ Yes √ No

IX. Items and Amounts of Non-Recurring Gains or Losses

√ Applicable □ N/A

Unit: RMB

Item	Amount in 2020	Amount in 2019	Amount in 2018	Description
Gains or losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-144,872.28	2,066.58	-125,018.08	
Government subsidies recognized in current gains or losses (except for those closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	139,305,009.71	121,993,732.08	91,358,617.68	Due to increase in investment in the production line of lithium-ion battery separator film, the local government gave policy support.
Profit generated for the costs of the Company in the acquisition of subsidiaries, associates or joint ventures are lower than the fair value of the Company’s share in the identifiable net	673,727.72			

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assets of the investees				
Gains or losses on entrusted investments or assets management	7,111,089.67	191,780.82	8,160,860.73	
Net gains or losses of subsidiaries as a result of business combination of enterprises under common control for the current period from the beginning to the combination date			310,748,377.96	
Except for effectively hedging business related to normal business operations of the Company, gain or loss arising from the change in the fair value of held-for-trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as investment income produced from the disposal of held-for-trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other debt investments.	10,951,914.18			
Other non-operating income/expenses other than items above-mentioned	-4,201,996.76	-549,671.34	338,681.94	
Other items within the definition of non-recurring gains or losses	357,802.66	4,692,941.18		
Less: amount affected by the income tax	23,107,901.22	18,944,093.93	58,641,435.61	
Amount affected by the minority shareholders' equity (after tax)	5,847,930.29	10,372,775.43	151,634,327.68	
Total	125,096,843.39	97,013,979.96	200,205,756.94	--

The reasons should be explained for items defined by the Company as non-recurring gains or losses according to the definition specified in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 -- Items of Non-recurring Gains and Losses and for items defined by the Company as recurrent gains or losses which are listed as non-recurring gains or losses in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 -- Items of Non-recurring Gains and Losses.

□ Applicable √ N/A

During the Reporting Period, the Company did not define any items of non-recurring gains or losses defined or listed in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 -- Items of Non-recurring Gains and Losses as the items of recurrent gains or losses according to this announcement.

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Section 3 Business Overview

I. Main Businesses of the Company during the Reporting Period

1. Main businesses and products of the Company

During the Reporting Period, the Company's main products are divided into three categories: (1) film products, mainly including lithium-ion battery separator film (base film and coated film), BOPP film (cigarette film and flat film); (2) packaging printing products, mainly including cigarette label and aseptic packaging; (3) paper packaging, mainly including special paper products (laser transfer anti-counterfeiting paper, direct plating paper and coated paper), holographic anti-counterfeiting electrochemical aluminum, transfer film and other products.

The wet-process lithium-ion battery separator film produced by the Company is mainly used for manufacturing lithium-ion battery for the new energy vehicle, 3C products and energy storage; cigarette film is mainly used for cigarette manufacturing; aseptic packaging is mainly used for milk boxes, beverage boxes, etc.; among special paper products, laser transfer anti-counterfeiting paper is mainly used for cigarette labels, cosmetic boxes, toothpaste boxes, pharmaceutical boxes, etc., direct plating paper is mainly used for lining of cigarette label, and packing chocolate and other food, and coated paper is mainly used in tobacco, food, pharmaceutical, cosmetic and food industries. The major customers of the Company are large domestic and foreign producers of lithium-ion battery, cigarette, food and beverage and plastic packaging, and printers. The major customers of wet-process lithium-ion battery separator film of the Company include Panasonic, LG Chem. Ltd., Samsung SDI, CATL Group, GOTION HIGH-TECH, BYD, Farasis Energy, Lishen and other domestic well-established lithium-ion battery enterprises. Company is the a-class supplier of monopoly cigarette material in Yunnan province, the main customers of cigarette label product are the large domestic cigarette manufacturing enterprises, including Yunnan Zhongyan Material (Group) Co., Ltd. and Chongqing Zhongyan Industrial Co., Ltd., etc., products are widely used in "Yuxi", "Hongta", "Clouds", "Red River", "Snow Area", "Ziyun" and "Marble", "Longfengchengxiang", and other well-known domestic brand of cigarettes. The major customers of cigarette films of the Company include domestic well-known cigarette producers, such as Yunnan Zhongyan Material (Group) Co., Ltd., Sichuan Zhongyan Industrial Co., Ltd., Chongqing Zhongyan Industrial Co., Ltd., Hunan Zhongyan Industrial Co., Ltd., Anhui Zhongyan Industrial Co., Ltd, Hubei Zhongyan Industrial Co., Ltd., Guizhou Zhongyan Industrial Co., Ltd., Heilongjiang Tobacco Industrial Co., Ltd., Jiangxi Zhongyan Industrial Co., Ltd., and Gansu Tobacco Industrial Co., Ltd. The major customers of aseptic packaging products of the Company include Inner Mongolia Yili Industrial Group Co., Ltd., Inner Mongolia Mengniu Dairy (Group) Co., Ltd., Beijing Sanyuan Foods Co., Ltd., Royal Group South China Dairy Co., Ltd., Guizhou Haoyiduo Dairy Co., Ltd., Shenzhen Dongpeng Jiexun Supply Chain Management Co., Ltd, Dali Foods Group Co., Ltd., Heilongjiang Wondersun Dairy Sunshine Co., Ltd., Yunnan Europe-Asia Dairy Co., Ltd., Yunnan Huangshi Lesson Dairy Industry Co., Ltd., and new customers in 2020: Bright Dairy & Food Co., Ltd. and Nanjing Weigang Dairy Co., Ltd.

2. Business models

The Company adopts different business models for different products. Customization applies to wet-process lithium-ion battery separator films, cigarette labels, aseptic packagings, special paper products and cigarette films, subject to the customer requirements, while flat films are produced based on sales prospects, with appropriate number of inventory stocked up.

(1) Procurement mode: the Supply Department of the Company makes a List of Qualified Suppliers (or a List of Qualified Suppliers/Materials) after evaluating and selecting suppliers. The materials listed in the purchase list can only be purchased from suppliers included in the List of Qualified Suppliers. For each type of materials, at least 2 suppliers should be selected. The Company conducts a comprehensive supplier evaluation every year and updates the List of Qualified Suppliers (or the List of Qualified Suppliers/Materials) in time.

(2) Production mode: the Company carries out production based on orders and centralized

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scheduling so as to reasonably control the costs and improve the efficiency. The Production Scheduling Department makes the production schedule based on orders and sales plan, and manages the production and quality in a unified manner so as to endure the completion of production tasks within the standards in terms of quality, quantity and time frame.

(3) Sales mode: direct selling is adopted for wet-process lithium-ion battery separator film, and the salespersons of the Marketing Department are responsible for the sale, promotion and order solicitation; customization is adopted for cigarette label and cigarette film whose production and sale are organized based on the orders the Company obtains through the participation in the nationwide bid called for by the downstream cigarette enterprises according to Administrative Measures for Cigarette Materials Procurement; flat films are produced based on sales prospects, with appropriate number of inventory stocked up; aseptic packagings and special paper products are customized pursuant to the customer requirements.

3. Industrial overview and market position of the Company

The Company is a global leader in lithium-ion battery separator film, with global competitiveness, and diversified product portfolios ranging from cigarette label, BOPP film, aseptic packaging to special paper.

(1) Film products

The film products of the Company are divided into two categories: lithium- ion battery separator film, and BOPP film. Lithium-ion battery separator film is one of the main raw materials of lithium-ion battery. The market scale of lithium-ion battery determines the market scale of the separator film. The market scale of the separator film increases with the growth of the lithium-ion battery market. Lithium-ion batteries are widely used in multiple markets and scenarios, including three major markets, namely consumer electronics, power battery and energy storage, and also used in some market segments, such as power tools. From a global perspective, the Company and a few other domestic manufacturers have entered the supply chain of the global major battery manufacturers by virtue of their technological accumulation and business scale. The Company has established a good cooperative relationship with three major foreign lithium-ion battery manufacturers, namely Panasonic, Samsung, LG Chem, and other domestic well-established lithium-ion battery enterprises, including CATL Group, BYD, GOTION HIGH-TECH, Farasis Energy and Lishen. With the improvement of technology and capacity scale of domestic lithium-ion battery manufacturers, the domestic demands for the separator films are basically satisfied by local manufacturers. With the fierce competition, manufacturers of lithium-ion battery separator film without independent R&D design capacity will have narrower space of development. Domestic competition will focus on raw materials and formula technology, micropore preparation technology and design capacity of complete equipment, product quality and sales channels, etc.. Manufacturers with independent core technology, stable product quality and sales channels will have more and more market shares. Relying on the accurate market judgment made by the management team and the technical advantages of its own R&D team, the Company is currently a leader in wet-process lithium-ion battery separator film, with global competitiveness in terms of capacity scale, product quality, cost efficiency, and technological research and development. The Company has established five production bases of wet-process separator film in Shanghai, Wuxi, Jiangxi, Zhuhai and Suzhou, and started the construction of the production base of lithium-ion battery separator film in Hungary during the Reporting Period to further increase the production capacity, expand the overseas market, and meet the demands of the global high-end lithium-ion battery customers for wet-process separator films and services with high consistency and safety. The Company has established a good brand image in the global medium and high-end separator film markets, as its wet-process separator films have stable quality and large production capacity. As a director member, Shanghai Energy established the Separator Film Manufacturers Association to build an exemplary image and lead the positive and healthy development of China’s separator film industry. In addition, Shanghai Energy has received many titles and awards, such as “National High-Tech Enterprise”, “Shanghai Municipal Technology Center”, and “Top 10 Exemplary Headquarters in Pudong New Area”.

BOPP films are produced by Hongta Plastic and its subsidiary Chengdu Hongta Plastic, which are among the few Chinese enterprises with ability to produce BOPP cigarette films, and anti-counterfeit printing cigarette films. The Company’s sales volume of BOPP films was approximately 21,000 tons in 2020, and the production scale of BOPP films ranked among the best of its kind in the Southwest China. Hongta Plastic is a national high-tech enterprise, and was awarded the titles of “Yunnan Provincial Excellent and Strong Industrial Enterprises”, “Yunnan

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Provincial First Excellent and Strong Packaging Enterprises", "Yunnan Provincial Second Top 30 Packaging Enterprises", "Yunnan Provincial Growing SMEs", "Yunnan Provincial Innovative Enterprises", "Yunnan Provincial Technology SMEs", and "Yunnan Provincial Private Small Giant Enterprises", and undertook two National Torch Plan projects. The trademark of "Hongta Plastic Plus Symbol" (" ") was recognized by the Trademark Office of the State Administration for Industry and Commerce as a national well-known trademark and was awarded the titles of "Yunnan Provincial Famous Trademark" and "Yunnan Provincial Famous Brand Product". Chengdu Hongta Plastic was recognized as a "high-tech enterprise", "Sichuan Enterprise Technology Center", etc.

(2) Packaging printing products

In 2020, China's tobacco industry achieved a total of RMB 1.2803 trillion of industrial and commercial taxes and profits, up 6.2% year on year; the total fiscal revenue paid reached RMB 1.2037 trillion, up 2.3%. The Company is one of the important cigarette label suppliers in China and Class-A suppliers of the non-exclusive cigarette materials in Yunnan, its major customers are large domestic well-known cigarette manufacturers. Its products have been widely used by domestic famous cigarette brands.

In respect of aseptic packaging, although the international packaging giants still occupy a leadership position by virtue of its first-mover advantage in the market, their share in China's market has been declining in recent years as Chinese producers have made constant progress in material technology and production technology. According to the current situation, there will have a gradual transition from medium and low-end market to high-end aseptic packaging market, and the market share of domestic aseptic packaging manufacturers will be increased gradually, as domestic manufacturers have the price-performance advantage. The Company independently develops roll-form aseptic brick package, pre-made aseptic brick package, A-type gable top package (mainly used for fresh milk) and B-type gable top package (mainly used for tea drinks, fruit juice and non-carbonated beverages), making it become one of the few enterprises able to produce roll-form aseptic brick package, pre-made aseptic brick package, A-type gable top package and B-type gable top package. Domestic famous large diary and beverage producers are the major customers of HongChuang Packaging, such as Yili, Mengniu, Bright Dairy, Dali, Dongpeng, Beijing Sanyuan Food, Huangshi Group, Guizhou Haoyiduo Dairy, Wondersun, Europe-Asia Dairy, Huangshi Lesson Dairy, and Nanjing Weigang Dairy. The product quality and service of HongChuang Packaging have gained recognition of a large number of customers. "Hongchuang Packaging" ( ) has been recognized as a Yunnan Province famous trademark by Yunnan Administration for Industry and Commerce. The "paper-based aluminum-plastic eight-layer composite packing paper" was certified as the national key new product, and Hongchuang Packaging was awarded the titles of "High-Tech Enterprise", "Yunnan Provincial Enterprise Technology Center", "Yunnan Provincial Leading Packaging Enterprise", "Yunnan Provincial Growing SMEs", etc.

(4) Special paper and other products

China has lots of paper packaging producers, with full market competition. Dexin Paper mainly produces special paper products, holographic anti-counterfeiting electrochemical aluminum products and transfer films. They are widely used for the cigarette labels for domestic famous cigarette brands, such as "Yunyan", "Hongtashan", "Yuxi", "Hongshuangxi", "Jiaozi", "Huanghelou", and "Hongjinlong". Thanks to the Company's strong capability in product development, excellent product quality and good adaptability, the special paper products have developed rapidly and fill the gap of no special paper deep processing enterprise in Southwest China where a large number of packaging printing enterprises operate. As a national high-tech enterprise, Dexin Paper has won recognition of downstream customers by virtue of the seam avoidance technology of laser transfer paper, the positioning and transfer technology of pre-printed cursor, and the transfer technology of water-based films. Its rainbow laser transfer anti-counterfeiting paperboard was certified as National Key New Product and Yunnan Provincial Key New Product. Dexin Paper was awarded the titles of "Yunnan Provincial Enterprise Technology Center" and "Yunnan Provincial Technology SMEs".

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II. Major Changes in Prime Assets

1. Major changes in prime assets

Prime Assets	Notes to Major Changes
Equity assets	No major change
Fixed assets	Up 70.58% compared with the beginning of the period, primarily driven by more investments made in production line of lithium-ion battery separator

2. Overseas Prime Assets

□ Applicable √ N/A

III. Core Competitiveness Analysis

1. Scale advantage

As at the end of the Reporting Period, the Company has the world's first production scale of wet-process lithium-ion battery separator film, with the world's largest supply capacity. As a supplier of lithium-ion battery separator film with the world's first shipments, the Company has the world's largest market share. The Company's scale advantage is mainly reflected in cost control and sales development. The Company is capable of undertaking large-scale orders from large battery manufacturers, such as LG Chem, CATL, and GOTION HIGH-TECH. Furthermore, the Company's scale advantage also improves the production efficiency, creates the procurement advantage, and effectively reduces the cost. In terms of cost control, the Company's scale advantage firstly creates the cost advantage for raw materials procurement. Large-scale centralized procurement makes the cost of raw materials lower than that of the counterparts in this industry. Secondly, the Company's huge sales scale brings a large number of orders to the Company, so that the Company can effectively reduce the frequency of downtime during production and effectively reduce the cost caused by downtime through reasonable production scheduling. As a result, the Company has the largest operating rate and capacity utilization rate. In terms of sales development, the industry concentration of the lithium-ion battery is increasing day by day. The existing and under-construction production lines of domestic first-class lithium-ion battery manufacturers boast huge production scale. Therefore, whether they have a supply capacity to satisfy the current and future demands of international first-class lithium-ion battery manufacturers will be the first consideration in their selection of suppliers. As the world's largest lithium-ion battery separator film supplier, the Company has a competitive advantage thanks to its sufficient supply capacity.

2. Cost advantage

The Company has long been committed to development and improvement of production technology for advanced wet-process lithium-ion battery separator film. Thanks to the continuous improvement of production equipment and production process by the Company's production management and technical teams, the Company's output from a single production equipment line of lithium-ion battery separator film ranks the best in the industry to further reduce the unit cost in depreciation, energy consumption and labor. Moreover, thanks to the Company's continuous improvement of production technology and production management, the Company's yield coefficient and first pass yield of lithium-ion battery separator film rank the best in the industry. Besides, the Company continues to improve the recovery efficiency of auxiliary materials, so that the consumption of auxiliary materials is far lower than that of counterparts in the industry. On the whole, the Company's cost advantage is the result of synthetic action, including continuous improvement of production equipment, continuous improvement of production technology, continuous investment in research and development, constant improvement of production management, strong market development ability and huge production scale, and the Company will maintain this advantage for a long term.

3. Product advantage

The Company has long been committed to the research and development of lithium-ion battery separator film and committed to creating value for customers with high-quality products and excellent service. Mainstream lithium-ion battery manufacturers, especially international first-class lithium-ion battery manufacturers, have strict requirements for material quality. As one of the core materials for lithium-ion batteries, the separator film has high technical barrier and its performance directly affects the discharge capacity, cycle life and safety of lithium-ion battery. Lithium-ion battery manufacturing requires strong properties of separator films, such as the size, distribution uniformity and consistency of separator film micropores. Mainstream lithium-ion battery manufacturers apply a long system verification process covering product, technology and production flow to introduce material suppliers. So far, the Company has successfully passed the product certification of most domestic and foreign mainstream lithium-ion battery manufacturers, and entered the overseas power battery supply chain system with the most stringent requirements. The product quality

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has been recognized by many lithium-ion battery manufacturers. In addition, the Company continues to invest in the development of new products, and carry out product research and forward-looking technical reserve while meeting customized needs. So far, the Company has become a supplier with the most diversified lithium-ion battery separator film products to meet multiple demands of different customers.

4. R&D advantage

The Company has established a research and development team with sound system through years of accumulation. The research and development scope covers the separator film and coated production equipment, separator film preparation process, raw & auxiliary materials improvement, coating process, slurry formula, recovery and energy saving technology, as well as R&D for forward-looking technical reserve projects. The Company's research and development team of lithium-ion battery separator film has made a series of achievements in improving production efficiency, enhancing the quality of lithium-ion battery separator film and developing new products. So far, the Company has had 208 currently effective patents, including 3 authorized foreign patents, and 199 ongoing patent applications, including 42 international patents. What's more, the Company's research and development team of lithium-ion battery separator film can not only customize a variety of new products for downstream customers, but also jointly develop products with downstream customers to meet their diversified demands.

5. Talent advantage

The lithium-ion battery separator film is currently an emerging industry in China, with only more than ten years of history. With the rapid global growth of energy industry in recent years, there are insufficient talents and no qualified professionals in the whole industry of lithium-ion battery separator film. The Company relies on the talents accumulated in more than 20 years in BOPP film industry that is similar to the lithium-ion battery separator film industry. The Company has established a good talent incentive mechanism and also recruited talents worldwide. As at the end of the Reporting Period, the Company has more than 80 professionals with master's degree or above in the lithium-ion battery separator film, and has established a core technology research and development team composed of professional research and development staff from the United States, Japan, Korea and other countries. Furthermore, through long-term efforts, the Company has established a complete professional team in production management, system construction, quality control, market expansion and equipment design, installation and maintenance, etc. All teams of the

Section 4 Discussion and Analysis on Business Operation

I. Overview

In 2020, the COVID-19 swept the world. We experienced the journey of fighting the epidemic, preventing the epidemic, resuming work and production, and strictly preventing the recurrence of the epidemic. The Company exerted every effort to go through the tough time by arranging tasks for the epidemic prevention and control in an orderly manner while managing the production and sales tooth and nail by means of active response to the market competition and rapid response to customers' demands during the epidemic for the cigarette label, aseptic packaging, and special paper, with a view to grasp the market opportunity; in addition, in the second half of the Year, the new energy automobile industry recovered and developed rapidly, the Company's order quantity of power lithium battery separator film rose by virtue of the high product quality, and the Company expanded its business to consumer lithium-ion battery separator film market by acquiring Suzhou Green Power. The business integration of Suzhou Green Power achieved remarkable effect, and Suzhou Green Power turned loss to profit during the Reporting Period. The Company has become the world's largest separator film supplier in the two fields of power battery and consumer battery, and its market position and profitability will continue to rise rapidly. During the Reporting Period, the total assets, net assets, operating income and net profit of the Company achieved great growth. In 2020, the Company achieved consolidated operating income of RMB4.28billion, representing a year-on-year increase of 35.56%, and net profit attributable to the parent Company of RMB1.1156billion, representing a year-on-year increase of 31.27%.

1. Overall financial performance in 2020

(1) Film products

Film products are the core products of the Company. The operating income of film products in 2020 was RMB3.4640963 billion, accounting for 80.88%, an increase of 35.92% compared with last year, mainly due to the continuous growth of the revenue of wet-process lithium-ion battery separator film business. Benefiting from the recovery and boom of the global new energy industry and new energy vehicle market, the demand for power batteries was strong in the second half of the Year, driving the rapid growth of the upstream supporting products and market space of the lithium-ion battery. In the first half of the Year, the Company reduced the impact of the epidemic on the Company by reducing costs and increasing efficiency and reasonably controlling expenses. In the second half of the Year, the Company achieved an increase in income along with the rise in downstream demand by strengthening market development and seizing market opportunities. The gradual construction completion and putting into operation of the 4 base film production lines of Zhuhai Energy Phase II project, 8 base film production lines of Jiangxi Tonry, 8 base film production lines of Wuxi Energy enabled the Company to further meet the domestic and foreign existing and potential customers' requirements for supply capacity and enhance the Company's industry competitiveness. As at the end of 2020, the Company has 46 wet-process separator film production lines in its five major bases located respectively in Shanghai, Zhuhai, Jiangxi, Wuxi and Suzhou, with a production capacity of 3.3 billion square meters, ranking the first in the world. the Company's wet-process separator film shipments exceeded 1.3 billion square meters during the Reporting Period, with the highest market share. The wet-process separator film achieved an income of RMB 2.89 billion, a great growth of 48.83% year on year. With a remarkable growth in 2020, Shanghai Energy's operating income was RMB 2.65 billion, net profit was RMB 0.96 billion, and net profit attributable to shareholders of the listed Company was RMB 0.92 billion.

During the Reporting Period, the Company expanded its business market from power battery separator film to consumer lithium-ion battery separator film by acquiring 100% equity of Suzhou Green Power and 76.3574% equity of Newmi Tech. On the one hand, the Company enlarged its production capacity of consumer batter separator film, on the other hand, due to the remarkable effect of business integration of Suzhou Green Power, Suzhou Green Power turned loss to profit during the Reporting Period, enhancing the performance of the listed Company. In 2020, the operating income of Suzhou Green Power was RMB888.03 million, net profit was RMB175.97 million. After inclusion in the consolidated financial statements of the Company in March 2020, the

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net profit attributable to shareholders of the listed Company as at the end of the Reporting Period was RMB222.64 million. The Company will strengthen the integration of Newmi Tech through the inclusion of it into the Group's supply chain system, transformation of production equipment, optimization of processes and other measures to achieve resource complementarity and advantage superposition, reduce its procurement costs, improve production efficiency and operational efficiency.

The Company has developed more than 100 varieties of wet-process film products. This wide product range can meet the different needs of customers. The products are stable and consistent in quality, and thus widely recognized by large foreign lithium battery manufacturers, with large market demands. The major overseas customers of power lithium-ion battery separator film of the Company include Panasonic, Samsung and LG Chem, and domestic customers include CATL, BYD, GOTION HIGH-TECH, Farasis Energy, Lishen and many other domestic lithium-ion battery enterprises. Along with the constant high prosperity of new energy vehicles, the Company's existing and potential customers maintain strong demands for the Company's wet-process separator film products, and at the same time the Company actively expand overseas markets. During the Reporting Period, the Company launched the Hungary project of wet

Due to the impact of the epidemic on domestic logistics, some customers of the Company were not supplied with sufficient cigarette label products. The Company seized the market opportunity and quickly adjusted production to respond to customer demand quickly. The sales volume of the Company's cigarette labels grew significantly during the Reporting Period, and the operating income of cigarette labels was RMB 128.9761 million, up 10.08% year on year.

Through continuous development of new products, customized services and internal lean management measures, the Company's aseptic packaging business still focuses on serving large-scale dairy enterprises and regional well-known dairy enterprise to achieve sales growth. The expansion of production capacity of the aseptic packaging has promoted the scale expansion and profitability of aseptic packaging products. In 2020, the aseptic packaging business grew fast, with an operating income of RMB 403.5137 million, up 39.52% year on year. The Company's aseptic packaging products have the characteristics of excellent heat-sealing performance, strong adaptability to the machine, low filling loss, etc., the product quality and performance indicators can be comparable with similar products at home and abroad. In the future, the Company will continue to promote customer relationship management, jointly grasp market growth opportunities with large dairy enterprises to realize the rapid development. With large-scale famous dairy enterprises and regional well-known dairy enterprises as the major customers, including Inner Mongolia Yili Industrial Group Co., Ltd., Inner Mongolia Mengniu Dairy (Group) Co., Ltd., Bright Dairy & Food Co., Ltd., Nanjing Weigang Dairy Co., Ltd, Beijing Sanyuan Foods Co., Ltd., Shenzhen Dongpeng Jiexun Supply Chain Management Co., Ltd, Dali Foods Group Co., Ltd., Heilongjiang Wondersun Dairy Sunshine Co., Ltd., Yunnan Europe-Asia Dairy Co., Ltd., and Yunnan Huangshi Lesson Dairy Industry Co., Ltd., the Company’s sales volume of aseptic packaging products was 2.309 billion pieces during the Reporting Period, up 36.30% year on year. The Company will focus on packaging printing products, and make use of good product design, material optimization, customized response ability and timely after-sales service ability to continuously expand the market and expand the market share.

(3) Special paper and other products

During the Reporting Period, the Company actively expanded the market, responded to customer demand quickly, strengthened fine management internally, reduced costs and improved efficiency. The sales volume of the Company's special paper grew significantly during the Reporting Period, and the operating income of special paper was RMB 174.7243 million, up 35.76% year on year.

2. Review of other works

During the Reporting Period, the Company publicly offered convertible corporate bonds with a term of 6 years and got proceeds of RMB1.5861226 billion, which were mainly used for the “project of lithium-ion battery separator film (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd. with an annual production capacity of 400 million square meters” and the project of Wuxi Energy New Material Industrial Base. These projects for which funds were raised through offering of convertible corporate bonds completed, and put into operation, improving the supply scale of the Company's lithium battery separator film products and satisfying the new requirements of existing and potential overseas customers for the production process, technological level, production control capability and product quality.

During the Reporting Period, the Company issued 69,444,444 ordinary shares to 22 specific investors through non-public offering of shares, at a price of RMB72.00 per share, and raised a net amount of RMB 4.983 billion, which are used for the expansion project of lithium-ion battery separator film Phase I of Jiangxi Tonry, the expansion project of Wuxi Energy New Material Industrial Base Phase II, and for supplementing the current capital. These projects make steady progress. So far 8 production lines of Jiangxi Tonry project have been put into operation, and 8 production lines of Wuxi Energy New Material Industrial Base project have been put into operation, further enlarging the production capacity of the separator film. The implementation of these project

Supervisory Committee are more reasonable. The effective operation of the new Board of Directors, the special committees of the Board of Directors, and the Supervisory Committee will further optimize the corporate governance structure of the Company and play a positive role in promoting the rapid development of the Company.

On July 13, 2020, the 5th meeting of the fourth Board of Directors deliberated and approved the Proposal on the Fulfillment of Conditions for Unlocking within the Third Unlocking Period under the 2017 Restricted Stock Incentive Plan, the Proposal on Repurchase and Cancellation of Part Incentive Stocks under the 2017 Restricted Stock Incentive Plan, and other related proposals. Under the two proposals, 83 participants eligible for unlocking were proposed and 3,404,080 restricted stocks could be unlocked for circulation in the market. The unlocking date (i.e. date if circulation in the market) of the restricted stock under this unlocking period is July 23, 2020. 4 participants were assessed “good”, so the Company repurchased and canceled part restricted stocks, namely 23,120 shares, that granted to but not yet unlocked by those participants, and the repurchase price is RMB8.426/stock.

The Company made a number of breakthroughs in technological innovation during the Reporting Period. As at the end of the Reporting Period, the Company and its subsidiaries registered 372 patents in total, including 315 utility model patents, 43 invention patents and 11 appearance design patents. Attaching importance to the overseas patent registration, the Company has 42 international patents under application and under review, and 177 domestic patents under application and under review.

II. Analysis on Main Businesses

1. Overview

Please refer to “I. Overview” under the section “Discussion and Analysis on Business Operation”.

2. Revenue and cost

(1) Breakdown of operating income

Unit: RMB

	2020		2019		Year-on-year increase or decrease
	Amount	Proportion in the operating income	Amount	Proportion in the operating income	
Total Operating Income	4,283,007,589.11	100%	3,159,561,554.91	100%	35.56%
By industry					
	4,205,724,684.56	98.20%	3,126,340,216.38	98.95%	34.53%
Other businesses	77,282,904.55	1.80%	33,221,338.53	1.05%	132.63%
By product					
Film products	3,464,096,284.00				

Southwest	652,445,734.88	15.23%	642,008,612.82	20.32%	1.63%
East	1,834,948,385.75	42.84%	1,265,744,809.31	40.06%	44.97%
North	112,167,705.95	2.62%	90,039,636.26	2.85%	

Cigarette label	Sales	10,000 boxes	40.43	22.18	82.28%
	Production	10,000 boxes	36.21	27.08	33.72%
	Inventory	10,000 boxes	3.59	7.81	-54.02%
Aseptic packaging	Sales	10000	230,943.97	169,434.31	36.30%
	Production	10000	232,814.28	181,971.65	27.94%
	Inventory	10000	26,670.48	24,800.17	7.54%
Special paper	Sales	Ton	14,066.68	11,484.28	22.49%
	Production	Ton	14,243.59	11,762.93	21.09%
	Inventory	Ton	1,483.14	1,306.23	13.54%

Reason for any over 30% YoY movements in the data above

√ Applicable □ N/A

(1) The significant year-on-year increase in inventory of film products in 2020 was mainly due to the release of the production capacity of the Company's lithium-ion battery separator film and the strong demand for power batteries in the second half of the Year, driving the rapid growth of the upstream supporting products and market space of the lithium-ion battery, and the continuous increase of production output and sales volume the Company's lithium battery separator film. Therefore, the Company made to stock pursuant to the customer's sales plan and delivered to them after production upon the request of the customers.

(2) The significant year-on-year increase in production output and sales volume of cigarette labels in 2020 was mainly driven by the fact that due to the impact of the epidemic on domestic logistics, some customers of the Company were not supplied with sufficient cigarette label products, and the Company seized the market opportunity and quickly adjusted production to respond to customer demand quickly. The significant year-on-year decrease in inventory is mainly driven by the fact that due to the earlier settlement of the accounts by the Company's cigarette label customers at the end of 2019, some of the Company's cigarette label products have been delivered but not confirmed for acceptance by customers.

(3) The significant year-on-year increase in the production output and sales volume of aseptic packaging in 2020 was mainly due to the expansion of the Company's aseptic packaging production capacity and active market development.

(4) Execution of significant sales contracts signed by the Company as at the Reporting Period

√ Applicable □ N/A

Shanghai Energy, a controlled subsidiary of the Company, signed a Purchase and Sales Contract with LG Chem, Ltd. with respect to the purchase of lithium-ion battery separator film products, with a total contract price of no more than US$617 million and a term of 5 years. For details, please refer to the Announcement on the Significant Contract Signed by the Controlled Subsidiary Shanghai Energy New Material Technology Co., Ltd. (No.: 2019-061) disclos664 381.53 Tm [72(a)4(l)8(T16(n)-9(td)5(.)-2( )-2((No)-4(.)10(:)8s10(l)8(T16

Product category	Item	2020		2019		Year-on-year increase or decrease
		Amount	As a percentage of total operating cost	Amount	As a percentage of total operating cost	
Film products	Raw material	1,085,857,106.87	57.40%	724,639,964.81	56.29%	46.55%
	Labor	112,590,099.47	5.95%	75,161,550.98	5.84%	48.35%
	Manufacturing costs	385,575,292.18	20.38%	272,091,995.11	21.14%	41.33%
	Energy	307,683,375.40	16.26%	215,343,445.15	16.73%	42.33%
	Subtotal	1,891,705,873.91	100.00%	1,287,236,956.04	100.00%	44.84%
	Raw material	56,404,482.20	87.35%	51,697,207.14	81.79%	9.11%
	Labor					

Cigarette label

(6) Changes in the scope of the consolidated financial statements for the Reporting Period

√ Yes □ No

Compared with the previous period, 8 new entities were included in and 2 entities were removed from the consolidated financial statements for the Reporting Period:

1)New subsidiaries included in the consolidated financial statements in the Reporting Period:

Name	Reason for change
Suzhou Green Power New Energy Materials Co., Ltd.	Business combination not under the common control
Foshan Donghang Photoelectric Technology Co., Ltd.	Business combination not under the common control
Chongqing Yuntianhua Newmi Technological Co., Ltd.	Business combination not under the common control
Guangdong Energy New Material Institute Co., Ltd.	Newly established
Yuxi Feiermu Trading Co., Ltd.	Newly established
Hainan Energy Investment Co., Ltd.	Newly established
SEMCORP Global Holdings Kft.	Newly established
SEMCORP Hungary Kft.	Newly established

Note: 1.The Company completed the acquisition of 100% equity of Suzhou Green Power in March 2020, and then transferred 100% equity of Suzhou Green Power to Shanghai Energy in September 2020;

2. Shanghai Energy completed the acquisition of 70% equity of Donghang Photoelectric and 76.3574% equity of Newmi Tech in the Reporting Period.

2)Subsidiaries removed from the consolidated financial statements in the Reporting Period:

Name	Reason for change
Shanghai Energy Information Technology Co., Ltd.	Canceled
Shanghai Fengzhou Trading Co., Ltd.	Canceled

(7) Major changes or adjustments in the business, products or services in the Reporting Period

□ Applicable √ N/A

(8) Major customers and suppliers

Major customers of the Company

Total Revenue from the top five customer sales (RMB)	2,242,262,780.93
Total Revenue from the top five customers in proportion of total revenue	52.35%
Total Revenue from related parties in the top five customers in proportion of total revenue	0.00%

Information on top 5 customers

No.	Customer Name	Sales (RMB)	As a percentage of the total sales revenue for the Year
1	Customer 1	948,656,129.57	22.15%
2	Customer 2	845,986,449.56	19.75%
3	Customer 3	163,393,134.40	3.81%
4	Customer 4	147,060,609.99	3.43%
5	Customer 5	137,166,457.41	3.20%
Total	--	2,242,262,780.93	52.35%

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Other information on major customers

□ D

The Company had the following R&D projects in 2020:

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		sample production carried out		
13	Mass production of			

			experience, and adapt to the full flip packaging of various product boxes	
21	Research and development of new-type degradable film materials	Under research	To develop degradable film materials	It is in line with the requirement for ecological and environmental protection and complies with relevant regulations and policies, and benefits the improvement of the market competitiveness of the Company's products and enhancing its economic benefits

Information about R&D investment

	2020	2019	Year-on-year change (%)
Number of R&D Personnel	369	381	-3.15%
R&D personnel as a percentage in total employees	7.32%	9.72%	-2.40%
R&D Investment (RMB)	178,243,333.28	154,913,207.75	15.06%
R&D investment as a percentage in operating income	4.16%	4.90%	-0.74%
Capitalized R&D investment (RMB)	0.00	0.00	0.00%
Capitalized R&D investment as a percentage in total R&D investment	0.00%	0.00%	0.00%

Reason for any significant year-on-year change in the percentage of the R&D investment in the operating income

□ Applicable √ N/A

Reason for any sharp variation in the percentage of the capitalized R&D investment and rationale

□ Applicable √ N/A

5. Cash flow

Unit: RMB

Item	2020	2019	Year-on-year increase or decrease
Subtotal of cash inflows from operating activities	3,780,284,210.92	3,309,747,737.65	14.22%
Subtotal of cash outflows due to operating activities	2,725,104,197.73	2,546,450,729.88	7.02%
Net cash flows from operating activities	1,055,180,013.19	763,297,007.77	38.24%
Subtotal of cash inflows from investment activities	873,613,933.13	52,295,255.92	1,570.54%
Subtotal of cash outflows due to investment activities	6,149,118,177.71	3,126,243,760.37	96.69%
Net cash flows from investment activities	-5,275,504,244.58	-3,073,948,504.45	71.62%
Subtotal of cash inflows from	13,221,955,416.70	5,427,097,775.55	143.63%

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financing activities			
Subtotal of cash outflows from financing activities	7,662,371,315.54	2,646,402,569.35	

Inventories	1,157,030,660.71	5.62%	759,230,046.85	6.23%	-0.61%	
Investment properties	9,467,762.78	0.05%	10,001,993.90	0.08%	-0.03%	
Long-term equity investments	3,375,208.87	0.02%	3,343,466.01	0.03%	-0.01%	
Fixed assets	8,420,764,216.20	40.93%	4,936,597,979.17	40.49%	0.44%	
Construction in progress	1,639,803,967.92	7.97%	1,554,274,795.85	12.75%	-4.78%	Primarily driven by the increase in total assets due to receipt by the Company of the proceeds from the offering of convertible corporate bonds, and the proceeds from the non-public offering of shares during the Reporting Period
Short-term borrowings	1,795,679,528.91	8.73%	2,670,365,032.83	21.90%	-13.17%	Primarily driven by the increase in total assets due to receipt by the Company of the proceeds from the offering of convertible corporate bonds, and the proceeds from the non-public offering of shares during the Reporting Period
Long-term borrowings	2,666,911,132.37	12.96%	1,967,813,815.80	16.14%	-3.18%	Primarily driven by the increase in total assets due to receipt by the Company of the proceeds from the offering of convertible corporate bonds, and the proceeds from the non-public offering of shares during the Reporting Period

2. Assets and liabilities measured at fair value

√ Applicable □ N/A

Unit: RMB

Item	Beginning amount	Gain or loss from change in fair value during the current period	Accumulated changes in fair value recognized in equity	Provision for impairment for the current period	Amount of purchase during the current period	Amount of sales during the current period	Other changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial		10,951,914.18			1,329,600,000.00			1,340,551,914.18

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assets)								
Others	182,535,597.54			2,622,000.00	402,174,829.70	182,535,597.54		399,552,829.70
Of which: bank acceptance draft	9,886,495.00				22,174,829.70	9,886,495.00		22,174,829.70
Commercial acceptance draft	172,649,102.54					172,649,102.54		
Accounts receivable				2,622,000.00	380,000,000.00			377,378,000.00
Total of the above items	182,535,597.54	10,951,914.18		2,622,000.00	1,731,774,829.70	182,535,597.54		1,740,104,744.00
Financial liabilities	0.00							0.00

Other changes

Whether there are any significant changes in the measurement attributes of the Company's major assets during the Reporting Period

□ Yes √ No

3. Restricted asset rights as of the end of the Reporting Period

Item	Balance	Reason for restriction
Monetary capital	319,032,411.48	Bank draft deposit, L/C deposit
Trading financial assets	129,600,000.00	Pledged loan
Receivable financing	22,174,829.70	Pledged loan
Fixed assets	2, 606,449,712.93	Mortgaged loan
Construction in progress	174,466,109.97	Mortgaged loan
Intangible assets	229,456,843.79	Mortgaged loan
Total	3, 481,179,907.87	

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V. Analysis of Investments Made

1. Summary

√ Applicable □ N/A

Total investment amount during the Reporting Period (RMB)	Total investment amount in the last year (RMB)	Change (%)
3,919,952,513.22	2,600,533,524.81	50.74%

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3. Significant non-equity investments ongoing in the Reporting Period

√ Applicable □ N/A

Unit: RMB

Item	Way of investment	Whether or not investment in fixed assets	Industry involved in the investment project	Actual investment amount in the Reporting Period	Accumulative actual investment as at the end of the Reporting Period	Source of fund	Progress of project	Projected earnings	Accumulative income realized as at the end of the Reporting Period	Reasons for the failure to make the planned progress and receive the projected earnings	Disclosure date (if any)	Index to disclosed information (if any)
Wuxi Energy New Material Industrial Base	Self-constru EMC											

						funds by convertible bonds						Equity of Jiangxi Tonry New Energy Technology Development Co., Ltd.(No.: 2018-141) disclosed on cninfo.com
Jiangxi Tonry Phase I Expansion	Self-construction	Yes	Lithium-ion Battery Separator Film	139,404,996.71	139,404,996.71	self owned and self raised funds; raise funds by way of non-public offering	20.59%	0.00	0.00	N/A	Tuesday March 24, 2020	Please refer to the Announcement on Plan for Non-public Offering of A Shares in 2020 (No.:2020-050) disclosed on cninfo.com
Total	--	--	--	2,119,606,864.26	5,667,322,216.22	--	--	0.00	196,925,111.11	--	--	--

4. Financial investments

(1) Securities investments

□ Applicable √ N/A

No such cases in the Reporting Period.

(2) Derivatives investments

□ Applicable √ N/A

No such cases in the Reporting Period.

5. Use of funds raised

√ Applicable □ N/A

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(1) Overall use of funds raised

√ Applicable □ N/A

Unit: RMB0’000

Year of raising	Way of raising	Total amount of funds raised	Total amount used from the funds raised in the Year	Total amount accumulatively used from the funds raised	Total amount used from the funds raised during the Reporting Period for the purposes other than those specified at the time of raising the funds	Total amount accumulatively used from the funds raised for the purposes other than those specified at the time of raising the funds	Percentage of the total amount accumulatively used from the funds raised for the purposes other than those specified at the time of raising the funds	Total amount of unused funds raised	Purpose and investment direction of unused funds raised	Amount of funds raised that have been idle for more than two years
2016	Initial public offering	74,776.7	0	64,188.02	0	10,588.68	14.16%	10,588.68	Deposited in the bank's special account for raised funds	10,588.68
2020	Public offering of convertible corporate bonds in 2020	158,612.26	158,612.26	158,612.26	0	0	0.00%	0	N/A	0
2020	Non-public offering of shares in 2020	498,250.46	225,352.89	225,352.89	0	0	0.00%	272,897.57	As of December 31, 2020, out of the unused funds raised, RMB 1.2 billion was used to purchase wealth management products, RMB 800 million was added to the current capital, and RMB 990.6632 million was deposited in the bank’s special account for raised funds.	0
Total	--	731,639.42	383,965.15	448,153.17	0	10,588.68	1.45%	283,486.25	--	10,588.68

Explanation on the general use of the funds raised

I. Initial Public Offering

With the approval of CSRC ZJXK [2016] No. 1886, the Company made its initial public offering of 33.48 million RMB-denominated ordinary shares. China Merchants Securities Co., Ltd., the main underwriter, issued 33.48 million shares by combining offline inquiry and allotment to investors and online subscription based on market value to public investors. This issuance is all new shares, without transfer of old shares. Among them, 3.348 million shares were allotted offline, 30.1320 million shares were issued online at a price of RMB23.41/share. In addition, after deducting RMB3,599.98 of newly increased external expenses directly related to the issuance of equity securities, such as online issuance fee, prospectus printing fee, reporting accountant fee, lawyer fee and evaluation fee, the net amount of raised funds was RMB747.767 million. The availability of the above raised funds was verified by Dahua CPAs (SGP) with the capital verification report of "DHYZ [2016] No. 000897". As

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of September 30, 2016, the self-owned funds invested for the projects for which funds were raised reached RMB236.6591 million, which was audited by Dahua CPAs (SGP) with the appraisal report of DHHZ [2016] No. 004562. In 2017, the total amount of used funds raised was RMB26,067,736.89; in 2018, the total amount of used funds raised was RMB36,288,006.85; in 2019, the total amount of used funds raised was RMB24,728,775.11; in this year, the total amount of used funds raised was RMB0.00. As of December 31, 2020, the balance of funds raised is RMB112,000,382.05 (including the net amount of RMB6,113,618.10 as interest income of raised funds after deducting bank charges).

II. Public Offering of Convertible Corporate Bonds in 2020

Upon approval from the CSRC with the Reply to Yunnan Energy New Material Co., Ltd. to Approve Its Public Offering of Convertible Corporate Bonds (ZJXK [2019] No. 2701), the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, with a face value of RMB 100 each bond and a total amount of RMB1,600,000,000. After deducting the underwriting and sponsorship fees (excluding tax) of RMB9,433,962.26 and other offering expenses (excluding tax) of RMB4,443,396.23 from the total amount of proceeds from public offering of convertible corporate bonds, the net amount of proceeds from offering by the Company was RMB1,586,122,641.51. The availability of funds raised this time was verified by Dahua CPAs (SGP) with the capital verification report of "DHYZ [2020] No. 000047". As of March 16, 2020, the self-owned funds invested for the projects for which funds were raised reached RMB1,697,984,425.54, which was replaced fully with the RMB1,586,122,641.51 of funds raised through issuing convertible corporate bonds, and was audited by Dahua CPAs (SGP) with the appraisal report of DHHZ [2020]001799. As of December 31, 2020, the Company's proceeds from offering of convertible corporate bonds were all replaced, and the balance of the special account was RMB0.00. The Company completed the cancellation procedure for the special account.

III. Non-public Offering of Shares in 2020

Upon approval from the CSRC with the Reply to Yunnan Energy New Material Co., Ltd. to Approve Its Non-public Offering of Shares (ZJXK [2019] No. 2701), the Company non-publicly issued 69,444,444 RMB-denominated ordinary shares to 22 specific investors on August 17, 2020, with a face value of RMB 1.00 each share, at the price of RMB 72.00/share, and the total proceeds from this offering was RMB 4,999,999,968.00. After deducting the underwriting and sponsorship fees (excluding tax) of RMB14,150,943.40 and other offering expenses (excluding tax) of RMB3,344,470.11 from the total amount of proceeds from this offering, the net amount of proceeds from this offering by the Company was RMB4,982,504,554.49. The availability of funds raised through this offering was verified by Dahua CPAs (SGP) with the capital verification report of "DHYZ [2020] No. 000460". As of December 31, 2020, the Company invested accumulatively RMB2,253,528,906.32 for the project for which funds were raised, including RMB254,221,260.11 that was invested with its own funds before the funds raised were available; during the accounting period from September 8, 2020 to December 31, 2020, RMB1,999,307,646.21 was used out of the funds raised. In addition, out of funds raised, RMB800,000,000.00 was added to the current capital, and RMB 1,200,000,000.00 was used to purchase wealth management products. As of December 31, 2020, the balance in the special account for the funds raised should be RMB743,941,164.38 (including the net amount of RMB14,965,516.21 as interest income of raised funds after deducting bank charges). Because some investment in the projects for which funds were raised was paid by way of bank acceptance draft, and the equivalent amount should be transferred from the special account for funds raised to its own account of the Company, totaling RMB246,721,995.21, the actual balance in the special account for funds raised was RMB990,663,159.59 as of December 31, 2020.

(2) Projects with committed use of funds raised

√ Applicable □ N/A

Unit: RMB0’000

Project with committed use of funds raised and allocation of funds excessively raised	Whether the project has been changed, including part change	Total committed investment amount	Total investment amount after adjustment (1)	Actual investment amount in the Reporting Period

3. R&D center construction project	Yes	4,993.17	1,471.56		1,471.56	100.00%			N/A	Yes
4. Repayment of bank loans	No	20,000	20,000		20,000	100.00%			Yes	No

5. Addition to current capital (IPO)

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Amount, purpose and actual use of funds excessively raised	N/A
Change in location to implement the projects with investments out of the funds raised	Applicable
	Change in previous year
	Upon the deliberation and approval for the Proposal on Changing Some Projects with Investments Out of the Funds Raised at the 27 meeting of the 3rd Board of Directors of the Company, it was agreed to terminate the "reconstruction and expansion project of high-grade environmental-friendly special paper with 13,000 tons annual production output" and the "R&D center construction project", and invest the balance of the funds raised for these two projects, totaling RMB105.8868 million, and the interest income, in the new project - Energy Technology Research Institute. The Company will invest to establish a wholly-owned subsidiary (which has not been registered so far, subject to the approval of the business registry) as the entity to implement the project of Energy Technology Research Institute, and lease the experimental building in the factory area of Shanghai Energy. The location to implement the project is changed to 155 Nanlu Road, Pudong New Area, Shanghai.
Adjustment to the implementation method of projects with investment out of funds raised	N/A
Preliminary investment in projects and replacement with the funds raised	Applicable
	I. Initial Public Offering With the deliberation and approval at the 18th meeting of the second Board of Directors of the Company on the Proposal on Use of Funds Raised to Replace the Preliminarily Invested Self-raised Funds, it is agreed to replace the self-raised funds of RMB236,659,100 that have been invested in the projects for which the funds were raised through IPO. RMB197,935,700 was preliminarily invested in the "the reconstruction and expansion project of color packaging boxes with 3 billion pieces annual production output", RMB24,213,800 was preliminarily invested in the "reconstruction and expansion project of high-grade environmental-friendly special paper with 13,000 tons annual production output", and RMB14,509,600 was preliminarily invested in the "R&D center construction project". II. Public Offering of Convertible Corporate Bonds in 2020 At the 42nd meeting of the third Board of Directors of the Company, the Proposal on the Use of Proceeds from Offering of Convertible Corporate Bonds to Replace Self-raised Funds Preliminarily Invested in Fund-raising Investment Projects was deliberated and approved, and it was agreed that the Company used the proceeds from this offering to replace self-raised funds already invested in the projects. As of March 16, 2020, the Company accumulatively used self-raised funds of RMB1.6979844 billion for the projects, and the net amount of proceeds from this offering of convertible corporate bonds was RMB1.5861226 billion, which was used fully to replace the preliminarily invested self-raised funds, including RMB596.8886 million invested for "Wuxi Energy New Material Industrial Base" and replaced with the proceeds of RMB 586.1226 million; RMB1.1010959 billion invested for the "lithium-ion battery separator film project (Phase I) with annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd." and replaced with the proceeds of RMB1.00 billion. The replacement with funds raised was completed in November 2020. III. Non-public Offering of Shares in 2020 At the 11st meeting of the fourth Board of Directors and the 11st meeting of the fourth Supervisory Committee, the Proposal on Replacement of Preliminarily Invested Self-raised Funds with the Proceeds from the Non-public Offering of A Shares in 2020 was deliberated and approved, and it was agreed to replace the self-raised funds of RMB254.42213 million already invested in the projects with the proceeds. RMB157.1693 million was preliminarily invested in the "expansion project of lithium-ion battery separator film (Phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd."; RMB97.0520 million was preliminarily invested in the "expansion project of Wuxi Energy New Material Industrial Base Phase II".
Unused proceeds temporarily added to current capital	Applicable
	I. Initial Public Offering On February 24, 2020, at the 41st meeting of the third Board of Directors, and the 36th meeting of the third Supervisory Committee, the Proposal on Use of Part Unused Proceeds to Temporarily Supplement the Current Capital was deliberated and approved, and it was agreed to use the unused proceeds to the extent of not more than RMB110 million to temporarily supplement the current capital within 12 months from the date the above proposal was approved, and the independent directors and sponsor also expressed the opinion to agree upon the proposal. On August 26, 2020, the Company transferred RMB110 million to the special account for the funds raised, and informed the sponsor CITIC Securities and its representative of such transfer. II. Non-public Offering of Shares in 2020

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On September 7, 2020, at the 11st meeting of the fourth Board of Directors and the 11st meeting of the fourth Supervisory Committee, the Proposal on Use of Part Unused Proceeds to Temporarily Supplement the Current Capital was deliberated and approved, and it was agreed to use the unused proceeds from the non-

	main business covered lithium-ion battery separator film, which has high technological requirements. The manufacturing of lithium-ion battery has a high requirement for the characteristics of separator film materials, especially the consistency, and also for the uniformity of the size and distribution of separator film micropores. Based on the Company's business development plan and market demand, in order to better implement the Company's development strategy, the Company planned to integrate the technology centers currently scattered in each subordinate Company, so as to ensure that the Company's R & D technology can further improve production efficiency, product quality and new product development capacity. The above change was approved at the 27th meeting of the third Board of Directors of the Company, the 22nd Meeting of the third Supervisory Committee and the 2018 General Meeting of Shareholders. For details, please refer to the Announcement on Changing Part Projects for Which Funds Were Raised (No.: 2019-041) published by the Company on cninfo.com on April 26, 2019.
Status of and reason for the failure to make planned progress or projected earnings (by specific project)	N/A
Description of major changes in project feasibility after changes	N/A

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VI. Sale of Significant Assets and Equity Interests

1. Sale of significant assets

□ Applicable √ N/A

The Company did not sell any significant assets during the Reporting Period.

2. Sale of significant equity interests

□ Applicable √ N/A

VII. Analysis of Major Holding Companies and Joint Stock Companies

√ Applicable □ N/A

Major subsidiaries and joint stock companies that contribute over 10% of net profits to the Company

Unit: RMB0’000

Company name	Company Type	Main Business	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Shanghai Energy	Subsidiary	Lithium-ion Battery Separator Film	38921.0834	1,618,432.26	424,981.55	264,765.19	109,876.36	96,157.22

Acquisition and disposal of subsidiaries during the Reporting Period

√ Applicable □ N/A

Company name	Acquisition or Disposal

VIII. Structured Bodies Controlled by the Company

□ Applicable √ N/A

1. Corporate strategy

The Company will focus on the lithium-ion battery separator film sector, march towards the vision to become a “world-class polymer material research, development and production enterprise” and bear in mind the philosophy of creating values for customers with quality, price and service. The Company will continuously scale up the capacity, improve product quality, and strengthen research and development. The Company will enrich the product matrix, seek cost reduction and benefit enhancement through lean management, build up technical innovation capacity to identify new profit growth drives. The Company will integrate global technical and professional resources, actively expand domestic and overseas markets, improve the core market competitiveness, actively capture development opportunities in the new energy sector, and dedicate itself to creating values for customers. At the same time, the Company will attack the sterile package, cigarette label, BOPP separator film and special-purpose paper sectors to become the most competitive new material producer in China.

2. Operating plan for 2021

The global new energy sector is now thriving. As a leader in the wet-process lithium-ion battery separator film sector, the Company has expanded its business reach from the market of power lithium-ion battery separator film to the market of lithium-ion battery separator film in the 3C field after acquiring 100% of the equities in Suzhou Green Power and 76.3574% of the equities in Chongqing Yuntianhua Newmi Technological Co., Ltd. In addition, the Company has joined hands with the global leader Celgard in the dry-process separator film sector to carry forward the dry-process separator film cooperation project, edge into the energy storage market and further refine the strategic presence in the separator film field. In future, the Company will continue to expand the capacity, continue independent research and development and continuous innovation and consolidate its industrial position with its comprehensive advantages in technology, capacity, product quality, cost and market.

(1) The Company will procure the international most advanced production equipment and build seven separator film production bases in China and overseas regions. In 2021, the Company will accelerate the expansion of phase I of Jiangxi Tonry Li-ion Battery Separator film Project, the expansion of phase II of Wuxi Energy New Material Industrial Base, the wet-process lithium-ion battery separator film production line and supporting plant project in Hungary, the separator film expansion project in Chongqing and the dry-process separator film cooperation project with Jiangxi Mingyang to further expanded the capacity for lithium-ion battery separator film. The expansion plan of the company matches the large-scale expansion plan of the downstream main customers of the company in the future. After the completion of the project, the market share of the company will be further improved and the leading position of the industry will be consolidated. Besides, the exclusively-owned subsidiary Hongta Plastics of the Company is carrying forward its BOPP separator film upgrade and expansion project. In the technical upgrade, it will relocate two former BOPP separator film production lines and build one new BOPP separator film production line and supporting equipment to develop the annual capacity for 70,000 tons of functional film.

(2) The Company will promote lean management. In 2021, the Company will build the supplier management platform and budget management platform as a powerful move to increase the internal management efficiency and achieve the medium and long-term development goals. In addition, the Company will continuously improve its equipment, process and quality to ensure it can increase the production efficiency and enhance the product quality without cease. The Company will continue to scale up the research and development spending, cooperate with domestic research institutes and foreign universities, reinforce the technical research, development and conversion

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capacity and gradually establish an integral and high-efficiency research and development system to ensure the Company can further increase the production efficiency through technical research and development, enhance the product quality and new product development capacity, provide a mighty technical support for the Company's implementation of functional polymer separator film products and provide new profit growth engines powering the future development.

3. Risks the Company may face

(1) Regulatory risk relating to lithium-ion battery separator film business

China will gradually annul the financial assistance policies as the new energy vehicle industry develops to a certain extent, which will change the demands of the downstream customers and thus adversely change the results of the Company. If the downstream segments, such as new energy vehicle and lithium-ion battery manufacturing, are unable to improve their competitiveness through technological advancement, scale effect or otherwise, the future possible adjustments to the assistance policies will have a negative impact on each link of the whole industry chain of new energy vehicle, including the lithium-ion battery separator film as an upstream segment.

Countermeasures: By actively investing in the R&D of new applications of film, the Company will explore its new commercial application market. At the same time, the company also invests resources to distribute new product projects to diversify business risks and reduce the impact of policy fluctuations on the company to a certain extent.

(2) Market competition risk

The rapid growth of the new energy vehicle industry has driven the development of lithium-ion battery separator film in the upstream part. The fierce competition in this segment is driving the rapid increase in the supply, and thus the decrease in price. The increasingly fierce competition will have an adverse impact on the results of the Company if it can't deeply understand the law of industrial development and make constant efforts for technological innovation and operational management improvement to improve product quality and reduce production costs.

Countermeasures: The Company's lithium ion battery film business has formed certain advantages in production capacity, R&D capacity, product quality, lean management, business channels and other aspects. The company will continue to reduce costs and increase efficiency, and develop diversified customer groups in overseas markets to reduce the impact of domestic market fluctuations on the company's performance.

(3) Risk of price fluctuation of major raw materials

The major raw materials used by the Company are subjected to price fluctuation to some extent, especially polyethylene and polypropylene, whose prices are affected by the strong fluctuations of the international crude oil price. The results of the Company may be adversely affected by the gross profit margin which may be affected to some extent if the prices of major raw materials fluctuate sharply due to the macroeconomic fluctuations, the demand and supply relation for enterprises in the upstream and downstream parts and other factors.

Countermeasures: the company has established long-term and stable cooperative relations with major suppliers, established a strategic procurement system as a whole, and improved the bargaining power and reduced the cost of raw materials by means of large-scale procurement. The company will also reduce the proportion of raw material cost in production cost through technological innovation, process equipment process transformation, production efficiency improvement and loss reduction.

(4) Risk relating to construction in progress

Current construction in progress includes the production lines of Jiangxi Tonry, Wuxi Energy production bases and other, which require a large amount of capital. If the Company fails to raise funds in time, complete and put into operation on schedule, it will have a negative impact on the subsequent production and operation and future profits.

Countermeasures: The Company has made reasonable arrangements for future investment plans (including funds) by issuing convertible bonds, making private offering of A shares and increasing cooperation with financial institutions, and improving bank credit lines.

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(5) Risk of technical loss and loss of core personnel

An enterprise engaging in lithium-ion battery separator film requires advanced technology and process, rich management experience and deep understanding of the industry. To ensure the ability of constant innovation and the steady growth of business, the Company should have teams consisting of steady high-quality employees in scientific research, management and sale. The Company constantly improves the mechanisms for talent cultivation, incentive, promotion and restriction, but there is still the possibility of the outflow of core employees from the Company. In case of leakage of the core technology or the departure of core employees, the production and operation of the Company may be adversely affected.

Countermeasures: the company has implemented equity incentive to the core employees, so that the employees can share the value of the growth of the enterprise, but also make the interests of the company and the interests of employees deeply tied. The company will continue to increase the introduction and training of core technical personnel, further maintain the stability of core employees, continue to maintain the company's industry-leading technical level.

(6) Technological progress and product substitution risk

Lithium-ion battery is mainly used for electronics and electrical appliances, new energy vehicles, and energy storage power stations. As the alternatives to lithium-ion battery, nickel-cadmium batteries, nickel-hydrogen batteries, fuel cells and lead-acid batteries can also be used for the industries above-mentioned. Although the lithium-ion battery is currently the first choice

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Countermeasures: The current business portfolio of the Company, including printing product and paper product, mainly targets the domestic market and domestic customers, so it will suffer a limited impact from the China-US trade friction. As to the lithium battery film business, China's lithium-ion battery industrial chain is getting increasingly sound, and the global lithium-ion battery industry is gradually shifting to China. At the same time, Europe and China have continuously improved their market statuses in the new energy vehicle sector, and downstream power battery customers of the Company, which are getting increasingly concentrated, mainly come from China, Japan and South Korea, and the China-US trade friction is expected not to deliver a material adverse impact on the lithium-ion battery separator film business. However, the Company will continuously pay attention to the research, development and technical upgrade of products under different business lines, and improve product quality and production efficiency. The Company will strengthen market expansion in China and overseas regions while carrying forward cost reduction and efficiency enhancement, and actively establish stable business relations with global customers.

(9) Risk of COVID-19 Epidemic

Since2020, the COVID-19 epidemic broke out in China and other parts of the world, and spread rapidly. China's new energy vehicle industry and upstream industries have been affected by the epidemic, and the demand for lithium-ion battery separator film has been affected accordingly. The Company has resumed normal production and operation in all respects, among other enterprises. However, there exists still great uncertainty about the global epidemic situation and its control, and the overseas spread also imposes risk of importing cases to China. If the international epidemic can't be controlled effectively in the future and spread continuously for a long time, the global economy and new energy vehicle industry will be affected adversely, and the results of the Company will be affected negatively.

Countermeasures: While conducting the COVID-19 epidemic prevention and control in earnest, the Company and its subsidiaries will do the work in every aspect with a focus on the established annual operating plans in accordance with the general arrangements made by the governments in the regions of the Company and its subsidiaries. The Company will take multiple effective measures to stabilize production, maintain continuous production, research and development spending. The Company will deepen cooperation and communication with customers, and strengthen the effort to increase the management level and cost control, and minimize the impact of the epidemic on the production and operation of the Company. While the global epidemic is further coming under effective control, the market demand has recovered to some extent, and the negative impact of the epidemic on the production and operation of the Company will be further reduced.

(10) Management risk after expansion of business scale

With the development of the Company's business, the scale of the Company's assets and business will be further expand haW$äÖ4sa$€adOVVÊÊTAjšÊ(ÊDÑL,]ÊÂAUWEHF

X. Reception of Visitors to the Company for Purposes of Research, Communication, Interview

1. Registration form for reception of visitors to the Company for the purposes of research, communication, interview during the Reporting Period

√ Applicable □ N/A

Reception	Reception	Reception Mode	Type of Received Visitor	Received Visitor	Major Discussion and Materials Provided	Index to Main Inquiry Information
				36 visitors from institutional investors, such as Su Chen and Zou Lingling from Zhongtai Securities, Xie Wenchao from Orient Asset Management, Zheng Xiaolei from China Universal Asset Management, Yan Anqi from Nuode Asset Management	The Company's new technology in equipment transformation	
		eld research	Organization			

Section 5 Significant Events

I. Profit Distribution and Conversion of Capital Reserve into Share Capital for Common Shareholders

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, for common shareholders in the Reporting Period

√ Applicable □ N/A

(I) According to the Articles of Association, the Company's profit distribution policy is as follows:

1. The Company's profit distribution policy shall pay attention to the reasonable investment return to investors, take into account the sustainable development of the Company, reflect the strong awareness of rewarding shareholders, and maintain continuity and stability.

2. Form of profit distribution, proportion of cash dividends: the Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive and no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make a Plan for dividend distribution by stock while satisfying the requirement for cash dividend distribution.

3. Interval for profit distribution: subject to the satisfaction of the cash dividend conditions stipulated in paragraph 4 below, the Company shall, in principle, pay cash dividends once a year, and the Board of Directors of the Company may propose an interim cash dividends based on the profit status and capital demands of the Company.

The Board of Directors of the Company shall, taking into account the characteristics of the industry in which it operates, its development stage, its own business model, its profitability level, and any plan of its significant capital expenditure, distinguish the following circumstances and propose a differentiated cash dividend policy in accordance with the procedures set forth in the Articles of Association of the Company:

(1) If the Company is in a maturity stage and has no plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 80%;

(2) If the Company is in a maturity stage and has any plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 40%;

(3) If the Company is in a growth stage and has any plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 20%;

If the Company is in an unidentifiable stage and has any plan of significant expenditure, the above paragraphs shall apply.

4. Conditions for distributing cash dividends

(1) The remaining distributable profit of the Company is positive after the profit achieved in the current year is used for making up for the losses of previous years and making provision for surplus reserves.

(2) The auditor of the Company issues a standard unqualified audit report on the financial statements of the Company in the current year.

(3) The Company has no significant investment plans or significant cash expenditure.

Significant investment plan or significant cash expenditure means that the accumulative expenditure of the Company for the proposed external investment, assets acquisition or equipment purchase within the next twelve months reaches or exceeds 30% of the Company's latest audited net assets and exceeds RMB 300 million.

5. Conditions for distributing stock dividends: where the Company is well-run, with rapid growth of operating income and net profit, and the Board of Directors believes that the Company is in the growth stage, the level of the Company’s net assets is high and the stock price does not match the size of the share capital, it may propose a Plan for stock dividend distribution, subject to the consideration and approval at the general meeting of shareholders of the Company. Stock dividend may be distributed separately or in conjunction with cash dividend.

(II) The Company will disclose the profit distribution Plan in a timely manner in strict accordance with the relevant provisions of the China Securities Regulatory Commission and Shenzhen Stock Exchange, and disclose the profit distribution Plan and the implementation of the profit distribution Plan in the periodic report accordingly.

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(III) During the Reporting Period, the Company implemented the 2019 equity distribution in compliance with the relevant provisions of the Articles of Association, in full consideration of the reasonable demands of investors and with full protection of the legitimate rights and interests of small and medium-sized investors. On March 16, 2020, the Company held the 42nd meeting of the third Board of Directors to deliberate and approve the Proposal on 2019 Profit Distribution Plan. The independent directors expressed their independent opinions to agree upon the Plan. The 2019 general meeting of the Company was held on April 8, 2020 where the Plan was deliberated and approved for implementation. For details, please refer to the Announcement on 2019 Profit Distribution Plan published on the cninfo.com (www.cninfo.com.cn) (announcement No.: 2020-031).

Special explanation on cash dividend distribution policy	
Whether or not the policy is in compliance with the provisions of the Articles of Association or requirements of the resolutions of the general meeting of shareholders of the Company:	Yes
Whether or not the standard and proportion of dividends is clear and defined:	Yes
Whether or not the relevant decision-making process and mechanism is complete:	Yes
Whether or not the independent directors fully perform their duties and play their roles:	Yes
Whether or not small and medium-sized shareholders have channels to voice their opinions and demands, and whether or not their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or amended, whether or not the conditions and procedures are compliant and transparent:	Yes

Schemes (Plans) of dividends distribution to common shareholders in latest three years (including the Reporting Period), and schemes (Plans) of conversion of capital reserve into share capital

1. The Company's 2018 plan of profit distribution and conversion of capital reserve into share capital: based on its total of 473,867,912 shares as of December 31, 2018, the Company distributed a cash dividend of RMB3.79 (tax inclusive) per 10 shares to all shareholders, representing a total cash dividend payment of RMB179.5959 million; meanwhile, the capital reserve was converted into share capital, with 7 shares increased for every 10 shares to all shareholders, and the total share capitals of the Company was increased to 805,575,450 after the conversion.

2. The Company's 2019 plan of profit distribution and conversion of capital reserve into share capital: based on its total of 805,370,770 shares as of December 31, 2019, the Company distributed a cash dividend of RMB1.25 (tax inclusive) per 10 shares to all shareholders, representing a total cash dividend payment of RMB100.6713 million.

3. The Company's 2020 plan of profit distribution and conversion of capital reserve into share capital: based on its total of 886,566,151 shares as of December 31, 2020, the Company will distribute a cash dividend of RMB1.70 (tax inclusive) per 10 shares to all shareholders, representing a total cash dividend payment of RMB150.7162 million.

Form of cash dividends distribution to common shareholders in latest three years (including the Reporting Period)

Unit: RMB

Year of distribution	Amount of cash dividend (including tax)	Net profit attributable to common shareholders of the listed Company in the	Proportion of cash dividend in the net profit attributable to common shareholders	Cash dividend by other ways (such as share repurchase)	Proportion of cash dividend distributed by other ways in the net profit	Total amount of cash dividend (including those distributed by other	Proportion of the total amount of cash dividend (including those

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		consolidated statements for the year of distribution	of the listed Company in consolidated statements		attributable to common shareholders of the listed Company in consolidated statements	ways)	distributed by other ways) in the net profit attributable to common shareholders of the listed Company in consolidated statements
2020	150,716,245.67	1,115,604,020.47	13.51%	0.00	0.00%	150,716,245.67	13.51%
2019	100,671,346.25	849,837,425.81	11.85%	0.00	0.00%	100,671,346.25	11.85%
2018	179,595,938.65	518,439,455.43	34.64%	0.00	0.00%	179,595,938.65	34.64%

The Company made a profit in the Reporting Period and the profit distributable to the common shareholders of the parent Company was positive, but it did not put forward a plan for cash dividend distribution to common shareholders

□ Applicable √ N/A

II. Profit distribution and conversion of capital reserve into share capital for the Reporting Period

√ Applicable □ N/A

Number of bonus shares distributed per 10 shares held	0
Number of dividends per 10 shares (RMB) (Inclusive of tax)	1.7
Base of share capital for distribution plan (share)	886,566,151
Amount of cash dividends (RMB) (inclusive of tax)	150,716,245.67
Amount of cash dividends by other ways (such as share repurchase) (RMB)	0.00
Total amount of cash dividends by other ways (RMB)	150,716,245.67
Distributable profit (RMB)	202,255,720.52
Percentage of total amount of cash dividends (including that by other ways) in the total amount of profit distribution	74.52%
Cash dividend policy	
For profit distribution of companies with unclear stage of development but significant capital expenditure arrangement, the percentage of cash dividend shall represent at least 20% of the profit's distribution for the current year.	
Particulars of profit distribution and conversion of capital reserves into share capital	
Based on the total share capital of 886,566,151 shares as on December 31, 2020, the Company will distribute a cash dividend of RMB1.70 (inclusive of tax) for every 10 shares to all shareholders, totaling RMB150,716,245.67. If a change happens to the total share capital of the Company due to new share listing, exercise of share incentive, conversion of convertible bonds, share repurchase and other factors after the disclosure of the preliminary distribution plan, the distribution ratio will be accordingly adjusted given no change in the total distribution.	

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III. Performance of commitments

1. commitment makers performed in the Reporting Period or ongoing at the end of the Reporting Period

√ Applicable □ N/A

Commitment	Giver of commitment	Type of commitment	Details of commitment	Time of commitment	Term of commitment	Performance of commitment
Commitments on share reform						

			regulations in recent 3 years; 2. the Company and its controlling shareholders and actual controllers have not been publicly censured by the stock exchange and have no other major acts of dishonesty in the past 12 months; 3. The Company and its incumbent directors and senior management have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations.			
	Directors and senior management of Energy Technology	Commitment on dilution of current return and remedial measures	1. I hereby commit neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways; 2. I hereby commit to restrict my position-related consumption activities; 3. I hereby commit not to use the Company's assets for investment and consumption activities not related to execution of my duties; 4. I hereby commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. I hereby commit to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share			

			Decision on Criticism to Shanghai Shunhao New Materials Technology Co., Ltd. and Related Parties Through Circulating Notices, and circulated notification of criticism to Shunhao and related parties, including Gao Xiang. In addition, other counterparties have not been subject to administrative or criminal penalties related to the securities market in the past five years, and have not involved in major civil litigation or arbitration related to economic disputes. 2. Counterparties are eligible to purchase shares not publicly offered by Energy Technology, and are not under any circumstances where they are not allowed to purchase shares not publicly offered by Energy Technology as stipulated by laws, regulations, rules or normative documents. 3. Over the last five years, the counterparties have not failed to repay a large amount of debts as scheduled, failed to fulfill its declaration, been subject to administrative measures by the CSRC or disciplined by the stock exchange and there are no ongoing or threatened administrative or judicial proceedings for investigation against my material violation of laws or regulations.			
	Counterparties	Commitment on stock locking period	1. Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua (dead), Sherry Lee and Zhuhai Hengjie hereby commit that if their compensation obligations (if any) under the profit forecast compensation agreement have been performed at the end of 36 months since the date of listing of their consideration shares, their consideration shares can be unlocked; Within 6 months after the completion of this major asset restructuring, if the closing price of Energy Technology shares is lower than the issuing price for 20 consecutive trading days, or the closing price is lower than the issuing price at the end of 6 months after the completion of the transaction, the lock-in period of the consideration shares held by Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua, Sherry Lee and Zhuhai Hengjie will be automatically extended for at least 6 months. 2. As of the date when the consideration shares are registered in the name of the counterparties, except Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua (dead), Sherry Lee and Zhuhai Hengjie, if the shares of Shanghai Energy used by other counterparties to subscribe for Energy Technology have been continuously owned for less than 12 months from the date of registration in their names, the consideration shares obtained through this major asset reconstruction shall not be listed for trading or transferred within 36 months from the date of registration of the shares in their names. Except the consideration shares mentioned above, the remaining consideration shares obtained by other counterparties through this major asset restructuring shall not be listed for trading or transfer within 12 months from the date of registration of the shares in their names; in order to ensure the performance of the performance commitment obligations in the Profit Forecast and Compensation Agreement, other counterparties (except Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua (dead), Sherry Lee, Zhuhai Hengjie and Future Industry Investment Fund mentioned	June 13, 2017	From August 15, 2018 to August 14, 2021 for Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua(dead), Sherry Lee and Zhuhai Hengjie ; the performance period for 75% of the shares of Energy Technology acquired through the major asset restructuring held by other counterparti	Within the performance period, strictly performed

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			above) commit that at least 25% of the consideration shares held by each of them shall not be listed for trading or transferred to external parties within 36 months from the date of registration of the relevant shares of Energy Technology in their names until their compensation obligations under the Profit Forecast and Compensation Agreement, if any, have been fully discharged before they can be listed for trading or transferred to external parties; Future Industry Investment Fund commits that at least 25% of the shares of Energy Technology acquired through the major assets restructuring with the 1.0563% equity interest in Shanghai Energy held by it and subject to its own profit forecast compensation obligations shall not be listed for trading or transferred to external parties within 36 months from the date of registration of the relevant shares of Energy Technology in its name, until the compensation obligations of Future Industry Investment Fund under the Profit Forecast and Compensation Agreement, if any, have been fully performed. 3. After the completion of the implementation of the major assets restructuring, the additional shares of Energy Technology held by the counterparties as a result of bonus shares and conversion of share capital of Energy Technology shall also be subject to the above commitments. 4. Upon the expiration of the locking period, the transfer and trading of the shares of Energy Technology acquired by the counterparties through the major assets restructuring shall be conducted in accordance with the laws and regulations and the rules of the Shenzhen Stock Exchange in force at the time .		es and Future Industry Investment Fund, which shall bear their own profit forecast and compensation obligations and account for 1.0563% equity of Shanghai Energy, is from August 15, 2018 to August 14, 2019, and the performance period for the remaining 25% is from August 15, 2018 to August 14, 2021; the performance period for the shares of Energy Technology acquired through the major asset restructuring held by the Future Industry Investment Fund, which shall bear their own	

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					profit forecast and compensation obligations, is from August 15, 2018 to August 15, 2019.	
	Counterparties	Performance commitments and compensation arrangements	All parties to this major asset restructuring transaction have unanimously confirmed that the compensation period for this major asset restructuring is December 31 of the third fiscal year after the completion date of this major asset restructuring, and the year of the completion date of the major asset restructuring shall be counted as the first fiscal year, i.e. the compensation period shall be the year of the completion date of the major asset restructuring and two consecutive fiscal years thereafter. In other words, the counterparties commit that if this major asset restructuring is completed in 2017, the compensation period will be 2017, 2018 and 2019, and the net profits in 2017, 2018 and 2019 will not be less than RMB 378 million, RMB555 million and RMB763 million respectively. If the major asset restructuring is completed in 2018, the compensation period is 2018, 2019 and 2020, and the net profits in 2018, 2019 and 2020 are not less than RMB555 million, RMB763 million and RMB852 million respectively. Energy Technology shall review the difference between the actual net profit and the net profit forecast of Shanghai Energy during the audit made each fiscal year within the compensation period, and employ an accounting firm with qualifications related to securities and futures business to issue a special audit opinion (the special audit opinion shall be based on the consolidated report of Shanghai Energy prepared for examination issued in accordance with the Accounting Standards for			

			need to make up.			
	Counterparties	Commitment on integrity of asset ownership	1. Shares of Shanghai Energy held by counterparties according to law Counter party has performed its contribution obligation to Shanghai Energy in accordance with the law, and there is no false contribution, delayed contribution, withdrawal of capital and other acts in violation of its obligations and responsibilities as a shareholder, and there is no situation that may affect the legal survival of Shanghai Energy. The equity of Shanghai Energy held by counter party is actually legally owned, there is no ownership dispute, there is no trust, entrusted shareholding or similar arrangement, and there is no pledge, freezing, sealing, property preservation or other rights restrictions on the equity of Shanghai Energy held by counter party.	June 13, 2017	Long term	Strictly performed
	Counterparties	Commitment on no insider trading	I/the enterprise and its main management do not leak any insider information of Energy Technology or leverage insider information to conduct insider trading. If the above commitments are violated, all losses caused to the listed Company will be borne.	June 13, 2017	Long term	Strictly performed
	Heyi Investment, Paul Xiaoming Lee family	Commitment to regulate related transactions	After the completion of the major asset restructuring, the enterprises that are committed by the controlling party will avoid and reduce the related transactions with Energy Technology as far as possible. For those related transactions that cannot be avoided or have reasonable reasons, the enterprises that are committed to control will be Energy Technology shall sign agreements and perform legal procedures in accordance with the principles of fairness, fairness and compensation for equal value, and shall, in accordance with the provisions of relevant laws, regulations, other normative documents and the articles of association of Yunnan Energy Technology Co., Ltd., perform relevant internal decision-making approval procedures in accordance with the law and timely perform information disclosure obligations, guarantee not to trade with energy technology under unfair conditions compared with the market, guarantee not to illegally transfer the funds and profits of energy technology by using related party transactions, and do not use such transactions to engage in any behavior that damages the legitimate rights and interests of Energy Technology and other shareholders. If a breach of the above commitment results in damage to the interests of Energy Technology, the undertaking will compensate the Energy Technology for the losses caused by the above acts to Energy Technology.	June 13, 2017	Long term	Strictly performed
	Heyi Investment, Paul Xiaoming Lee family	Commitment to avoid horizontal competition	1. At present, the commitment givers are not directly or indirectly engaged in the same or similar business with the existing business of Energy Technology or Shanghai Energy through other operating entities directly or indirectly controlled by it or in the name of natural person, nor is it engaged in the same or similar business with Energy Technology or any other business entity of the same or similar main business in Shanghai, or any other form of consultant, or any other competition with Energy Technology or Shanghai Energy. 2. The giver	June 13, 2017	Long term	Strictly performed

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			guarantees that after the completion of this major asset restructuring, it will not carry out or operate the same or similar business with the main business of Energy Technology or Shanghai Energy in its own way, directly or indirectly through other business entities under its direct or indirect control; do not hold any position or act as any kind of consultant in any operating entity with the same or similar business with energy technology or Shanghai Energy; do not provide technical services for existing customers of Energy Technology or Shanghai Energy in the name of other than Energy Technology or Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to Energy Technology or Shanghai Energy due to the commitment person's breach of the above commitments, the operating profit obtained shall be owned by energy technology and all losses suffered by Energy Technology or Shanghai Energy shall be compensated.			
	Heyi Investment, Paul Xiaoming Lee family	Commitment on ensuring the independence of the listed Company	Before this major asset restructuring, Energy Technology has been completely separated from other enterprises controlled by the undertaking in terms of business, assets, institutions, personnel and finance. Energy Technology's business, assets, institutions, personnel and finance are independent. After the completion of this major asset restructuring, the commitment person undertakes not to use the identity of the controlling shareholder or actual controller of energy technology to affect the independence of energy technology, and to ensure the independence of energy technology in business, assets, institutions, personnel and finance as far as possible.	June 13, 2017	Long term	Strictly performed
	Paul Xiaoming Lee family	Commitment on the existence of previous administrative penalty	There were administrative punishments in fire control and water affairs in Shanghai Energy. As of the date of this letter of commitment, Shanghai Energy and its subsidiaries do not have any administrative penalty that has not been implemented or rectified. In November 2015, Shanghai Pudong New Area Administration of work safety ordered Shanghai Energy to rectify the three dichloromethane storage tanks within a time limit. Shanghai Energy has completed the rectification, but has not completed the safety acceptance after the rectification. If Shanghai Energy and its subordinate companies are located at any time, the relevant competent departments of Shanghai Energy and its subordinate companies have made fire control, water service or the three dichloromethane tanks and other issues shall be subject to administrative punishment. The commitment person promises to make cash compensation for all economic losses suffered by Shanghai Energy or its subsidiaries within 30 days after the actual punishment or loss amount is determined, so as to ensure that it will not have a material impact on the production, operation and financial situation of Shanghai Energy and its subsidiaries. Joint and several liability shall be borne by the commitment givers.	May 25, 2017	Long term	Strictly performed
	Paul Xiaoming Lee family	Commitment on no other	The commitment givers undertake that there are no other related parties and related transactions in Shanghai Energy except for the related	May 25, 2017	Long term	Strictly performed

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		related transactions	transactions that have been publicly disclosed in the restructuring report, legal opinion and audit report.			
	All partners of Zhuhai Hengjie	Letter of commitment on stock locking period	Within 36 months from the date of the registration of Energy Technology's shares in the name of Zhuhai Hengjie, I promise that I will not require the shares of Energy Technology held by Zhuhai Hengjie to be listed or transferred, and I promise not to transfer the property shares of Zhuhai Hengjie until Zhuhai Hengjie's compensation obligations (if any) under the profit forecast compensation agreement after the performance is completed, it can be traded or transferred externally.	June 13, 2017	June 13, 2017 to August 15, 2021	Within the performance period, strictly performed
	Li Xiaohua	Commitment on capital source of Shanghai Energy	Although I hold the certificate of permanent residence right of the United States, I have not changed my nationality, I am still a Chinese nationality; my own investment in Shanghai is all China's income, and does not involve the contribution of foreign exchange or foreign assets.	June 13, 2017	Long term	Strictly performed
	Zhuhai Hengjie	Commitment of enterprises not belonging to private investment funds or private fund managers	This enterprise is the employee stock ownership platform of Shanghai			

service

his term of office (except for the case with the consent of Energy Technology), or gives to Energy Technology due to dereliction of duty, malpractice or other acts that damage the interests of Shanghai Energy. If Energy Technology or Shanghai Energy causes serious losses and is dismissed by Shanghai Energy according to law, it shall bear the liability for breach of contract to Energy Technology. Energy technology has the right to require the defaulting party to pay the consideration it has obtained in this purchase of assets to Energy Technology as compensation, as follows: 1. If the term of

			shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. As one of the counter parties, Ms. Wang Yuhua directly holds the Company's shares and purchases the shares of Shanghai Energy through the Company's issuance of shares. Therefore, with regard to the lock-in period of the Company's shares directly held by me, I hereby commit as follows: I have obtained the new shares of the listed Company through this restructuring, and the shares shall not be traded or transferred abroad within 36 months from the date of the end of this issue. Until the compensation obligation under the Profit Forecast and Compensation Agreement (if any) is performed, the shares can be traded or transferred externally. At the same time, the shares of the listed Company held by me before the restructuring shall not be transferred within 12 months after the completion of this transaction; if the closing price of the shares of the listed Company is lower than the issuing price for 20 consecutive trading days within 6 months after the completion of this transaction, or the closing price is lower than the issuing price at the end of 6 months after the completion of the transaction, the lock-in period of the shares of the Company held by me shall be automatically extended for at least 6 months. If the transaction is put on file by the judicial organ or the CSRC for investigation due to the false records, misleading statements or major omissions of the information provided or disclosed, before the case investigation conclusion is clear, the shares in the listed Company owned by myself shall not be transferred.			
	Jerry Yang Li	Commitment to legal compliance	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of Counter party, through purchasing the equity of Shanghai Energy New Material Technology Co., Ltd. through issuing shares of the Company, I hereby commit as follows: 1. I have not been subject to administrative or criminal penalties related to the securities market in the past five years, and have not involved in major civil litigation or arbitration related to economic disputes; 2. I am eligible to purchase shares not publicly offered by Energy Technology, and are not under any circumstances where they are not allowed to purchase shares not publicly offered by Energy Technology as stipulated by laws, regulations, rules or normative documents; 3. Over the last five years, I have not failed to repay a large amount of debts as scheduled, failed to fulfill its declaration, been subject to administrative measures by the CSRC or disciplined by the stock exchange and there are no ongoing or threatened administrative	October 25, 2018	Long term	Strictly performed

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			or judicial proceedings for investigation against my material violation of laws or regulations.			
	Jerry Yang Li	Commitment to ensure the independence of listed companies	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of Counter party, through purchasing the equity of Shanghai Energy New Material Technology Co., Ltd. through issuing shares of the Company. Therefore, with regard to the independence of listed companies involved in this restructuring, I hereby make the following confirmation and commitment: before this restructuring, Shanghai Energy has been completely separated from other enterprises under my control in terms of business, assets, institutions, personnel and finance, and Shanghai Energy's business, assets, institutions, personnel and finance are independent. After the completion of this restructuring, I promise not to use the identity of the actual controller of the listed Company to affect the independence of the listed Company, and to ensure the independence of the listed Company in business, assets, institutions, personnel and finance as far as possible.	October 25, 2018	Long term	Strictly performed
	Jerry Yang Li	Commitment on regulating related transactions	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of Counter party, through purchasing the equity of Shanghai Energy New Material Technology Co., Ltd. through issuing shares of the Company. In order to reduce and			

			relevant internal decision-making approval procedures in accordance with the law and timely perform the obligation of information disclosure, ensure that transactions with listed companies will not be conducted in a fair manner compared with the market, and that the funds and profits of listed companies should not be transferred illegally by related transactions, nor will they engage in any act that damages the legitimate rights and interests of listed companies and other shareholders. If there is any violation of the above commitments, resulting in damages to the interests of the listed Company, I will compensate the listed Company for the losses caused by the foregoing behavior to the listed Company.			
	Jerry Yang Li	Commitment on avoiding horizontal competition	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955			

	Jerry Yang Li	Commitment on loss compensation	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly holding shares is acquired by Ms. Wang Yuhua as one of Counter party, through purchasing the equity of Shanghai Energy New Material Technology Co., Ltd. through issuing shares of the Company. Therefore, I hereby committed as follows: according to the Profit Forecast and Compensation Agreement signed by the Company and the parties to the transaction, if the transaction is completed in 2017, the compensation period is 2017, 2018 and 2019, and the net profits in 2017, 2018 and 2019 are not less than RMB378 million, RMB555 million and RMB763 million respectively. If the transaction is completed in 2018, the compensation period is 2018, 2019 and 2020, and the net profits in 2018, 2019 and 2020 are not less than RMB555 million, RMB763 million and RMB852 million respectively. In addition, the fund-raising related project in this transaction is “phase I of five wet process separator film production lines with an annual output of 41,666.67 square meters of Zhuhai Energy, a subsidiary of Shanghai Energy. Whereas the five wet production lines of Zhuhai Energy are not covered by the above performance commitment, the commitment givers undertake that if the five wet production lines of Zhuhai Energy have losses during the performance commitment period, the commitment givers will ma

			the closing price is lower than the issuing price at the end of 6 months after the completion of the transaction, the lock-in period of the Company's shares held by myself will be automatically extended for at least 6 months. If the transaction is put on file by the judicial organ or the CSRC for investigation due to the false records, misleading statements or major omissions of the information provided or disclosed, before the case investigation conclusion is clear, the shares in the listed Company owned by myself shall not be transferred.			
Commitments made at the time of IPO or refinancing	Company, controlling shareholder and actual controller, director and senior management	Commitment on authenticity, accuracy and completeness of documents related to IPO	I. Company’s commitment: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority finds that the initial prospectus issued by the Company has false records, misleading statements or major omissions, it will make a substantial and substantial impact on judging whether it meets the requirements of the law, and the Company will repurchase all the new shares of the IPO in accordance with the law. 3. Within 10 trading days after the competent authority determines that the prospectus of the Company has false records, misleading statements or major omissions that have a significant and substantial impact on the judgment of whether the Company complies with the issuance conditions stipulated by the law, the board of directors of the Company shall formulate the share repurchase plan and submit it to the general meeting of shareholders for deliberation and approval, and after it is approved, approved or filed by the relevant competent department (if necessary), to start share repurchase measures, all new shares of the initial public offering will be repurchased according to law; the repurchase price (in case of ex-right and ex-dividend due to cash dividend, share distribution, conversion to share capital,			

			issued by the Company's shareholders at the time of initial public offering shall be repurchased in accordance with the law by means of centralized bidding transaction in secondary market, bulk transaction, agreement transfer, tender offer, etc. The repurchase price is determined according to the negotiated price or secondary market price, but not lower than the original transfer price and the price determined according to relevant laws and regulations and regulatory rules. If Heyi Investment and the family buy back the original restricted shares that have been transferred to trigger the tender offer conditions, Heyi Investment and the family will perform the tender offer procedures in accordance with the law and perform the corresponding information disclosure obligations. 3. If the prospectus of the Company's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, Heyi Investment and the family will compensate investors for losses according to law. III. Commitment of directors, supervisors and senior managers of the Company: 1. the prospectus of the issuer's initial public offering doesn't contain false records, misleading statements or major omissions, and I am jointly and severally liable for its authenticity, accuracy and completeness. 2. If the prospectus of the issuer's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, I will compensate investors for losses according to law.			
	Controlling shareholder, actual controller, and Shanghai Guohe, a shareholder holding more than 5% shares	About shareholding intention and reduction intention	I. commitment of controlling shareholders and actual controllers' shareholding intention and reduction intention: 1. as the controlling shareholder and actual controller of the Company, Heyi Investment and the family hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, the Company's shares held by Heyi Investment and the family's reduction shall comply with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. Heyi Investment and the family shall not reduce the shares of the Company directly held within three years after the Company's listing; after the Company's listing for three years, the shares of the Company directly or indirectly held by Heyi Investment and the family transferred each year shall not exceed 25% of the total shares of the Company directly or indirectly held by them 3. Within two years after the expiration of the equity lock-in period promised by Heyi Investment and the family, the shares of the Company shall be reduced at a price not lower than the issue price of the Company's initial public offering shares (in case of ex-right and ex-dividend matters, the issue price shall be treated as ex-right and ex-dividend accordingly) Within two years after the expiration of the lock up period, the total number of shares held by Heyi Investment and	September 14, 2016	Share holding period	Within the performance period, strictly performed

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			the family shall not exceed 30% of the total shares held by Heyi Investment and the family directly or indirectly before the issuance. 4. Within two years after the expiration of the shareholding lock-in period of Heyi Investment and the family's commitment, the price of shares of the Company reduced by Heyi Investment and the family through the secondary market will be determined according to the market price at that time on the premise of meeting the commitments made by Heyi Investment and the family, and the specific reduction plan will be formulated according to the market situation at that time. 5. Heyi Investment and the family promise to make an announcement through the Company three trading days in advance when carrying out the reduction, and complete the announcement within six months, and fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange. II. Shanghai Guohe's commitment to shareholding intention and reduction intention: 1. Within two years after the expiration of the shareholding locking period promised by the Company, the Company intends to reduce its shareholding by means of, including but not limited to, secondary market centralized competitive trading, block trading, agreement-based transfer, etc. The reduction price will not be lower than the price of net assets per share, and the specific reduction price will be determined according to the market price at the time of the reduction on the premise of meeting the commitments made by the Company; the specific reduction plan will be based on the market conditions at that time. The specific reduction plan will be formulated in accordance with the market conditions and the operating condition of the Company. 2. The enterprise commit that it will announce the Company's three days ahead of schedule in the implementation of the reduction. At the same time, it will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange, except when it holds shares less than 5% equity of the Company. 3. The enterprise will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if it fails to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) if it fails to fulfill the above commitments, it will bear relevant legal liabilities according to laws and regulations.			
	Energy Technology	Commitment on remedial measures for breaking faith	1. If the Company fails to take the specific measures promised to stabilize the stock price, the Company undertakes to accept the following binding measures: (1) the Company will publicly explain the specific reasons for not taking the above measures in the general meeting of shareholders and the newspapers designated by the CSRC, and apologize to the shareholders of the Company and the public investors; (2) If the investor suffers losses in the securities trading due to the failure to fulfill the commitments, the Company will compensate the investor for the losses according to law after being recognized by	September 14, 2016	Long term	Strictly performed

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			the CSRC, the stock exchange or the judicial organ; (3) The commitment of stock price stability is the true meaning of the Company. The responsible parties voluntarily accept the supervision of the regulatory body, self-discipline organization and the public. If the violation of the relevant commitments, the main body will bear corresponding responsibilities according to law. 2. If the controlling shareholder and the actual controller have delivered the notice of increase to the Company, but failed to fulfill the obligation of increasing the obligation, the Company has the right to detain the equal amount of the cash dividends payable to the controlling shareholder and the actual controller until the controlling shareholder and the actual controller fulfill their obligation to increase. 3. If a Company director or senior manager fails to fulfill his obligation to increase his or her duties, the Company shall have the right to detain directors and senior management salaries and cash dividends until the directors and senior managers fulfill their obligations to increase their holdings. 4. If there are any false records, misleading statements or major omissions in the prospectus of this public offering of shares, the Company will make a timely announcement, and the Company will disclose in its regular report that the Company, its controlling shareholders, actual controllers, and its directors, supervisors and senior management buy back shares due to information disclosure violations, performance of commitments such as acquisition of shares and compensation for losses, as well as remediation and correction in case of failure to perform commitments. 5. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.			
	Controlling shareholder, actual controller	Commitment on remedial measures for breaking faith	1. If the controlling shareholder and the actual controller have delivered the notice of increase to the Company, but failed to fulfill the obligation of increasing the obligation, the Company has the right to detain the equal amount of the cash dividends payable to the controlling shareholder and the actual controller until the controlling shareholder and the actual controller fulfill their obligation to increase. 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual	September 14, 2016	Long term	Strictly performed

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			controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above commitment, and if the controlling shareholder and the actual controller fails to fulfill the above-mentioned obligation of acquisition or compensation, the shares of the Company held by the controlling shareholder and the actual controller shall not be transferred before fulfilling the above-mentioned commitment. 3. The controlling shareholder and the actual controller have signed the promise of controlling shareholder and actual controller's shareholding intention and reduction intention. The controlling shareholder and the actual controller will strictly carry out the above commitments and promise to abide by the following restraint measures: (1) If the above commitments are not performed, the cash dividends to be obtained by the controlling shareholder and the actual controller shall be withheld by the Company and owned by the Company; (2) if the above commitments are not performed, the controlling shareholder and the actual controller shall extend the lock-in period for six months after the lock-in period they promised; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law. 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.			
	Directors, supervisors and senior managers	Commitment on remedial measures for breaking faith	1. If any director or senior management of the Company fails to fulfill his obligation to increase his or her duties, the Company shall have the right to detain directors and senior management salaries and cash dividends until the directors and senior managers fulfill their obligations to increase their holdings. 2. The directors, supervisors and senior managers have made corresponding commitments on the informati			

			fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the director, supervisor or senior manager such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the director, supervisor or senior manager shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.			
	Paul Xiaoming Lee family, Heyi Investment and Heli Investment	Commitment on avoiding horizontal competition	1. The giver does not, and will not, directly or indirectly engage in any activity that constitutes horizontal competition with the existing and future business of the Company and its holding subsidiaries, and is willing to assume compensation liability for the economic losses caused to the Company due to violation of the above commitments. 2. For other enterprises directly and indirectly controlled by the commitment person, the commitment person will adopt the representative office and personnel (including but not limited to directors, general managers, etc.) and the controlling position of the giver in such enterprises, to ensure that such enterprises perform the same obligations as the giver in this letter of commitment, to ensure that such enterprises do not compete with the Company and its holding subsidiaries in the same industry, and the giver is willing to bear all compensation liabilities for the economic losses caused to the Company due to violation of the above commitments. 3. If the Company further expands its business scope on the basis of its existing business, and this commitment person and the enterprise controlled by this commitment person have carried out production and operation on this, this commitment person promises to transfer the possible horizontal competition business or equity held by this enterprise, and agrees that the Company has the priority to acquire and operate under the same commercial conditions. 4. Expect for the investment in the Company, the commitment person will not invest in or operate the products (or similar products, or products with alternative function) developed, produced or operated by the Company and its holding subsidiaries in any way in any place.	November 10, 2012	Long term	Strictly performed
	Company, controlling shareholder and actual controller, director and senior management	The commitment that the Company's compensation measures can be effectively performed	1. The Company and its controlling shareholder and the actual controller make a commitment to the Company's ability to fill in the return measures. It does not exceed the authority to interfere in the Company's management activities and does not occupy the Company's interests. 2. Directors and senior managers make a commitment to fulfill the Company's return measures: (1) Promise not to transfer interests to other units or individuals free of charge or under unfair conditions, and not to damage the interests of the Company in other	September 14, 2016	Long term	Strictly performed

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			ways; (2) Promise to restrict the post consumption behavior of directors and senior managers; (3) Promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of its duties; (4) Commit that the remuneration system formulated by the board of directors or remuneration committee is linked to the implementation of the Company's measures to fill the return; (5) Promised that the exercise conditions of the Company's equity incentive to be announced are linked to the implementation of the Company's compensation measures.			
	Paul Xiaoming Lee family member, the controller of the Company Heyi Investment	Commitment on avoiding occupation of the Company's funds	The giver, close relative and the affiliated enterprise under control strictly restrict the funds of the Company and its subsidiary companies in the operating capital transactions between the Company and its subsidiaries; the Company and its subsidiaries shall not be required to pay wages, welfare, insurance, advertising and other expenses; the Company and its subsidiary funds are not directly or indirectly provided to the undertaking, close relatives and controlled affiliated enterprises, including: 1. to lend funds to the giver, close relatives and controlled affiliated enterprises for use with compensation or free of charge; 2. to provide entrusted loans without commercial substance to the giver, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; 3. Entrust the giver, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; 4. To issue commercial acceptance bills without real transaction background for the giver, close relatives and controlled affiliated enterprises; 5. Repay debts on behalf of the giver, close relatives and controlled affiliated enterprises; 6. Provide funds to the promisee, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; 7. Other methods recognized by China Securities Regulatory Commission.	September 14, 2016	Long term	Strictly performed
	Jerry Yang Li	Commitment on remedial measures for breaking faith	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. I promise that I will strictly fulfill the commitments disclosed in the initial public offering and listing prospectus of the controlling shareholder and actual controller. If the commitments of the controlling shareholder and actual controller are not performed, cannot be performed or cannot be performed on schedule (except for objective reasons beyond the control of controlling shareholders and actual controllers such as changes in relevant laws and regulations, policies, natural disasters and another force majeure), I promise to strictly abide by the following measures: 1. If the controlling shareholder or the actual controller has served the Company with the increase notice but failed to fulfill the increase obligation, the Company has the right to	October 25, 2018	Long term	Strictly performed

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withhold the cash dividends payable to the same amount until the controlling shareholder or the actual controller fulfills the increase obligation; 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above

	Technology	commitments; 2. For other enterprises directly or indirectly holding by this undertaking, the undertaking will pass the dispatched offices and personnel (including but not limited to directors, general managers, etc.), as well as the controlling position of the underwriter in such enterprises, to ensure that such enterprises carry out the same obligations as the Underwriters in this commitment letter, and ensure that such enterprises do not compete with the Company and its controlling subsidiaries in the same industry, the underwriters are willing to take full responsibility for the economic losses incurred by the Company in violation of the above commitments; 3. If the			

			the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, I will, through the reduction of the price of the Company's shares in the two class market, meet the commitments made on the basis of the market price, and the specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the Company's three days ahead of schedule in the implementation of the reduction, and complete the announcement within six months. at the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.			
	Jerry Yang Li	Commitment on avoiding capital occupation of Energy Technology	(1) Except for the capital occupation disclosed in writing to the relevant intermediary institutions, there is no other capital occupation that shall be disclosed but not disclosed in accordance with the laws and regulations and the relevant provisions of the CSRC for the time being by the commitment party, close relatives, controlled affiliated enterprises and the Company and its subsidiaries; (2) The commitment person, close relatives and controlled affiliated enterprises will strictly limit the occupation of funds of the Company and its subsidiaries in the operational capital transactions with the Company and its subsidiaries; (3) The giver, close relatives and controlled affiliated enterprises shall not require the Company and its subsidiaries to advance wages, welfare, insurance, advertising and other expenses, or require the Company and its subsidiaries to bear costs and other expenses on behalf of them; (4) The giver, close relatives and controlled affiliated enterprises do not seek to provide the funds of the Company and its subsidiaries directly or indirectly to the giver, close relatives and controlled affiliated enterprises in the following ways, including: a. To lend funds to the giver, close relatives and controlled affiliated enterprises for use with compensation or free of charge; b. Providing entrusted loans without commercial substance to the giver, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; c. Entrust the giver, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; d. To issue commercial acceptance bills	October 25, 2018	Long term	Strictly performed

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without real transaction background for the giver, close relatives and controlled affiliated enterprises; e. Repay debts on behalf of the giver, close relatives and controlled affiliated enterprises; f. Provide funds to the giver, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; g. Other methods recognized by China Securities Regulatory Commission; (5) If the giver, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries and require the Company and its subsidiaries to provide guarantees in violation of laws and regulations, the Company's board of directors shall not transfer the shares of the Company held and controlled before all the occupied funds are returned and all the illegal guarantees are released, and

			dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, I will, through the reduction of the price of the Company's shares in the two class market, meet the commitments made on the basis of the market price, and the specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the Company's three days ahead of schedule in the implementation of the reduction, and complete the announcement within six months. at the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.		

			relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.			
	Company's actual controller and controlling shareholder	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return recovery measures	1. not interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. since the date of this commitment up to completion of this public offering of convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. In order to ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring (CSRC Announcement [2015] No. 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.	May 14, 2019	Long term	Strictly performed
	All directors of Energy Technology	Commitment on the authenticity, accuracy and completeness of information submitted in connection with the non-public offering of A shares in 2020	All directors of the Company commit that the report on this offering (the announcement on listing) doesn't contain false records, misleading statements or major omissions, and they will jointly and severally liable for its authenticity, accuracy and completeness.	September 3, 2020	Long term	Strictly performed
	Controlling shareholder and actual controller of the Company	Commitment on dilution on current returns as a result of the non-public ofRUGVPLVOI				

	return recovery measures	Energy Technology, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its

					scheme	
	Participants	Participants	1. If the information disclosure documents of the Company contain false records, misleading statements or major omissions, resulting in non-compliance with the granted rights and interests or the exercise of rights and interests arrangement, the participants will return all the benefits obtained from the incentive scheme to the Company after the relevant information disclosure documents are confirmed to contain false records, misleading statements or major omissions; 2. the restricted shares granted to the participants shall not be transferred, guaranteed or used to repay debts before the lifting of the restriction. 3. If the participants are directors and senior management of the Company, they shall not transfer more than 25% of their total shares in the Company on an annual basis during their term of office, and shall not be allowed transfer any of their shares in the Company within half a year after they leave the Company; 4. If the participants are directors and senior management of the Company, and sell their shares in the Company within six months after buying the same, or buy them back within six months after selling them, and the proceeds from such selling shall be owned by the Company, and the Board of Directors of the Company will take back the proceeds.	March 30, 2017	During the implementation of stock ownership incentive scheme	Already performed fully
Other commitments to small and medium shareholders of the Company	The Company	Shareholder return plan in the next three years	The Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive and no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make a plan for dividend distribution by stock while satisfying the requirement for cash dividend distribution.	May 14, 2019	May 14, 2019 to May 14, 2021	Within the performance period, strictly performed
Whether the commitment is performed on time	Yes					

2. Where any

Period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and why

√Applicable □N/A RMB0’000

Name of asset or project subject to earnings forecast	Start time of forecast	End time of forecast	Current performance forecasted	Actual current performance	Reason for failure to reach the forecast (if applicable)	Disclosure date of the original forecast	Index to disclosure of the original forecast
Shanghai Energy	January 1, 2018	December 31, 2018	555.00 million	584.87 million	N/A	May 3, 2017	Please refer to the Report on Issuance of Shares to Purchase Assets and Raise Supporting Funds and Related Transactions (draft) disclosed on cninfo.com.
Shanghai Energy	January 1, 2019	December 31, 2019	763.00 million	775.37 million	N/A	May 3, 2017	
Shanghai Energy	January 1, 2020	December 31, 2020	852.00 million	860.24 million	N/A	May 3, 2017	

Commitments made by shareholders and counterparties in the report year with respect to the annual operating results

√Applicable □N/A

In 2018, the Company completed acquisition of Shanghai Energy's 90.08% equity. According to the "Profit Forecast and Compensation Agreement" and its supplementary agreement between the Company and the counterparties, if the major asset restructuring is completed in 2017, the counterparty compensation period is 2017, 2018 and 2019. The net profits of Shanghai Energy in 2017, 2018 and 2019 are not less than RMB378 million, RMB555 million and RMB763 million respectively. If the major asset restructuring is completed in 2018, the compensation period is 2018, 2019 and 2020. The net profit of Shanghai Energy in 2018, 2019 and 2020 is not less than RMB555 million, RMB763 million and RMB852 million respectively. The net profit difference shall be calculated according to the net profit forecast minus the actual net profit, subject to the special audit result issued by the accounting firm. The above net profits are net profits attributable to the parent Company (the net profits are the same as those in the "assessment report", which refer to the deduction of non-recurring profits and losses and the deduction of the impact of management expenses and supporting fund raising items on the net profits due to the implementation of equity incentive plan and withdrawal of Shanghai Energy in 2017). If the accumulated actual net profit of Shanghai Energy as of the end of any year within the compensation period is lower than the accumulated net profit commitment as of the end of that year, the compensation obligor will compensate such difference according to the agreement on profit forecast compensation; if the actual net profit is higher than or equal to the net profit commitment, the compensation obligor does not need to make compensation.

The "current actual performance" in the above table refers to the net profit attributable to the owner of the parent Company after deducting the non-recurring profit and loss and excluding the management expenses accrued due to the equity incentive implemented by Shanghai Energy in 2017 and the impact of the supporting raised capital project on the net profit.

Dahua CPAs issued a special audit opinion on the above performance commitment: Shanghai Energy's audited net profit attributable to the parent Company in 2020 was RMB966 million, excluding the non-recurring profit and loss and the impact on the net profit of the management fees and supporting fund-raising projects accrued due to the equity incentive implemented by Shanghai Energy in 2017, and the net profit attributable to the parent Company in 2020 was RMB860 million.The committed net profit was RMB852 million, exceeding the net profit of RMB8 million, and 100.94% of the promised net profit this year. From 2018 to 2020, after deducting non-recurring profit and loss and excluding the impact of management fees and supporting fund raising projects due to equity incentive of Shanghai Energy in 2017, the accumulated net profit attributable to the parent Company is RMB2.22 billion , the accumulated committed net profit is RMB2.170 billion, exceeding the accumulated committed net profit by RMB50 million, and achieving 102.30% of the committed net profit.

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The completion of performance commitments and their impact on the goodwill impairment test

The net profit attributable to the parent Company after deducting the non-recurring profit and loss in 2020 and the impact on the net profit caused by the management expenses and supporting fund-raising projects implemented by Shanghai Energy in 2017 is RMB860 million. The non-recurring profit and loss and the management expenses and supporting fund-raising items implemented by Shanghai Energy in 2017 are deducted from 2018 to 2020, the net profit attributable to the parent Company is RMB2.220 billion, and the performance commitment is completed during the reporting period. The major asset restructuring - acquisition of 90.08% equity of Shanghai Energy - is the business combination under common control, and thus there is no goodwill, or goodwill impairment.

Related Parties for Non-Operating Purposes

□ Applicable √ N/A

In the Reporting Period, no controlling shareholder or its related party occupied capital of the listed Company for non-operating purposes.

V. Explanation of the Board of Directors, the Supervisory Committee and Independent Directors (If Any) Regarding the "Non-standard Audit Report" Issued by the Accounting Firm for the Reporting Period

□ Applicable √ N/A

VI. Reason for Changes in Accounting Policies, Accounting Estimates and Accounting Methods as Compared to the Financial Report for the Previous Fiscal Year

√ Applicable □ N/A

1. The “Proposal on Changes in Accounting Policies” was reviewed and approved on the 1st meeting of the fourth board of directors on April 24, 2020.

Before the change, the Company implemented the “Accounting Standards for Business Enterprises - Basic Standards” (ASBEs) and various specific accounting standards, business accounting standards application guidelines, interpretation of accounting standards for business enterprises and other relevant regulations which issued by the Ministry of Finance (MOF).

After the change, since January 1, 2020, the Company has implemented the accounting policies in accordance with the relevant provisions of the “Notice of the Ministry of Finance on the Revision and Distribution of the Accounting Standards for Business Enterprises NO. 14 - Income (CK[2017] No. 22)issued by MOF on July 5, 2017; since June 17, 2019, the Company has implemented the accounting policies in accordance with the relevant provisions of the Notice of the Ministry of Finance on the Revision and Distribution of the Accounting Standards for Business Enterprises NO. 12 - Debt Restructuring (CK[2019] No. 9)issued by MOF on May 16, 2019. Except the above changes, other parts remain unchanged. The Company continues the implementation of the “Accounting Standards for Business Enterprises - Basic Standards” (ASBEs) and various specific accounting standards, ASBEs subsequently issued and revised, business accounting standards application guidelines, interpretations of accounting standards for business enterprises and other relevant regulations, as issued by the Ministry of Finance (MOF).

1. Impact of the “New Income Standard” on the Company

(1) The New Income Standard consolidates the revenue recognition models in the old ASBE -income and in the old ASBE – Construction Contracts into one unified model;

(2)The New Income Standard emphasizes the transfer of control, instead of the transfer of significant risks and rewards, as the key criterion to recognize income;

(3) Enterprises are required to identify separate performance obligations in a contract and recognizes income separately after performance;

(4)The New Income Standard provides clearer guidance on accounting treatments when a contract contains two or more transaction arrangements;

(5) The New Income Standard provides clear provision on income recognition and measurement for some specific transactions (or matters).

The New Income Standard is effective as of January 1, 2020, and the Company should adjust the amount of opening retained earnings and other related items in the financial statements based on the cumulative effect of the first implementation of the standard, without adjusting the data for comparable periods. The above changes in accounting policies have no material impact on the Company's financial position, operating results and cash flows.

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2. Impact of the “New Debt Restructuring Standard” on the Company

The New Debt Restructuring Standard revises the definition of debt restructuring, clarifies the application of standards, such as Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, for debt restructuring involving financial instruments, clarifies that assets other than financial assets transferred to creditors are initially measured at cost, and clarifies that debtors no longer distinguish between gains or losses from disposal of assets and gains or losses from debt restructuring when they settle their debts with assets. The Company has had no debt restructuring, and the implementation of the New Debt Restructuring Standard will not have a significant impact on the Company's financial statements.

VII. Reason for Retrospective Restatement of Major Accounting Errors during the Reporting Period

□ Applicable √ N/A

No such cases in the Reporting Period.

VIII. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Previous Fiscal Year

√ Applicable □ N/A

22 entities are included in the consolidated financial statements of 2020, namely the Company, Hongta Plastic, Chengdu Hongta Plastic, Dexin Paper, Hongchuang Packaging, Hong Kong Chuangxin, Shanghai Energy, Zhuhai Energy, Wuxi Energy, Jiangxi Tonry, Energy Trading, Shenzhen Qingsong, Hunan Qingsong, Jiangxi Ruijie, Suzhou Green Power, Donghang Photoelectric, Newmi Tech, Guangdong Energy New Material Institute Co., Ltd., Yuxi Feiermu Trading Co., Ltd., Hainan Energy Investment Co., Ltd., SEMCORP Global Holdings Kft. and SEMCORP Hungary Kft. The number of entities included in the scope of consolidated financial statements in 2020 increased by 8 and decreased by 2 compared to the previous year, of which:

1. New subsidiaries included in the consolidated financial statements in the Reporting Period

Name	Reason for change
Suzhou Green Power New Energy Materials Co., Ltd.	Business combination not under the common control
Foshan Donghang Photoelectric Technology Co., Ltd.	Business combination not under the common control
Chongqing Yuntianhua Newmi Technological Co., Ltd.	Business combination not under the common control
Guangdong Energy New Material Institute Co., Ltd.	Newly established
Yuxi Feiermu Trading Co., Ltd.	Newly established
Hainan Energy Investment Co., Ltd.	Newly established
SEMCORP Global Holdings Kft.	Newly established
SEMCORP Hungary Kft.	Newly established

Note: The Company completed the acquisition of 100% equity of Suzhou Green Power in March 2020, and then transferred 100% equity of Suzhou Green Power to Shanghai Energy in September 2020;

Shanghai Energy completed the acquisition of 70% equity of Donghang Photoelectric and 76.3574% equity of Newmi Tech in the Reporting Period.

2. Subsidiaries removed from the consolidated financial statements in the Reporting Period

Name	Reason for change
Shanghai Energy Information Technology Co., Ltd.	Canceled
Shanghai Fengzhou Trading Co., Ltd.	Canceled

IX. Engagement and Disengagement of CPAs Firm

CPA firm at present

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Name of the domestic CPA firm	Dahua CPAs (SGP)
Fee for domestic auditor (RMB0’000)	160
Consecutive years of audit services provided by the domestic auditor	9 years
Names of the certified public accountants from auditor	Tang Rongzhou, Yao Rui
Consecutive years of audit services provided by the Certified Public Accountants of domestic auditor	Tang Rongzhou – 2 year, Yao Rui – 1 years

Whether the CPAs firm was changed in the current period

□ Yes √ No

Engagement of any CPAs firm for internal control audit, financial advisor or sponsor

□ Applicable √ N/A

Possibility of Delisting after Disclosure of this Annual Report

□ Applicable √ N/A

XI. Matters Related to Bankruptcy and Reorganization

□ Applicable √ N/A

No such cases in the Reporting Period.

XII. Material Litigation and Arbitration

□ Applicable √ N/A

No such cases in the Reporting Period.

XIII. Punishments and Rectifications

√ Applicable □ N/A

Name	Type	Reason	Type of investigation and punishment	Conclusion (if any)	Disclosure date	Disclosure index
Zhuhai Energy	Other	Mortgage over duty-free equipment under customs custody without customs approval	Other	It was fined RMB 850,000 as it was not a material violation.		

Explanation on the rectification

√ Applicable □ N/A

Zhuhai Energy completed the rectification and paid the fine in a timely manner. The above administrative fine has not affected the production and operation of Zhuhai Energy as it was not a material violation.

XIV. Credit Conditions of the Company as well as Its Controlling Shareholder and Actual Controller

√ Applicable □ N/A

During the Reporting Period, the Company and its controlling shareholder and the actual controller were in good standing, and there were no cases of non-performance of court judgments in force or large debts due but unpaid.

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information disclosure.

(8) On July 12, 2019, the 31st meeting of the third Board of Directors and the 26th meeting of the third Supervisory Committee of the Company deliberated and approved the Proposal on Adjusting the Number and Repurchase Price of Restricted Stocks under the 2017 Restricted Stock Incentive Plan, the Proposal on the Fulfillment of Conditions for Unlocking within the Second Unlocking Period under the 2017 Restricted Stock Incentive Plan, the Proposal on Repurchase and Cancellation of Part Incentive Stocks under the 2017 Restricted Stock Incentive Plan, and other related proposals. For details, please refer to the Announcement on Adjusting the Number and Repurchase Price of Restricted Stocks under the 2017 Restricted Stock Incentive Plan (No.:2019-084), the Announcement on Repurchase and Cancellation of Part Incentive Stocks under the 2017 Restricted Stock Incentive Plan (No.:2019-

XVI. Significant related transactions

1. Related transactions arising from routine operation

√ Applicable □ N/A

Related transaction party	Relation	Type of related transaction	Details of related transaction	Pricing principle of the related transaction	Related transaction price	Related transaction amount(RMB0'000)	Proportion in the total amount of transaction of the same type	Approved transaction limit(RMB0'000)	Whether or not the transaction limited exceeded	Settlement mode for related transaction	Obtainable market price for the transaction of the same type	Disclosure date	Index to disclosed information
Kunshasi	Joint-stock Company	Purchase of raw materials from related parties	Purchase of additives	Agreed by both parties based on market price	--	3,661.77	66.22%	4,000	No	Bank deposit or acceptance draft	RMB15.71/kg	March 17, 2020	For details, please refer to the Announcement on the Expected Related Transactions Arising from Routine Operation in 2020 (No.: 2020-036) disclosed on cninfo.com.
		Sale of products and commodities to related parties	Sale of raw materials	Agreed by both parties based on market price	--	1,413.7	67.02%	2,000	No	Bank deposit or acceptance draft	RMB9.93 /kg	March 17, 2020	For details, please refer to the Announcement on the Expected Related Transactions Arising from Routine Operation in 2020 (No.: 2020-036) disclosed on cninfo.com.
		Lease to related parties	Lease of workshop	Agreed by both parties based on market price	--	2.4	2.09%	2.4	None	Bank deposit or acceptance bill	--	March 17, 2020	For details, please refer to the Announcement on the Expected Related Transactions Arising from Routine Operation in 2020 (No.: 2020-036) disclosed on cninfo.com.
Heyi Investment	Controlling shareholder of the Company	Lease to related parties	Lease of office	Agreed by both parties based on market price	--	0.33	0.22%	0.33	No	Bank deposit or acceptance draft	--	March 17, 2020	For details, please refer to the Announcement on the Expected Related Transactions Arising from Routine Operation in 2020 (No.: 2020-036) disclosed on cninfo.com.
Heli Investment	Shareholder of the Company	Lease to related parties	Lease of office	Agreed by both parties based on market price	--	0.24	0.21%	0.24	No	Bank deposit or acceptance draft	--	March 17, 2020	For details, please refer to the Announcement on the Expected Related Transactions Arising from Routine Operation in 2020 (No.: 2020-036) disclosed on cninfo.com.
Industrial	The	Loan with	Loan	Market	--	144,000	20.65%	336,000	No	--	--	August	For details, please refer to the

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and Commercial Bank of China	spouse of Ms. Zheng Haiying, who is an independent director of the Company, is a non-executive director of the Industrial and Commercial Bank of China.	related bank (including application for comprehensive facility, acceptance draft, letter of credit, bank guarantee, etc.)	pricing, not higher than the loan benchmark interest rate for the same period or the market interest rate level under the same conditions	29, 2020	Announcement on the Expected Deposit, Loan and Guarantee with Related Bank in 2020 (No.:

for the total amounts of routine related transactions by type to occur in the current period	related transactions estimated by the Company by type.
Reason for any significant difference between the transaction price and the market reference price (if applicable)	N/A

2. Related-party transactions relevant to purchases and sales of assets

□ Applicable √ N/A

No such cases in the Reporting Period.

3. Related-party transactions with joint investments

□ Applicable √ N/A

No such cases in the Reporting Period.

4. Credits and liabilities with related parties

√ Applicable □ N/A

Whether there were any credits or liabilities with related parties for non-operating purposes

□ Yes √ No

No such cases in the reporting period.

5. Other significant related-party transactions

□ Applicable √ N/A

No such cases in the Reporting Period.

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XVII. Significant contracts and their execution

1. Trusteeships, Contracts, and Leases

(1) Trusteeships

□ Applicable √ N/A

No such cases in the Reporting Period.

(2) Contracts

□ Applicable √ N/A

No such cases in the Reporting Period.

(3) Leases

□ Applicable √ N/A

No such cases in the Reporting Period.

2. Significant guarantees

√ Applicable □ N/A

(1) Guarantees

Unit: RMB0’000

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Due or not	Guarantee for a related party or not
None								
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Due or not	Guarantee for a related party or not
Hongta Plastic	March 17, 2020	4,400	November 4, 2020		Joint liability guarantee	1 Year	No	Yes
Hongta Plastic	March 17, 2020	7,800	October 19, 2018	100	Joint liability guarantee	3 Years	No	Yes
Hongta Plastic	March 17, 2020	3,000	October 23, 2020	700	Joint liability guarantee	1 Year	No	Yes
Hongta Plastic	March	4,000	August 23,		Joint liability	1 Year	No	Yes

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	17, 2020		2019		guarantee			
Hongta Plastic	March 17, 2020	4,000	November 2, 2020	47.42	Joint liability guarantee	2 Years	No	Yes
Hongta Plastic	March 17, 2020	21,000	November 10, 2020	4,389.42	Joint liability guarantee	5 Years	No	Yes
Hongta Plastic	March 17, 2020	4,000	November 9, 2020		Joint liability guarantee	5 Years	No	Yes
Hongta Plastic	March 17, 2020	4,000	March 23, 2020	1,820	Joint liability guarantee	1 Year	No	Yes
Chengdu Hongta Plastic	March 17, 2020	2,000	December 28, 2020		Joint liability guarantee	1 Year	No	Yes
Hongchuang Packaging	March 17, 2020	2,000	April 16, 2020		Joint liability guarantee	2 Years	No	Yes
Hongchuang Packaging	March 17, 2020	3,000	June 17, 2020	1,300	Joint liability guarantee	1 Year	No	Yes
Hongchuang Packaging	March 17, 2020	6,600	November 30, 2020	115.47	Joint liability guarantee	1 Year	No	Yes
Hongchuang Packaging	March 17, 2020	3,000	October 23, 2020	629.74	Joint liability guarantee	1 Year	No	Yes
Dexin Paper	March 17, 2020	2,230	November 13, 2019	350	Joint liability guarantee	3 Years	No	Yes
Dexin Paper	March 17, 2020	500	June 16, 2020	100	Joint liability guarantee	1 Year	No	Yes
Dexin Paper	March 17, 2020	1,000	October 23, 2020	280	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	30,000	October 30, 2020	17,567.83	Joint liability guarantee	3 Years	No	Yes
Shanghai Energy	March 17, 2020	10,000	January 21, 2019	7,740	Joint liability guarantee	6 Years	No	Yes
Shanghai Energy	March 17, 2020	30,000	July 14, 2020		Joint liability guarantee	3 Years	No	Yes
Shanghai Energy	March 17, 2020	15,000	September 25, 2020	2,964.5	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	51,000	April 27, 2019	18,193.75	Joint liability guarantee	5 Years	No	Yes
Shanghai Energy	March 17, 2020	10,000	August 0 6, 2020	27.92	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	11,000	September 22, 2020	0	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	21,000	June 23, 2020	14,417.17	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	9,000	December 6, 2019		Joint liability guarantee	3 Years	No	Yes
Shanghai Energy	March 17, 2020	10,000	December 3, 2019		Joint liability guarantee	5 Years	No	Yes
Shanghai Energy	March 17, 2020	22,000	December 13, 2019	2,750.41	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	11,000	November 30, 2020	0	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March 17, 2020	55,000	December 23, 2019	30,000	Joint liability guarantee	3 Years	No	Yes
Shanghai Energy	March 17, 2020	10,000	December 27, 2019		Joint liability guarantee	2 Years	No	Yes
Shanghai Energy	March 17, 2020	15,000	January 13, 2020	8,000	Joint liability guarantee	1 Year	No	Yes
Shanghai Energy	March	85,600	September 26,	85,600	Joint liability	7 Years	No	Yes

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	17, 2020		2020		guarantee			
Shanghai Energy	March 17, 2020	8,000	September 27, 2020	0	Joint liability guarantee	2 Years	No	Yes
Shanghai Energy	March 17, 2020	10,000	October 29, 2020	1,511.17	Joint liability guarantee	1 Year	No	Yes
Wuxi Energy	March 17, 2020	130,000	May 17, 2019	106,368.26	Joint liability guarantee	7 Years	No	Yes
Wuxi Energy	March 17, 2020	10,000	February 26, 2020	2,354.8	Joint liability guarantee	4 Years	No	Yes
Wuxi Energy	March 17, 2020	5,000	April 15, 2020	1,915.9	Joint liability guarantee	1 Year	No	Yes
Wuxi Energy	March 17, 2020	12,000	December 18, 2020	117.95	Joint liability guarantee	3 Years	No	Yes
Wuxi Energy	March 17, 2020	116,000	November 16, 2020		Joint liability guarantee	9 Years	No	Yes
Jiangxi Tonry	March 17, 2020	150,000	September 17, 2019		Joint liability guarantee	5 Years	No	Yes
Jiangxi Tonry	March 17, 2020	10,000	December 11, 2020	10,000	Joint liability guarantee	1 Year	No	Yes
Jiangxi Tonry	March 17, 2020	27,750	July 29, 2020	10,215.6	Joint liability guarantee	1 Year	No	Yes
Jiangxi Tonry	March 17, 2020	5,000	October 28, 2020		Joint liability guarantee	2 Years	No	Yes
Zhuhai Energy	March 17, 2020	100,000	August 14, 2017	22,319.65	Joint liability guarantee	9 Years	No	Yes
Zhuhai Energy	March 17, 2020	75,000	August 1, 2019	70,000	Joint liability guarantee	6 Years	No	Yes
Zhuhai Energy	March 17, 2020	8,000	July 14, 2020		Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	22,000	September 21, 2020		Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	7,000	March 16, 2020	4,900	Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	3,500	December 2, 2019	2,900	Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	5,000	December 10, 2019	2,485.46	Joint liability guarantee	5 Years	No	Yes
Zhuhai Energy	March 17, 2020	10,000	April 13, 2020	9,870	Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	20,000	May 8, 2020	8,400	Joint liability guarantee	3 Years	No	Yes
Zhuhai Energy	March 17, 2020	10,000	May 17, 2020		Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	8,000	May 24, 2020		Joint liability guarantee	5 Years	No	Yes
Zhuhai Energy	March 17, 2020	10,000	March 30, 2020	5,010.6	Joint liability guarantee	1 Year	No	Yes
Zhuhai Energy	March 17, 2020	15,000	December 30, 2020		Joint liability guarantee	1 Year	No	Yes
Suzhou Green Power	March 17, 2020	15,000	May 21, 2020	922.56	Joint liability guarantee	3 Years	No	Yes
Suzhou Green Power	March 17, 2020	10,000	September 27, 2020	468.37	Joint liability guarantee	1 Year	No	Yes
Total guarantee quota approved for subsidiaries during the reporting period (B1)		1,777,600		Total actual amount of guarantees for subsidiaries during the reporting period (B2)		456,853.93		

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Total guarantee quota approved for the subsidiaries at the end of the reporting period (B3)		1,777,600		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)		456,853.93		
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Period of guarantee	Due or not	Guarantee for a related party or not
None								
Total guarantee amount provided by the Company (sum of the aforesaid three categories)								
Total guarantee quota approved during the reporting period (A1+B1+C1)		1,777,600		Total actual amount of guarantee during the reporting period (A2+B2+C2)		456,853.93		
Total guarantee quota approved at the end of the reporting period (A3+B3+C3)		1,777,600		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)		456,853.93		
Total guarantee amount (A4+B4+C4) to net assets of the Company						41.15%		
Including:								
Balance of guarantee provided to shareholders, beneficial owners and their related parties (D)						0.00		
Amount of debt guarantee provided for guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)						300,920.58		
Amount of total guarantee over 50% of net assets (F)						1,222,455.97		
Total amount of the above three guarantees (D+E+F)						1,523,376.54		
Explanation of warranty liability or possible joint liquidation (if any)						No		
Explanation of provision of guarantees for external parties in violation of the prescribed procedure (if any)						No		

Explanation on guarantees provided by combined mode: No

(2) Illegal provision of guarantees for external parties

□ Applicable √ N/A

No such cases in the Reporting Period.

3. Entrusted cash assets management

(1) Entrusted wealth management

√ Applicable □ N/A

Overview of wealth management entrustment during the Reporting Period

Unit: RMB0’000

Type	Source of capital under the entrusted wealth management	Amount of the entrusted wealth management	Undue amount	Unrecovered overdue amount

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Bank wealth management products	Total amount of funds raised	120,000	120,000	0
Bank wealth management products	Self-owned fund	50,000	20,000	0
Total		170,000	140,000	0

Particulars of high-risk wealth management entrustment with significant single amount or low security, low liquidity, or without breakeven

□ Applicable √ N/A

Whether there is the case where the principal cannot be recovered at maturity or other case where impairment may occur

□ Applicable √ N/A

(2) Entrusted loans

□ Applicable √ N/A

No such cases in the Reporting Period.

4. Significant contracts arising from routine operation

√ Applicable □ N/A

Name of signatory Company	Name of counterparty	Subject	Total contract price	Progress of contract performance	Amount of sales income recognized for the Reporting Period or accumulatively	Collection of accounts receivable

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signatory Company	rty		date	of assets involved in the contract (RMB0’000)	value of assets involved in the contract (RMB0’000)	l institution	base date	principle	n price (RMB0’000)	related transaction or not		Reporting Period	disclosure	
The Company	Suzhou Victory Precision Manufacturing Technology Co. Ltd.	100% equity of Suzhou Green Power	August 4, 2019	25,397.08	66,500	China United Assets Appraisal Group	June 30, 2019	Agreed by both parties	180,080	No	No	The Company completed the acquisition		

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Green Power	es	8 meters		factory		2014			standard
Suzhou Green Power	Nitrogen oxides	Discharge at an altitude of 8 meters	4	Inside the factory	34mg/m ^{3}	GB13271-2014	7.86t/a	9.139t/a	Up to standard

Construction and operation of pollution prevention and treatment facilities:

Industrial wastewater produced by the Company is subject to pretreatment in the wastewater treatment station inside the Company instead of direct discharge, and the pretreated wastewater is then discharged to town-level industrial wastewater treatment plant. Domestic sewage, such as ammonia nitrogen and other pollutants, are discharged into the municipal pipe network and then into Zhenze Town Domestic Sewage Treatment Plant for treatment. The discharge of industrial waste gas is well organized, and the

1. During the Reporting Period, Tan Kim Chwee, a shareholder of Shanghai Energy, transferred his 0.84% equity of Shanghai Energy to Yin Hongqiang. For details, please refer to the “Announcement on the Completion of Business Registration Change and Filing of Holding Subsidiary” (No. 2020-017) disclosed by the Company on cninfo.com.

2. During the Reporting Period, due to business needs Shanghai Energy acquired 70% equity of Foshan Donghang Optic-Electric Technology Co., Ltd. with its own funds. After the completion of the equity transfer Donghang Optic-Electric becomes a controlling subsidiary of Shanghai Energy and was included in the scope of the Company's consolidated statements. For details, please refer to the Announcement on the Completion of Business Registration Change and Filing of Subordinate Company (No. 2020-045) disclosed by the Company on cninfo.com.

3. During the Reporting Period, the Company completed the acquisition of 100% equity of Suzhou Green Power, and on March 5, 2020, Suzhou Green Power completed procedures for business registration change and filing in connection with the equity acquisition. For details, please refer to the Announcement on Progress of Acquisition of 100% Equity of Suzhou Green Power New Energy Materials Co., Ltd. (No. 2020-026) disclosed by the Company on cninfo.com.

4. During the Reporting Period, Dexin Paper, Wuxi Energy, Zhuhai Energy, and Jiangxi Tonry completed procedures for business registration change and filing due to the need to increase the business scope. For details, please refer to the Announcement on the Completion of Business Registration Change and Filing of Wholly-owned Subsidiary (No. 2020-061), the Announcement on the Completion of Business Registration Change and Filing of Subordinate Company (No. 2020-068), and), the Announcement on the Completion of Business Registration Change and Filing of Subordinate Company (No. 2020-069) disclosed by the Company on cninfo.com.

5. On April 24, 2020, the 1st meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on Entry into a Framework Agreement with Tan Kim Chwee and Yin Hongqiang Regarding the Equity Transfer of Shanghai Energy New Material Technology Co., Ltd.. The preliminary valuation (provisional valuation only, not final valuation) of Shanghai Energy was considered to be RMB9.544 billion, and on this basis, the Company intended to consider acquiring 4.30% equity held by Tan Kim Chwee in Shanghai Energy at the estimated transaction price of RMB410,401,431 and 0.84% equity held by Yin Hongqiang in Shanghai Energy at the estimated transaction price of RMB80,155,821 with its own and self-financing funds. Other shareholders of Shanghai Energy, namely Yan Ma and Alex Cheng, voluntary waived the right of first refusal for this equity transfer. For details, please refer to the Announcement on Entry into a Framework Agreement with Shareholders of Shanghai Energy New Material Technology Co., Ltd. Regarding the Equity Transfer (No.:2020-075) disclosed by the Company on cninfo.com. On July 24, 2020, the seventh meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on Entry into an Equity Transfer Agreement with Tan Kim Chwee and Yin Hongqiang, and agree to acquire 4.30% equity held by Tan Kim Chwee in Shanghai Energy at the price of RMB410,401,431 and 0.84% equity held by Yin Hongqiang in Shanghai Energy at the price of RMB80,155,821 with its own and self-financing funds, by reference to the appraised equity value RMB962,900.00 of Shanghai Energy on December 31, 2019 as the appraisal base date as shown in the appraisal report issued by Shanghai Zhonghua Assets Appraisal Co., Ltd.. After the completion of this transaction, Shanghai Energy remained as a controlled subsidiary of the Company, and the Company holds 95.22% equity in Shanghai Energy. For details, please refer to the Announcement on Entry into an Equity Transfer Agreement with Shareholders of Shanghai Energy New Material Technology Co., Ltd.(No.:2020-125) disclosed by the Company on cninfo.com. On August 10, 2020, Shanghai Energy completed the procedures for business registration change and filing with respect to the aforesaid equity transfer. For details, please refer to the “Announcement on Completion of the Procedures for Business Registration Change and Filing By the Controlled Subsidiary Shanghai Energy” (No. 2020-134) disclosed by the Company on cninfo.com.

6. Funds raised for the “lithium-ion battery separator film project (Phase I) with annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.” and “project of Wuxi Energy New Material Industrial Base” were fully used, and the Company completed the procedure for canceling the special account for the funds raised. The raised fund supervision agreement signed between the Company, Jiangxi Tonry, Wuxi Energy, CITIC Securities and the opening bank was also terminated accordingly. For details, please refer to the Announcement on Canceling the Special Account for Part Funds Raised (No.:2020-079).

7. On June 21, 2020, the 4th meeting of the 4th Board of Directors of the Company deliberated and approved the "Proposal on Pledging the Equity of a Wholly-owned Subsidiary of the Company for Getting Loan” and it was agreed that the Company applied for a M&A loan of not more than RMB 876 million to Shanghai Rural Commercial Bank Co., Ltd. Nanhui Sub-branch for a term of seven years, and pledged the 100% equity of Suzhou

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Green Power to Shanghai Rural Commercial Bank Co., Ltd. Nanhui Sub-branch. In addition, Shanghai Energy provided joint and several liability guarantee for this M&A loan equal to RMB 876 million. Please refer to the "Announcement on Pledging the Equity of a Wholly-owned Subsidiary of the Company for Getting Loan" (No. 2020-102) disclosed by the Company on cninfo.com. The Company repaid the aforesaid loan in advance and received the "Notice of Cancellation of Registration of Equity Pledge" from Administrative Approval Bureau of Suzhou Wujiang District on September 21, 2020, and the Company released the aforesaid pledge of the pledge equity. For details, please refer to the "Announcement on Repayment of M&A Loan and Release of Pledge of Subsidiary's Equity" (No. 2020-175) disclosed by the Company on cninfo.com.

8. On June 21, 2020, the 4th meeting of the 4th Board of Directors of the Company deliberated and approved the Proposal on Providing Financial Assistance to the Controlled Subsidiary and its Subsidiaries, and it was agreed that the Company and its subsidiary provided financial assistance to its controlled subsidiary Shanghai Energy and its subsidiaries in a total amount not exceeding RMB1 billion. For details, please refer to the "Announcement on Providing Financial Assistance to the Controlled Subsidiary and its Subsidiaries" (No. 2020-103) disclosed by the Company on cninfo.com.

9. On July 24, 2020, the seventh meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on Entry into an Equity Transfer Agreement with Tan Kim Chwee and Yin Hongqiang, and agree to acquire 4.30% equity held by Tan Kim Chwee in Shanghai Energy at the price of RMB410,401,431 and 0.84% equity held by Yin Hongqiang in Shanghai Energy at the price of RMB80,155,821 with its own and self-financing funds. After the completion of the transaction, Shanghai Energy is still a controlled subsidiary of the Company, and the Company holds 95.22% equity in Shanghai Energy. For details, please refer to the Announcement on Entry into an Equity Transfer Agreement with Tan Kim Chwee and Yin Hongqiang (No.: 2020-125), and the Announcement on Completion of Business Registration Change and Filing by the Controlled Subsidiary - Shanghai Energy (No.: 2020-134) disclosed by the Company on cninfo.com.

10. On July 24, 2020, the seventh meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on Conducting Foreign Exchange Derivatives Trading, and agreed that Shanghai Energy, a controlled subsidiary of the Company, and its subsidiaries conduct foreign exchange derivatives trading in a total amount of no more than RMB 800 million (or equivalent foreign currency) within 12 months from the date of deliberation and approval by the Board of Directors. The above amount can be used on a cyclic basis within the approved time limit. For details, please refer to the Announcement on Conducting Foreign Exchange Derivatives Trading (No.:2020-126) disclosed by the Company on cninfo.com.

11. On August 28, 2020, the 10th meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on Equity Transfer of Subordinate Companies, agreed that the Company signed the Equity Transfer Agreement with the controlled subsidiary Shanghai Energy. It was determined through negotiation that the 100% equity of Suzhou Green Power was transferred at the consideration of RMB739,219,511.67, and Shanghai Energy bore the arrears of RMB844,418,916.21 owed by Shanghai Energy to Suzhou Green Power as of June 30, 2020. Shanghai Energy will pay the aforesaid equity transfer consideration with self-owned and self-raised funds. After the completion of this equity transfer, the Company will no longer directly hold equity in Suzhou Green Power, and Suzhou Green Power will become a controlled sub-subsidiary of the Company through the share of Shanghai Energy in it. For details, please refer to the Announcement on Equity Transfer of Subordinate Company (No.:2020-148), and the Announcement on Completion of Business Registration Change and Filing of Subordinate Subsidiary (No.:2020-176) disclosed by the Company on cninfo.com.

12. The 43rd meeting of the 3rd Board of Directors of the Company deliberated and approved the Proposal on Opening A Special Account for Funds Raised, and agreed that the Company deposits the proceeds from the IPO in the special account determined by the Board of Directors. This special account is separately managed and can not be used for depositing any funds other than the raised funds or for other purposes. The Company, the project implementation entities Jiangxi Tonry and Wuxi Energy and CITIC Securities signed a Raised Funds Four-party Supervision Agreement. For details, please refer to the Announcement on Entry Into A Raised Funds Four-party Supervision Agreement (No.:2020-168) disclosed by the Company on cninfo.com.

13. On September 25, 2020, the twelfth meeting of the 4th Board of Directors of the Company deliberated and approved the "Proposal on Pledging the Equity of a Subordinate Subsidiary of the Company for Getting Loan", and agreed that Shanghai Energy applied for a M&A loan of not more than RMB 856 million to Shanghai Rural Commercial Bank Co., Ltd. Shanghai Pilot Free Trade Zone Lingang New Area Sub-branch for a term of seven years, and pledged the 100% equity of Suzhou Green Power held by it to Shanghai Rural Commercial Bank Co., Ltd. Lingang New Area Sub-branch. In addition, the Company provided joint and several liability guarantee for this M&A loan equal to RMB 856 million. Please refer to the "Announcement on Pledging the Equity of a Subordinate Subsidiary of the Company for Getting Loan" (No. 2020-179) disclosed by the Company on cninfo.com.

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14. On November 10, 2020, the 16th meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on Starting the Project of Wet-process Lithium-ion Battery Separator Film in Hungary, and the Proposal on Signing Hungary Project Contract, and agreed that the subordinate Company SEMCORP Hungary Kft invests in the construction of production line and supporting factory of wet-process lithium-ion battery separator film in Debrecen, Hungary, and signed Preliminary Sale and Purchase Agreement with Debreceni Vagyonkezelő Zártkörűen Működő Részvénytársaság, the subordinate wholly owned subsidiary of Debrecen Government, Hungary. For details, please refer to the Announcement on Starting the Project of Wet-process Lithium-ion Battery Separator Film in Hungary (No.: 2020-204) disclosed by the Company on cninfo.com.

15. During the Reporting Period, Hongchuang Packaging completed procedures for business registration change and filing due to the need to increase the business scope and obtained the business license renewed by Yuxi Municipal Administration for Market Supervision. For details, please refer to the Announcement on the Completion of Business Registration Change and Filing by Controlled Subsidiary (No. 2020-208) disclosed by the Company on cninfo.com.

16. On November 23, 2020, the 18th meeting of the fourth Board of Directors of the Company deliberated and approved the Proposal on the Controlled Subsidiary Shanghai Energy's Participation in the Public Delisting-based Acquisition of 76.3574% Equity of Newmi Tech, and agreed that Shanghai Energy, as the interested party, participated in the transfer of 76.3574% equity of Newmi Tech, including 54.7629% equity of Newmi Tech held by Yuntianhua Group and 21.5945% equity of Newmi Tech held by Yuntianhua Company. For details, please refer to the Announcement on the Controlled Subsidiary Shanghai Energy's Participation in the Public Delisting-based Acquisition of 76.3574% Equity of Newmi Tech (No.:2020-212) disclosed by the Company on cninfo.com. On December 21, 2020, the 19th meeting of the fourth Board of Directors deliberated and approved the Proposal on Signing Property Transaction Contract and Supplementary Agreement by the Controlled Subsidiary Shanghai Energy, and agreed that Shanghai Energy signed a Property Transaction Contract with Yuntianhua Group and Yuntianhua Group, and signed a supplementary agreement to the Property Transaction Agreement with Yuntianhua Group and Yunnan Yuntianhua Group Finance Co., Ltd.. For details, please refer to the Announcement on Signing Property Transaction Contract and Supplementary Agreement by the Controlled Subsidiary Shanghai Energy (No.:2020-221) disclosed by the Company on cninfo.com.

On December 24, 2020, the 12th meeting of the fourth Board of Directors deliberated and approved the Proposal on Provision of Guarantee to Newmi Tech, and the Proposal on Provision of Financial Assistance to Newmi Tech, and agreed that the Company will provide guarantee to Newmi Tech in the sum of no more than RMB550 million and Shanghai Energy will provide financial assistance to Newmi Tech in the sum of no more than RMB400 million, for a term of one year. For details, please refer to the Announcement on Provision of Guarantee to Newmi Tech (No.:2020-224) and Announcement on Provision of Financial Assistance to Newmi Tech (No.:2020-225) disclosed by the Company on cninfo.com.

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Section 6 Share Changes and Shareholder Details

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increase or decrease (+,-)					After the change	
	Number	Proporti	New	Bonus	Conversion of			Number of shares	Proportion
I. Shares subject to restrictions on sale	284,249,934	35.29%	69,444,444	0	0	-3,591,218	65,853,227	350,103,161	39.49%
persons			896				896	896	
3. Shares held by domestic investors	117,521,700	14.59%	8,333,333						
Including: Shares held by domestic legal persons	26,009,166								
Shares held by domestic natural persons	91,512,534	11.36%				-3,591,218	-3,591,218	87,921,316	

2. Domestically-listed foreign shares		0.00%					0		0.00%
3. Foreign shares listed overseas		0.00%					0		0.00%
4. Others		0.00%							

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Incentive Plan of the Company and the Proposal on Buying Back and Writing Off Some Incentive Shares under the 2017 Restricted Share Incentive Plan of the Company. The Board of Directors thinks that the Company has fulfilled the unlocking condition for the third unlocking period set under the 2017 Restricted Share Incentive Plan of the Company. This time, a total of 83 incentive beneficiaries have satisfied the unlocking conditions and can apply to unlock and trade a total of 3,404,080 restricted shares. The unlocked shares started listing and circulation on July 23, 2020. At the same time, the Board of Directors and the Board of Supervisors have agreed to buy back and write off 23,120 shares that have been awarded to these 4 incentive beneficiaries with an evaluation level of “Good” but not unlocked. The decision to buy back and write off the aforesaid proportion of restricted shares was deliberated and adopted at the Fourth Extraordinary General Meeting of Shareholders of the Company in 2020. As of September 28, 2020, the Company has bought back and written off the aforesaid 23,120 restricted shares.

(2) Private offering of A shares in 2020

At the forty-third session on March 23, 2020, the Third Board of Directors of the Company deliberated and adopted a number of proposals, including the Proposal on the Company’s Fulfillment of Private Share Offering, the Proposal on the Private Share Offering Plan of the Company, the Proposal on 2020 Private Share Offering Plan of the Company and the Proposal on Requesting the General Meeting of Shareholders Authorize the Board of Directors to Handle Relevant Affairs in Private Share Offering of the Company. The Company has proposed to offer shares to no more than 35 specific investors and raise a total of no more than RMB5.0 billion (including issuance expenses). The aforesaid proposals have been deliberated and adopted at the First Extraordinary General Meeting of Shareholders of the Company in 2020. At the third session on June 1, 2020, the Fourth Board of Directors of the Company deliberated and adopted the Proposal on Private Share Offering Plan of the Company in 2020 (Revision).

Under the approval granted by China Securities Regulatory Commission under the Approval of Private Share Offering by Yunnan Energy New Material Co., Ltd. (CSRC License [2020] No. 1476), the Company made a private offering of 69,444,444 shares (A shares) to 22 specific investors, and completed the registration procedure for these new shares with China Clear Shenzhen Branch on August 21, 2020. These shares started trading with a lock-up period of 6 months as of the listing date at Shenzhen Stock Exchange on September 4, 2020.

(3) Conversion of convertible corporate bonds into shares

Under the approval granted by China Securities Regulatory Commission under the Approval of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (CSRC License [2019] No. 2701), the Company made a public offering of 16 million convertible corporate bonds (bonds abbreviation: Energy Convertible Bond, bonds code: 128095) with a face value of RMB100.00 each, a total amount of RMB1.6 billion and a term of 6 years on February 11, 2020. Under the approval of Shenzhen Stock Exchange in the document “Shenzhen Stock Exchange Listing [2020] No. 109), the convertible corporate bonds of the Company worth RMB1.6 billion started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of “Energy Convertible Bonds” started on August 17, 2020.

Transfer of share ownership

√ Applicable □ N/A

(1) Shares unlocked in the third unlocking period of 2017 Restricted Share Incentive Plan of the Company

The Company has handled the unlocking procedure for the restricted shares with China Clear Shenzhen Branch. The unlocking date of the restricted shares to be unlocked this time (namely, listing and trading date) is July 23, 2020, a total of 3,404,080 restricted shares have been unlocked and a total of 83 persons have benefited from the unlocking.

(2) The Company has bought back and written off some restricted shares that were awarded but not unlocked during the third unlocking period of 2017 Restricted Share Incentive Plan of the Company

Until September 28, 2020, the Company has bought back and written off some restricted shares, totaling 23,120 shares, that were awarded but not unlocked during the third unlocking period of 2017 Restricted Share Incentive Plan of the Company and completed the buyback and write-off procedure with China Clear Shenzhen Branch, and the buyback price is RMB8.426/share.

(3) Private offering of A shares in 2020

After applying to China Clear Shenzhen Branch, the Company made a private offering of 69,444,444 shares (A shares) to 22 specific investors, and completed the registration procedure for these new shares with China Clear Shenzhen Branch on August 21, 2020. These shares started trading with a lock-up period of 6 months as of the listing date at Shenzhen Stock Exchange on September 4, 2020.

(3) Conversion of convertible corporate bonds into shares

16 million convertible corporate bonds “Energy Convertible Bonds” of the Company started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of “Energy Convertible Bonds” started on August 17, 2020. By the end of the Reporting Period, a total of 11,774,057 shares were converted from the bonds.

Implementation progress of share repurchase

□ Applicable √ N/A

Implementation of share reduction through aggregate auction

□ Applicable √ N/A

Effects of changes in shares on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company,

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and other financial indicators for the last year and the last Reporting Period

√ Applicable □ N/A

(1) The Company has bought back and written off a small number of restricted shares that were awarded to the incentive beneficiaries with an evaluation level of "Good" but not unlocked during the third unlocking period of 2017 Restricted Share Incentive Plan of the Company, and these shares have delivered a minor impact on the basic earnings per share and net assets per share due to a small number.

(2) During the Reporting Period, the conversion of 11,774,057 shares from the "Energy Convertible Bonds" and the private offering of 69,444,444 shares have affected the basic earnings per share by RMB0.05/share, affected the diluted earnings per share by some RMB0/share and affected the net assets per share by some RMB0.26/share.

Other contents that the Company considers necessary, or are required by the security's regulatory authorities, to disclose

□ Applicable √ N/A

2. Changes in restricted shares

√ Applicable □ N/A

Unit: Share

Name of shareholder	Balance of shares subject to restrictions at beginning of period	Increase of shares subject to restrictions on sale in current period	Number of restricted shares unlocked in current period	Balance of shares subject to restrictions on sale at the year-end	Reason for restriction	Date of relief
Paul Xiaoming Lee	102,745,438	1		102,745,439	By the end of the Reporting Period, the shares obtained from the material asset restructuring in 2018 still remain in the restriction period; Locked shares of senior executives.	The restricted shares obtained from the material asset restructuring in 2018 will be unlocked on August 15, 2021; A director can unlock 25% of total shares he or she holds every year.
Sherry Lee	46,275,559			46,275,559	By the end of the Reporting Period, in 2019, the inherited shares obtained by Ms. Wang Yuhua from the material asset restructuring in 2018 still remain in the restriction period.	The shares obtained from the material asset restructuring in 2018 will be unlocked on August 15, 2021.
Li Xiaohua	69,833,759			69,833,759	By the end of the Reporting Period, the shares obtained from the material asset restructuring in 2018 still remain in the restriction period.	The shares obtained from the material asset restructuring in 2018 will be unlocked on August 15, 2021.
JERRY YANG LI	17,707,237			17,707,237	By the end of the Reporting Period, in 2019, the inherited shares obtained by Ms. Wang Yuhua from the material asset restructuring in 2018 still remain in the restriction period.	The shares obtained from the material asset restructuring in 2018 will be unlocked on August 15, 2021.

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Xu Ming	1,835,873		458,968	1,376,905

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					period	on August 15, 2021.
Future Industry Investment Fund (Limited Partnership)	1,001,810			1,001,810	By the end of the Reporting Period, some shares obtained from the material asset restructuring in 2018 still remain in the restriction period	Of the shares obtained from the material asset restructuring in 2018, 75% were unlocked in 2019, and the remaining 25% will be unlocked on August 15, 2021.
Zhuhai Hengjie	15,526,817			15,526,817	By the end of the Reporting Period, the shares obtained from the material asset restructuring in 2018 still remain in the restriction period	The shares obtained from the material asset restructuring in 2018 will be unlocked on August 15, 2021.
Total of the other former domestic natural person shareholders before material asset restructuring (14 persons)	16,[illegible]02			16,111,402	By the end of the Reporting Period, the shares obtained from the material asset restructuring in 2018 still remain in the restriction period	Of the shares obtained from the material asset restructuring in 2018, 75% were unlocked in 2019, and the remaining 25% will be unlocked on August 15, 2021.
Total of shareholders participating in private offering of A shares in 2020 (22 investors)	0	69,444,444		69,444,444	By the end of the Reporting Period, the shares obtained from the private offering of A shares of the Company in 2020 still remain in the restriction period	The shares obtained from the private offering of A shares of the Company in 2020 will be unlocked on March 4, 2021.
Total						

Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	February 11, 2020	RMB100/bond (coupon rate: 0.40% in the first year, 0.60% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year)	16,000,000	February 28, 2020	16,000,000	February 11, 2026	Public Offering and Listing Announcement on Convertible Corporate Bonds (Announcement No.: 2020-022) on cninfo.com	February 27, 2020
Other derivative securities								

Explanations on issuance of securities (excluding preferred shares) during the Reporting Period

1. Share issues in the Reporting Period
Under the approval granted by China Securities Regulatory Commission under the Approval of Private Share Offering by Yunnan Energy New Material Co., Ltd. (CSRC License [2020] No. 1476), the Company made a private offering of 69,444,444 shares (A shares) to 22 specific investors, and completed the registration procedure for these new shares with China Clear Shenzhen Branch on August 21, 2020. These shares started trading with a lock-up period of 6 months as of the listing date at Shenzhen Stock Exchange on September 4, 2020.
2. Convertible corporate bonds issues in the Reporting Period
Under the approval granted by China Securities Regulatory Commission under the Approval of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (CSRC License [2019] No. 2701), the Company made a public offering of 16 million convertible corporate bonds (bonds abbreviation: Energy Convertible Bond, bonds code: 128095) with a face value of RMB100.00 each, a total amount of RMB1.6 billion and a (p)4-16(m)18(a)4(d)-6(e6.64 ()-6(d)-6-6(f)13( )-2(RM)-3(B61)-5(.)10(6)-6 a)4(re)4( )-2(Of)28(f)13(e)4

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69,444,444 shares (A shares) to 22 specific investors, and completed the registration procedure for these new shares with China Clear Shenzhen Branch on August 21, 2020. These shares started trading at Shenzhen Stock Exchange on September 4, 2020. This has increased the total share capital of the Company by 69,444,444 shares. The Company has bought back and written off some restricted shares, totaling 23,120 shares, that were awarded to 4 incentive targets with an evaluation level of “Good” during the third unlocking period of 2017 Restricted Share Incentive Plan of the Company and completed the buyback and write-off procedure with China Clear Shenzhen Branch on September 28, 2020, which has reduced the total share capital of the Company by 23,120 shares. Under the approval granted by China Securities Regulatory Commission in the CSRC License [2019] No. 2701, the Company made a public offering of 16 million “Energy Convertible Bonds” on February 11, 2020. The “Energy Convertible Bonds” started listing and trading at Shenzhen Stock Exchange on February 28, 2020 and were convertible into the Company’s shares as of August 17, 2020. From August 17, 2020 to December 31, 2020, the “Energy Convertible Bonds” were converted into 12,291,976 shares, which has increased the total share capital of the Company by 12,291,976 shares. As at the end of the Reporting Period, the Company recorded the total share capital of 886,566,151 shares and a balance sheet of 43.60%.

Sherry Lee	Overseas natural persons	8.29%	73,470,459	0	46,275,559	27,194,900		
Li Xiaohua	Domestic natural person	7.88%	69,837,889	232,000	69,833,759	4,130		
Kunming Huachen Investment Co., Ltd.	Domestic non-state-owned legal person	2.64%	23,383,775	10,241,245	9,480,539	13,903,236		
JERRY YANG LI	Overseas natural persons	2.00%	17,707,237	0	17,707,237	0		
Zhang Yong	Domestic natural person	1.84%	16,332,107	0	0	16,332,107		
Zhuhai Hengjie Enterprise Management Office (Limited Partnership)	Domestic non-state-owned legal person	1.75%	15,526,817	0	15,526,817	0		
Tianjin Liren Investment Management Partnership (Limited Partnership) - Zhuoyue Changqing Private Securities Investment Fund	Others	1.41%	12,500,000	12,500,000	12,500,000	0		
Strategic investors or general legal persons who have become top 10 shareholders due to share allotment (if any) (see Note 3)	None							
Statement on related party relationship or concerted action between above-mentioned shareholders	Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and Jerry Yang Li are all the family members of the Company's actual controller Paul Xiaoming Lee and represent the persons acting in concert. Heyi Investment, Zhuhai Hengjie Enterprise Management Office and Heli Investment are the enterprises under control by the family of the actual controller Paul Xiaoming Lee. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.							
Explanation of delegation/acceptance of voting right and waiver of voting right involving the above shareholders	Mr. Paul Xiaoming Lee and Ms. Sherry Lee, who are shareholders of the Company and members of Xiaoming Lee's family and the de facto controllers of the Company, signed the Power of Attorney for Shareholding on January 14, 2020, by which Ms. Sherry Lee fully delegated the shareholders' rights, such as rights to question, proposal and vote, in connection with 73,470,459 shares she held in the Company, to her father Mr. Paul Xiaoming Lee, for a period of three years from the date of the Power of Attorney.							

Top 10 shareholders holding unrestricted shares			
Name of shareholder	Number of unrestricted shares held at the end of the Reporting Period	Type of shares	
		Type of shares	Number of shares
Yuxi Heyi Investment Co., Ltd.	119,449,535	Renminbi denominated common shares	119,449,535
Hong Kong Securities Clearing	77,233,138	Renminbi denominated	77,233,138

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Company Limited		common shares	
Sherry Lee	27,194,900	Renminbi denominated common shares	27,194,900
Paul Xiaoming Lee	25,047,218	Renminbi denominated common shares	25,047,218
Zhang Yong	16,332,107	Renminbi denominated common shares	16,332,107
Kunming Huachen Investment Co., Ltd.	13,903,236	Renminbi denominated common shares	13,903,236
Yuxi Heli Investment Co., Ltd.	9,558,686	Renminbi denominated common shares	9,558,686
National Social Security Fund 110 Portfolio	7,732,965	Renminbi denominated common shares	7,732,965
Future Industry Investment Fund (Limited Partnership)	6,763,159	Renminbi denominated common shares	6,763,159
Huang Shuhua	5,546,166	Renminbi denominated common shares	5,546,166
Statement on related party relationships or concerted action between top 10 circulating shareholders without sales restriction and between top 10 circulating shareholders without sales restriction and top 10 shareholders	Heyi Investment and Heli Investment are the enterprises under control by the family of the actual controller Paul Xiaoming Lee. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.		
Statement on top 10 ordinary shareholders' participation in marginal trading (if any) (see Note 4)	N/A		

Did any of the top 10 ordinary shareholders or top 10 ordinary shareholders with unrestricted shares of the Company conduct any promissory repurchase during the Reporting Period

□ Yes √ No

Top 10 ordinary shareholders and top 10 ordinary shareholders without sales restriction didn't conduct the agreed repurchase transactions during the Reporting Period.

2. Details about the controlling shareholder

Nature of controlling shareholder: The nature of the controlling entity is unclear

Type of controlling shareholder: Natural person

Controlling shareholder's name	Nationality	Acquisition of right of residence in other countries or regions
Paul Xiaoming Lee	America	Yes
Yan Ma	America	Yes
Sherry Lee	America	Yes
Li Xiaohua	China	Yes
Yanyang Hui	America	Yes
JERRY YANG LI	America	Yes
Major Occupation and Position	Paul Xiaoming Lee serves as the Chairman of the Company, Li Xiaohua serves as the Vice Chairman and General Manager of the Company, Yan Ma serves as the	

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	Director of the Company, and Yanyang Hui, Sherry Lee and JERRY YANG LI take no positions at the Company.
Equities in other domestic and overseas listed companies under control and with participation during the Reporting Period	None

Change of controlling shareholder during the Reporting Period

□ Applicable √ N/A

The controlling shareholder of the Company has not changed during the Reporting Period.

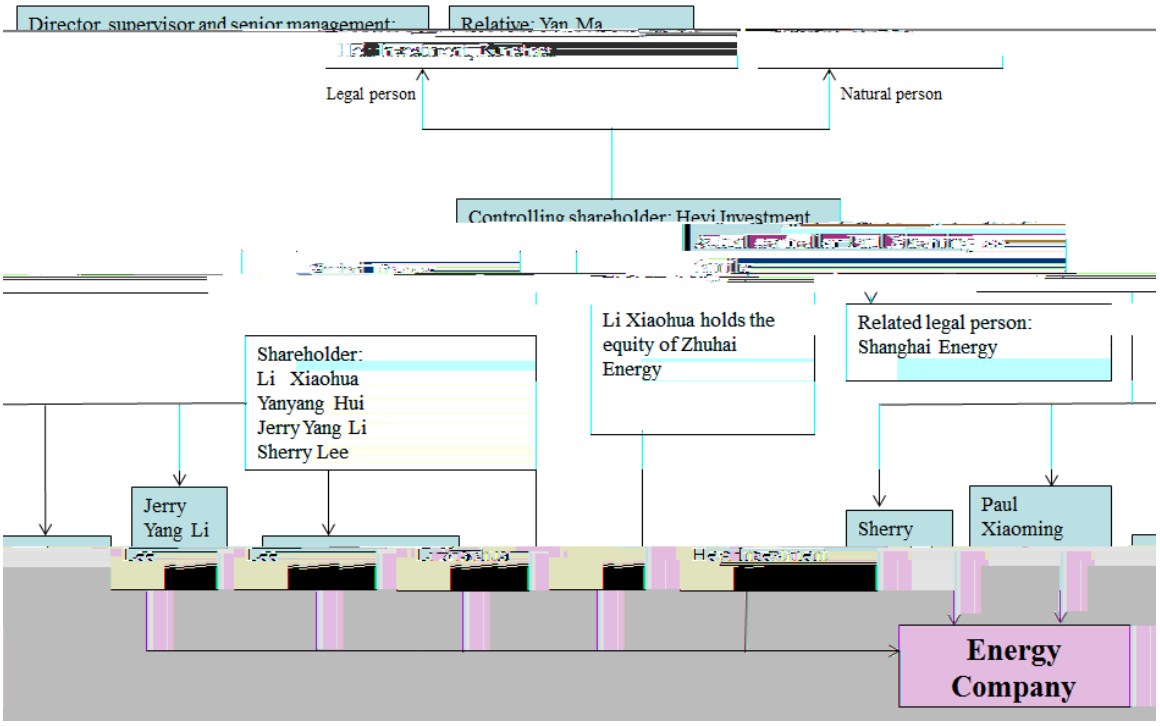
3. Details about the actual controller and persons acting in concert

Nature of actual controller: Domestic natural person; overseas natural person

Type of actual controller: Natural person

Name of actual controller	Relationship with actual controller	Nationality	Acquisition of right of residence in other countries or regions
Paul Xiaoming Lee	Act in concert (including agreement, kinship and common control)		

Controlling shareholder, actual controller and its related person



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

□ Applicable √ N/A

4. Other corporate shareholders holding more than 10% of the shares

√ Applicable □ N/A

Name of legal person shareholder	Legal Representative/Principal of Organization	Date of Incorporation	Registered Capital	Major operating activities or management activities
Heyi Investment	Paul Xiaoming Lee	November 10, 2010	RMB30 million	Conduct venture capital activities with free capital; make project investment and manage investment project; investment management, investment consulting and social and economic consultation. (Business activities that require approval in accordance with the law shall be subject to the business scope approved by the relevant authorities.)

5. Details about restrictions on shareholdings of controlling shareholders, actual controllers, restructuring parties, and other entities making commitments

□ Applicable √ N/A

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Section 7 Details about Preferred Shares

□ Applicable √ N/A

During the Reporting Period, there were no preferred shares in the Company.

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Section 8 Details about Convertible Corporate Bonds

√ Applicable □ N/A

I. All Previous Adjustments to the Conversion Price

The initial conversion price of "convertible corporate bonds of Yunnan Energy New Material Co., Ltd." was RMB64.61 per share.
In May 2020, the Company implemented the annual profit distribution plan for 2019: Based on the total share capital of the Company, namely 805,370,770 shares, distribute RMB1.25 in cash (inclusive of tax) for every 10 shares to all shareholders, distribute a total cash dividend of RMB100,671,346.25 (inclusive of tax), distribute no dividend shares, convert no surplus reserve into share capital, and set the ex-dividend date as May 21, 2020. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made corresponding adjustment to the conversion price of “Energy Convertible Bonds” from RMB64.61/share before the adjustment to RMB64.49/share after adjustment, and the conversion price after adjustment took effect on May 21, 2020.
In September 2020, under the approval granted by China Securities Regulatory Commission under the Approval of Private Share Offering by Yunnan Energy New Material Co., Ltd. (CSRC License [2020] No. 1476), the Company made a private offering of 69,444,444 shares (A shares) to 22 specific investors. These shares started trading at an issuing price of RMB72.00/share at Shenzhen Stock Exchange on September 4, 2020. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made corresponding adjustment to the conversion price of “Energy Convertible Bonds” from RMB64.49/share before the adjustment to RMB65.09/share after adjustment, and the conversion price after adjustment took effect on September 4, 2020.
In September 2020, the Company repurchased and canceled a total of 23,120 restricted shares held by 4 participants with a personal assessment rating of "good" when the 2017 Restricted Stock Incentive Plan was unlocked for the third time. The repurchase price was RMB8.426 per share. Due to the small number of shares canceled in this repurchase, the conversion price of "convertible corporate bonds of Yunnan Energy New Material Co., Ltd." remained unchanged at RMB65.09 per share after calculating in accordance with the relevant terms regarding the adjustment to the conversion price of convertible corporate bonds.

II. Cumulative Share Conversion

√ Applicable □ N/A

Abbreviation for convertible bond	Start and end date of share conversion	Total volume of bond issuance (number of bonds)	Total amount of issuance	Cumulative conversion amount (RMB)	Cumulative number of shares converted (shares)	Ratio of the number of shares converted to the total issued	Amount of shares not yet converted (RMB)	Ratio of amount of shares not yet converted to the total

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						shares of

□ Applicable √ N/A

Arrangements for Debt Repayment in Future Years

1. The Company's liabilities: relevant indicators such as the asset-liability ratio, interest coverage multiple, and loan repayment rate at the end of the Reporting Period, and year-on-year changes are detailed in the "Section 11 Corporate Bonds" of this report.
2. Changes in the Company's credit standing: According to the Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (No.: Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2020) 100053) issued by the credit rating agency - Shanghai Brilliance Credit Rating & Investors Service Co, Ltd., the credit rating of the Company on the whole was AA, the credit rating of “convertible corporate bonds of Yunnan Energy New Material Co., Ltd.” was AA, and the said bonds were affirmed with a “stable” outlook. The above-mentioned follow-up rating results have not changed compared with the previous rating results. For details about the above-mentioned follow-up rating reports, refer to http://www.cninfo.com.cn/.
3. Cash arrangements for debt repayment in future years: The Company's credit status is good, the asset-liability structure is reasonable, and banks and other financial institutions grant sufficient comprehensive credit to the Company. The Company can quickly and effectively obtain financing support from financial institutions. The Company has stable operations and good performance, and can obtain stable operating cash flow through endogenous growth. At the same time, the Company actively promotes the implementation of fundraising projects through convertible corporate bonds to further enhance its profitability. If the Company meets the put provision and redemption clauses and repayment of principal and interest when due as disclosed in the prospectus of convertible corporate bonds, the Company can pay the bondholders' principal and interest with its own funds and financing.

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Section 9 Directors, Supervisors, Senior Management and Employees

I. Changes in Shares Held by Directors, Supervisors, and Senior Management

Name	Title	Service status	Gender	Age	Start date	End date	Shares held at the beginning of the period (share)	Quantity Of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)
Paul Xiaoming Lee	Chairman	Current	Male	63	April 20, 2011	April 7, 2023	136,993,919		9,201,262		127,792,657
Li Xiaohua	Vice Chairman and General Manager	Current	Male	59	April 20, 2011	April 7, 2023	70,069,889		232,000		69,837,889
Yan Ma	Director	Current	Female	62	April 20, 2011	April 7, 2023			0		0
Xu Ming	Director	Current	Male	46	August 31, 2013	April 7, 2023	1,835,873		120,000		1,715,873
Alex Cheng	Director	Current	Male	63	April 8, 2020	April 7, 2023					0
Feng Jie	Director	Current	Male	57	January 4, 2017	April 7, 2023			0		0
Lin Haijian	Director	Resigned	Male	48	August 31, 2013	April 8, 2020			0		0
Lu Jiankai	Independent Director	Current	Male	43	April 20, 2017	April 7, 2023			0		0
Tang Changjiang	Independent Director	Current	Male	51	April 8, 2020	April 7, 2023					0
Zheng Haiying	Independent Director	Current	Female	58	April 8, 2020	April 7, 2023					0
Song Kungang	Independent Director	Resigned	Male	73	January 4, 2017	April 8, 2020			0		0

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Wang Ping	Independent Director	Resigned	Male	51	April 20, 2017	April 8, 2020			0		0
Chen Tao	Supervisor	Current	Male	43	April 20, 2011	April 7, 2023			0		0
Zhang Tao	Chairman of Board of Supervisors	Current	Male	44	January 3, 2019	April 7, 2023			0		0
Kang Wenting	Supervisor	Current	Female	34	April 8, 2020	April 7, 2023					0
Huang Jianglan	Chairman of Board of Supervisors	Resigned	Female	44	April 20, 2011	April 8, 2020			0		0
Xiong Wei	Vice General Manager and Board Secretary	Current	Male	51	March 23, 2012	April 7, 2023	359,000		89,000		270,000
Li Jian	Chief Financial Officer	Current	Male	43	September 30, 2020	April 7, 2023					0
Pang Qizhi	Chief Financial Officer	Resigned	Male	42	October 27, 2016	September 30, 2020	427,000		97,000		330,000
Total	--	--	--	--	--	--	209,685,681	0	9,739,262		199,946,419

II. Changes of Directors, Supervisors, and Senior Management

√ Applicable □ N/A

Name	Assumed Position	Type	Date	Reason
Song Kungang	Independent Director	Resigned after expiration of term	April 8, 2020	Resigned after expiration of term
Wang Ping	Independent Director	Resigned after expiration of term	April 8, 2020	Resigned after expiration of term
Huang Jianglan	Supervisor	Resigned after expiration of term	April 8, 2020	Resigned after expiration of term
Pang Qizhi	Chief Financial Officer	Dismissed	September 30, 2020	Change in work
Lin Haijian	Director	Resigned after expiration of term	April 8, 2020	Resigned after expiration of term
Alex Cheng	Director	Elected	April 8, 2020	Reelected
Tang Changjiang	Independent Director	Elected	April 8, 2020	Reelected
Zheng Haiying	Independent Director	Elected	April 8, 2020	Reelected
Kang Wenting	Supervisor	Elected	April 8, 2020	Reelected
Li Jian	Chief Financial Officer	Elected	September 30, 2020	Engaged

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III. Positions Held

Professional background, main working experience and main duties in the Company of current directors, supervisors, and senior management of the Company

(I) Members of the Board of Directors

1. Paul Xiaoming Lee, Chairman of the Company, male, born in 1958, American nationality with the right of residence in foreign country, and master’s degree. Joined Kunming Plastic Research Institute of China in 1982, acted as the Vice President from 1984 to 1989, graduated from the polymer material discipline at the University of Massachusetts of America in December 1992, served as the

taught at the Accounting School of the Central University of Finance and Economics with the interest in financial accounting. Now is an Independent Director of the Company.

(II) Members of the Board of Supervisors

1. Zhang Tao, male, born in 1977, Chinese nationality without the right of permanent resident in foreign country, and master's degree. Worked as a financial analyst at the Financial Center of Beijing Marketing Company of Haci Co., Ltd. from July 2000 to January 2001; worked as an accountant at the Finance Department of Yunnan Hongta Plastics Co., Ltd. from August 2001 to August 2006; and since September 2006, has served as the Manager of the Finance Department of Yunnan Dexin Paper Co., Ltd. Now serves as the Deputy Chief Financial Officer and Supervisor of the Company.

2. Chen Tao, male, born in 1978, Chinese nationality without the right of residence in foreign country, and junior college's degree. Served as the technician of Global Color Printing from 1998 to 2003, joined Innovative Color Printing in 2004, and has acted as the technician, Deputy Director and Director of the Technical Center. Now is the Vice General Manager of Yunnan Hongchuang Package Co., Ltd. and the Supervisor of the Company.

3. Kang Wenting, female, born in 1987, Chinese nationality without the right of permanent resident in foreign country, and bachelor's degree. Served as the Personnel Supervisor of Kunming Xinghe Spa Resort & Hotel from 2013 to 2014, and since 2015, has served as the Personnel Supervisor of the Human Resources Department and the Supervisor of the Human Resources Planning Department of the Company. Now, is the manager of the Operation Support Department and Supervisor of the Company.

(III) Senior Management

1. Li Xiaohua, Vice Chairman of the Company, male, born in 1962, Chinese nationality with the right of residence in foreign country, and master's degree. Graduated from the polymer material discipline at the University of Massachusetts of America in February 1993, and worked at World-Pak Corporation from 1993 to 1996. Since April 1996 to now, he has successively served as the Vice General Manager and Vice Chairman of Hongta Plastics, the Vice Chairman of Dexin Paper, and the Vice Chairman and General Manager of Chengdu Hongta. Joined Innovative Color Printing as the Vice Chairman and General Manager in 2006. Now, serves as the Vice Chairman and General Manager of the Company.

2. Xiong Wei, Vice General Manager and Board Secretary, male, born in 1970, Chinese nationality without the right of residence in foreign country, and MBA. Served as Senior Manager of Hong Kong & Macau Securities, the Investment Manager of Sichuan (America) Small & Medium Enterprise Investment Fund, the Investment Manager of Chengdu Technology Venture Capital Co., Ltd. and the Vice General Manager of Chengdu Caisheng Investment Co., Ltd. from 1994 to 2010. Joined the Company as the Board Secretary in October 2010. Now is the Vice General Manager and Board Secretary of the Company.

3. Li Jian, male, Han, born in March 1978, Chinese nationality, bachelor's degree, Chinese Certified Public Accountant and Chinese Certified Tax Agent. Since 1997, has served as the General Budget Accountant at Liujiaqiao Fiscal Office of the Finance Bureau of Chongren County, Jiangxi Province, the Financial Manager of Shunde Ouyadian Building Material Co., Ltd., the Project Manager of Shenzhen Pengcheng Accounting Firm, the Assistant to the Chief Financial Officer of Jiangsu Safety Steel Rope Co., Ltd. and the Chief Financial Officer of Suzhou ALTON Electric Industry Co., Ltd. Since October 2016, has served as the Chief Financial Officer of Shanghai Energy New Material Technology Co., Ltd. Now, serves as the Chief Financial Officer of the Company.

Positions held at the shareholder's entity

√ Applicable □ N/A

Name	Shareholder's Name	Position in shareholder	Start date	End date	Receiving remuneration and allowance at shareholder
Paul Xiaoming Lee	Heyi Investment	Chairman	November 3, 2010	March 17, 2021	None
Paul Xiaoming Lee	Heli Investment	Director	December 8, 2010	March 17, 2021	None
Li Xiaohua	Heyi Investment	Director	November 3, 2010	March 17, 2021	None
Li Xiaohua	Heli Investment	Chairman	December 8, 2010	March 17, 2021	None
Li Xiaohua	Zhuhai Hengjie	Executive Partner	December 1, 2016	March 17, 2021	None

Positions held at other entities

√ Applicable □ N/A

Name	Other Organization Names	Positions in other organizations	Start date	End date	Receiving remuneration and allowance at other organizations

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Paul Xiaoming Lee	Kunshasi	Vice Chairman	May 1, 1996	March 17, 2021	None
Paul Xiaoming Lee	Shanghai Ruiji New Material Technology Co., Ltd.	Director	January 20, 2020	March 17, 2021	None
Li Xiaohua	Kunshasi	Director and General Manager	May 1, 1996	March 17, 2021	None
Li Xiaohua	Shanghai Ruiji New Material Technology Co., Ltd.	Chairman	January 20, 2020	March 17, 2021	None
Alex Cheng	Shanghai Ruiji New Material Technology Co., Ltd.	Director	January 20, 2020	March 17, 2021	None
Lu Jiankai	Fuzhou Shanghe Electronics Co., Ltd.	Director	November 5, 2015	November 4, 2021	None
Lu Jiankai	Anqiu Huahang Environmental Technology Co., Ltd.	Executive Director and General Manager	October 13, 2020	October 12, 2023	None
Lu Jiankai	Dezhou Shayun Electronic Commerce Co., Ltd.	Director	October 30, 2019	October 29, 2022	None
Lu Jiankai	Qingdao Huahang Environmental Technology Co., Ltd.	Chairman	June 19, 2017	June 18, 2023	None
Lu Jiankai	Shanghai Yangyue Investment Partners (Limited [redacted]rtnership)	Executive President and Partner	July 12, 2012	July 11, 2021	None
Lu Jiankai	Qingdao Bopu Photoelectric Technology Co., Ltd.	Executive Director and General Manager	August 3, 2016	August 2, 2022	None
Lu Jiankai	Shanghai Yangyue Investment Management Co., Ltd.	Executive Director and General Manager	February 13, 2019	February 12, 2022	Yes

[redacted]

□ Applicable √ N/A

IV. Remuneration for Directors, Supervisors, and Senior Management

Decision-making procedures, determination basis and actual payment of remuneration for directors, supervisors, and senior management

1. Decision-making procedure for remunerations of directors, supervisors and senior management: The Remuneration & Evaluation Committee of the Board of Directors of the Company studies and establishes the evaluation standard, remuneration policy and plan for the directors, General Manager and other senior management members of the Company, the Board of Directors reviews the remunerations for the senior management, the General Meeting of Shareholders reviews the remunerations of the directors and the supervisors, and the Human Resources Department and the Finance Department of the Company assist the Remuneration & Evaluation Committee of the Board of Directors to implement the remuneration plan for the directors and the senior management of the Company.

2. Basis for determining the remunerations of directors, supervisors and senior management: The remunerations for the directors and supervisors are determined in line with the actual working status of the Company and in combination of the current market situation. The remunerations of the senior management are determined in line with related provisions of the Company and in combination of the operating objectives of the Company in 2020 and concrete job responsibilities the senior management members of the Company take to complete the annual operating objectives.

3. Actual payment of remunerations to the directors, supervisors and senior management: The remunerations of the Independent Directors are paid to personal accounts based on the standard and schedule every quarter. The remunerations of other people are paid based on respective evaluation result on a monthly basis or at the time specified by the remuneration payment policy.

Remuneration for directors, supervisors, and senior management during the Reporting Period

Unit: RMB0’000

Name	Title	Gender	Age	Service status	Total pre-tax remunerations received from the Company	Whether remuneration was received from related parties of the Company
Paul Xiaoming Lee	Chairman	Male	63	Incumbent	118.34	None
Li Xiaohua	Director	Male	59	Incumbent	120.29	None
Yan Ma	Director	Female	62	Incumbent	0	None
Alex Cheng	Director	Male	63	Incumbent	6.19	None
Xu Ming	Director	Male	46	Incumbent	28.11	None
Feng Jie	Director	Male	57	Incumbent	27.94	None
Lin Haijian	Director	Male	48	Resigned	0	None
Song Kungang	Independent Director	Male	73	Resigned	1.36	None
Wang Ping	Independent Director	Male	51	Resigned	1.36	None
Lu Jiankai	Independent Director	Male	43	Incumbent	5	None
Tang Changjiang	Independent Director	Male	51	Incumbent	3.64	None
Zheng Haiying	Independent Director	Female	58	Incumbent	3.64	None
Zhang Tao	Chairman of Board of Supervisors	Male	44	Incumbent	18.85	None
Chen Tao	Supervisor	Male	43	Incumbent	21.19	None
Huang Jianglan	Chairman of Board of Supervisors	Female	44	Resigned	5.99	None
Kang Wenting	Supervisor	Female	34	Incumbent	6.78	None
Xiong Wei	Board Secretary	Male	51	Incumbent	37.95	None
Li Jian	Chief Financial	Male	43	Incumbent	7.39	None

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	Officer					
Pang Qizhi	Chief Financial Officer	Male	42	Resigned	29.12	None
Total	--	--	--	--	443.14	--

Equity incentives granted to directors and senior management during the Reporting Period

□ Applicable √ N/A

V. Employees of the Company

1. Number of employees, composition by profession, and educational level

Incumbent staff of parent company (person)	229
Incumbent staff of major subsidiary (person)	3,908
Total incumbent staff (person)	5,040
Total staff receiving remunerations in current period (person)	7,168
Number of retirees whose expenses shall be borne by the parent company and major subsidiaries (person)	0
Composition by profession	
Category of profession	Number of profession (person)
Production staff	3,984
Sales people	94
Technician	369
Financial staff	86
Administrative staff	507
Total	5,040
Education level	
Category of education level	Number (person)
Doctor’s degree and above	8
Master’s degree	77
Bachelor’s degree	538
Junior college	1,124
Middle vocational school and below	3,293
Total	5,040

2. Remuneration policy

During the Reporting Period, the Company observed the principles of distribution based on labor, efficiency priority combining fairness and sustainable development, and on this basis, the Company made detailed policies in respect of staff’s remuneration, fringe benefit, performance evaluation and other aspects. The Company built a new salary architecture featuring a wide range and “hierarchical ladder”, and implemented the two-level salary distribution mechanism. At the same time, the Company has linked the salary and bonus to the working time at the Company, output, cost, fixed staff of every position, equipment maintenance and other factors, and established a reasonable evaluation mechanism. The Company has taken multifaceted measures, including diversification of internal remuneration structure, to attract high-quality human resources. These measures have helped the Company improve the overall performance, realized a sustainable development of the Company and made the Company more competitive in the market. The Company has actively explored and continuously deepened the income distribution system. In future, the Company will make a moderate adjustment to the remuneration system based on its performance, market situation and industry trend.

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3. Training plan

During the Reporting Period, the Company kept taking in excellent talents, actively strengthened internal personnel training, established a sound training system and enhanced the professional development ability of employees. The Company has recorded a total of 2,968 training events, including 2,865 internal trainings and 103 external trainings, and recorded a total of 66,557 class hours. These trainings have benefited a total of 65,869 people. These trainings cover new employee training, job skill training, general management training, certification training and reserve talent training.

4. Labor outsourcing

□ Applicable √ N/A

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Section 10 Corporate Governance

I. Basic Information of Corporate Governance

During the Reporting Period, the Company established and improved the modern enterprise system in strict accordance with the Company Law, Securities Law, Shenzhen Stock Exchange Listing Rules, Code of Corporate Governance for Listed Companies in China and other relevant laws and regulations, and constantly improved the corporate governance structure, improved the internal control system and standardized the Company's operation.
During the Reporting Period, the Company held 7 shareholders' meetings, 25 board meetings, 22 meetings of Board of Supervisors, etc. The procedures for holding the meetings are legal and the resolutions are legal and effective.

Were there any significant differences between the Company’s actual governance status and the regulatory documents issued by CSRC on listed company governance

□ Yes √ No

There was no difference between the Company’s governance status and the Company Law and relevant rules of CSRC.

II. Detail
business, personnel, assets, organization, and financial affairs

The Company is independent of its shareholders in terms of business, assets, personnel, institutions, financial affairs, etc., has an independent and complete business system and market-oriented independent operation ability, and has a complete supply, production and sales system.
1. Assets integrity
The Company has independent and complete business assets that can be used for business activities. The Company has complete sites, facilities, instruments and equipment, trademarks, patents, etc. required for production independent of shareholders and other related parties. The Company's assets are strictly separated from the shareholders and actual controllers, and there is no case that the

is no case of relying on or entrusting shareholders or other related parties to sell products, or relying on or entrusting shareholders or other related parties to purchase raw materials. There is no horizontal competition with the controlling shareholders, actual controllers and the enterprises under their control. The actual controller of the Company, Paul Xiaoming Lee's family, controlling shareholder Heyi Investment and shareholder Heli Investment have all made commitments to avoid horizontal competition. For details, please refer to Section 5-III-1 "Commitments made by the Company's actual controllers, shareholders, related parties, purchasers, and others that were fulfilled during the Reporting Period and those not fulfilled as of the end of the Reporting Period".

III. Horizontal Competition

□ Applicable √ N/A

IV. Details about the Annual General Meeting and Extraordinary General Meeting of Shareholders Convened during the Reporting Period

al meeting during the Reporting Period

Meeting	Meeting Type	Investor Participation	Date Convened	Disclosure Date	Disclosure index
Annual General Meeting of Shareholders of 2019	Annual General Meeting of Shareholders	62.33%	April 8, 2020	April 9, 2020	Announcement on Resolutions of the Annual General Meeting of Shareholders of 2019 (Announcement No.: 2020-062) on cninfo.com
First Extraordinary General Meeting of Shareholders in 2020	Extraordinary General Meeting of Shareholders	64.21%	April 9, 2020	April 10, 2020	Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2020 (Announcement No.: 2020-063) on cninfo.com
Second Extraordinary General Meeting of Shareholders in 2020	Extraordinary General Meeting of Shareholders	59.98%	June 10, 2020	June 11, 2020	Announcement on Resolutions of the Second Extraordinary General Meeting of Shareholders in 2020 (Announcement No.: 2020-091) on cninfo.com
Third Extraordinary General Meeting of Shareholders in 2020	Extraordinary General Meeting of Shareholders	64.83%	July 8, 2020	July 9, 2020	Announcement on Resolutions of the Third Extraordinary General Meeting of Shareholders in 2020 (Announcement No.: 2020-110) on cninfo.com
Fourth Extraordinary General Meeting	Extraordinary General Meeting of Shareholders	61.75%	July 30, 2020	July 31, 2020	Announcement on Resolutions of the Fourth Extraordinary

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of Shareholders in 2020					General Meeting of Shareholders in 2020 (Announcement No.: 2020-128) on cninfo.com
Fifth Extraordinary General Meeting of Shareholders in 2020	Extraordinary General Meeting of Shareholders	57.63%	September 14, 2020	September 15, 2020	Announcement on Resolutions of the Fifth Extraordinary General Meeting of Shareholders in 2020 (Announcement No.: 2020-170) on cninfo.com
Sixth Extraordinary General Meeting of Shareholders in 2020	Extraordinary General Meeting of Shareholders	59.07%	September 24, 2020	September 25, 2020	Announcement on Resolutions of the Sixth Extraordinary General Meeting of Shareholders in 2020 (Announcement No.: 2020-177) on cninfo.com

2. Extraordinary general meeting requested by the preferred shareholder with restitution of voting rights

□ Applicable √ N/A

V. Performance of Independent Directors during the Reporting Period

1. Details of independent dir

Details of independent directors' attendance at board meetings and shareholders' general meetings							
Name of independent director	Meetings required to attend during the Reporting Period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Non-attendance in person for two consecutive times or not	Attendance in shareholders' general meeting
Lu Jiankai	25	1	24	0	0	None	7
Tang [redacted]	20	1	19	0	0	None	6
Zheng Haiying	20	1	19	0	0	None	6
Song Kungang	5	0	5	0	0	None	1

During the Reporting Period, no independent directors objected to relevant events of the Company.

3. Other details about the performance of independent directors

Was advice to the Company from independent directors adopted

□ Yes √ No

Explanation of advice to the Company from independent directors adopted or not

During the Reporting Period, independent directors of the Company were diligent, conscientious, honest and self-disciplined, and faithfully performed the responsibilities as the independent director. The independent directors carefully listened to the report of the Company's relevant principals on project construction, development strategy, profit distribution plan, effectiveness of internal control, appointment of financial audit institutions, etc., and actively expressed opinions on the Board of Directors. During the Reporting Period, the independent directors issued independent, fair and objective opinions on issues that need independent directors' opinions, actively and effectively performed the responsibilities of independent directors, improved the Company's supervision mechanism, and safeguarded the legitimate rights and interests of the Company and small and medium-sized shareholders.

VI. Performance of Special Committees under the Board of Directors during the Reporting Period

During the Reporting Period, each member of the special committee under the Board of Directors performed his/her duties diligently, gave full play to his/her own professional expertise, skills and experience, reported important matters discussed at the meeting to the Board of Directors or submitted them to the Board of Directors for deliberation, so as to provide positive help for the scientific decision-making of the Board of Directors.

VII. Details on the Work of the Board of Supervisors

Were there any risks in the Company according to the supervision of the Board of Supervisors during the Reporting Period

□ Yes √ No

The Board of Supervisors raised no objection to matters under supervision during the Reporting Period.

VIII. Assessment and Incentive Mechanisms for Senior Management

The Company has set up a performance assessment mechanism that is consistent with the modern enterprise management system. It carried out annual target responsibility assessment for all employees, including senior management, and determined the payment and adjustment of senior management in accordance with the fulfillment of the Company's annual business objectives and annual personal assessment results. The Board of Directors set up a Remuneration and Appraisal Committee. According to the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors, the Remuneration and Appraisal Committee reviewed the performance of the Company's senior management at the operation level, strengthened the performance assessment of the senior119(y)27(t 9.(Dire)4(82/F2 12 Tf 1 0 0 1 56.64 352.0(e)4( )-2(Bo)-5(a)4(rd)-6( )-2(o)-6(f)13( )-2(Dire)4rr2 Tf 2 Tf 1 1 526.9 263.93 Tm

IX. Internal Control Assessment Report

□ Yes √ No

2. Self-assessment report on internal control

Disclosure date of the assessment report on internal control	March 18, 2021
Disclosure index of the assessment report on internal control	2020 Assessment Report on Internal Control disclosed on cninfo.com on March 18, 2021
Ratio of total assets of the unit	

X. Audit Report or Authentication Report on Internal Control

Authentication report on internal control

Audit opinion in the audit report on internal control	
According to the identification of major defects in the internal control of the Company's financial report, there were no major defects in the internal control of the financial report on the base date of the internal control assessment report. The Board of Directors believed that the Company maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the enterprise internal control standard system and related regulations. According to the identification of major defects in the internal control of the Company's non-financial report, there were no major defects in the internal control of the non-financial report on the base date of the internal control assessment report. From the base date of the conclusion of the effectiveness of internal control occurred.	
Particulars about authentication report on internal control	Disclosure

Section 11 Corporate Bonds

Did the Company have any corporate bonds that were publicly issued and listed on the stock exchange that were not due or not fully paid when due on the date of approval of the annual report

Yes

I. General Information of Corporate Bonds

Name of bond	Abbreviation of bond	Bond code	Issuance date	Maturity	Balance (RMB0'000)	Coupon rate	Way of repayment of principal and interest
Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	128095	February 11, 2020	February 11, 2026	83,357.81	0.40% for the first year, 0.60% for the second year, 1.00% for the third year, 1.50% for the fifth year, and 2.00 for the sixth year	Interest payment annually and payment of principal and the interest of the last year upon maturity

Trading venue for corporate bond listing or transfer	Shenzhen Stock Exchange
Investor suitability arrangements	N/A
Interests payment and bonds repayment of the Company during the Reporting Period	None
Execution details of relevant clauses during the Reporting Period where the corporate bond carries any issuer or investor option clause, interchangeable clause or other special clauses (if applicable)	1. "Convertible corporate bonds of Yunnan Energy New Material Co., Ltd." entered the conversion period on August 17, 2020. As of the end of the Reporting Period, some holders of "convertible corporate bonds of Yunnan Energy New Material Co., Ltd." converted RMB766,421,900 of convertible bonds into 11,774,057 shares of the Company. 2. As of September 29, 2020, "convertible corporate bonds of Yunnan Energy New Material Co., Ltd." triggered conditional redemption clauses, but the Company did not exercise the right for early redemption of "convertible corporate bonds of Yunnan Energy New Material Co., Ltd." during the Reporting Period and did not redeem the "convertible corporate bonds of Yunnan Energy New Material Co., Ltd." in advance considering the relatively short conversion period for "convertible corporate bonds of Yunnan Energy New Material Co., Ltd.", and the market conditions.

II. Bond Trustee and Credit Rating Agency

Bond trustee: None			
Credit rating agency which conducted follow-up ratings for corporate bonds during the Reporting Period:			
Name	Shanghai Brilliance Credit Rating & Investors Service Co, Ltd.	Office address	14F, Huasheng Building, 398 Hankou Road, Shanghai

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Reasons for change, procedures performed, impact on investors' interests, etc. where the bond trustee or credit rating agency changed during the Reporting Period (if applicable)	N/A

III. Use of Proceeds from Bond Offering

Use of proceeds from bond offering and procedures performed	At the 40th meeting of the third Board of Directors of the Company, the Proposal on Opening a Special Account for Proceeds from Offering of Convertible Corporate Bonds and Signing a Regulatory Agreement for Proceeds was reviewed and passed. The Company opened a special account for proceeds from offering in Qianxing Road Sub-branch, Kunming Branch of China Merchants Bank, to deposit the proceeds from offering of convertible corporate bonds, and signed the Tripartite Supervision Agreement on Proceeds with Kunming Branch of China Merchants Bank and CITIC Securities Company Limited (Sponsor). After deducting RMB10 million of underwriting and sponsorship fees from the proceeds from offering of convertible corporate bonds, the balance of RMB1.59 billion was remitted by the sponsor (lead underwriter) to the special deposit account of proceeds designated by the Company on February 17, 2020. After deducting the underwriting and sponsorship fees (excluding tax) of RMB9,433,962.26 and other offering expenses (excluding tax) of RMB4,443,396.23 from the total amount of proceeds from public offering of convertible corporate bonds, the net amount of proceeds from offering of the Company was RMB1,586,122,641.51. Dahua CPAs (SGP) verified the receipt of the proceeds and issued the Verification Report (DHYZ [2020] No. 000047). At the 42nd meeting of the third Board of Directors of the Company, the Proposal on the Use of Proceeds from Offering of Convertible Corporate Bonds to Replace Self-raised Funds Invested in Fund-raising Investment Projects in Advance was considered and approved, agreeing to use of proceeds to replace self-raised funds invested in fund-raising investment projects in advance, with a total replacement amount of RMB1,586,122,641.51. At the 42nd meeting of the third Board of Directors of the Company, the Proposal on the Use of Proceeds from Offering of Convertible Corporate Bonds to Replace Self-raised Funds Invested in Fund-raising Investment Projects in Advance was considered and approved, agreeing to use of proceeds Tm 0

	Supervision Agreement on Proceeds. At the 42nd meeting of the third Board of Directors of the Company, the Proposal on the Use of Proceeds from Offering of Convertible Corporate Bonds to Replace Self-raised Funds Invested in Fund-raising Investment Projects in Advance was considered and approved, agreeing to use of proceeds to replace self-raised funds invested in fund-raising investment projects in advance, with a total replacement amount of RMB1,586,122,641.51. As of April 30, 2020, the Company's proceeds from offering of convertible corporate bonds were all replaced, and the balance of the special account was RMB0. The Company completed the account cancellation procedures for the special account as required by special account management.
Whether the use of proceeds was in line with that mentioned in the prospectus, the plan for use and other agreements	Yes

IV. Rating Results of Corporate Bonds

The rating was implemented on July 18, 2019 for the first time. According to the Credit Rating Report on Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (No.: Credit Rating on Corporate Bonds by Shanghai Brilliance (2019) 010759) issued by Shanghai Brilliance Credit Rating & Investors Service Co, Ltd., the credit rating of the Company on the whole was AA, the credit rating of “convertible corporate bonds of Yunnan Energy New Material Co., Ltd.” was AA, and the said bonds were affirmed with a “stable” outlook.
The follow-up rating was implemented on May 15, 2020. According to the Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (No.: Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2020) 100053) issued by Shanghai Brilliance Credit Rating & Investors Service Co, Ltd., the credit rating of the Company on the whole was AA, the credit rating of “convertible corporate bonds of Yunnan Energy New Material Co., Ltd.” was AA, and the said bonds were affirmed with a “stable” outlook.

V. Credit Enhancement Mechanism, Repayment Plans and Other Repayment Guarantee Measures

1. Regarding the convertible bonds issued this time, interest payment annually and payment of principal and the interest of the last year upon maturity shall be adopted. According to the current interest enjoyed by the holders of total par value of convertible bonds for each full year since the first day of convertible bond offering, the coupon rate of the Company's convertible bond is 0.40% in the first year, 0.60% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year. Within 5 business days after the maturity date of the convertible bonds, the Company will repay all the principal and interest of the last year for the convertible bonds which are not yet transferred.
2. The convertible bonds of the Company are unsecured.
3. Put provision of convertible bonds of the Company
(1) Conditional put provision: In the last two interest-bearing years of the convertible bonds issued this time, if the closing price of the Company's shares is lower than 70% of the current conversion price in any 30 consecutive trading days, the holders of the convertible bonds have the right to put-back all or part of the convertible bonds held by them to the Company in the par value plus the current accrued interest. In case of any adjustment to share conversion price within the aforesaid trading day due to the distribution of stock dividends, conversion of capital reserve into share capital, new share issuance (excluding the share capital increase due to the conversion of convertible bonds to shares) , allotment of shares and distribution of cash dividends, etc., the conversion price and closing price before adjustment shall be adopted on the trading day before the adjustment day, while the adjusted conversion price and closing price shall be adopted on the trading day on and after the adjustment day. If there is a downward revision of the conversion price, the said "30 consecutive trading days” shall be recalculated at the revised conversion price after the first trading day after the adjustment of the conversion price. Holders of convertible bonds in the last two interest-bearing years can exercise the put options once each year after the put provision is met for the first time. If the put provision is met for the first time while the holders of convertible bonds do not make an announcement or implement the put-back during the put-back Reporting Period of the Company, the put option cannot be exercised in that interest-bearing year. The holders of convertible bonds cannot exercise partial put options multiple times.
(2) Additional put provision: If the implementation of the investment project with proceeds from offering of convertible corporate bonds of the Company is not in line with the Company's commitment in the prospectus, and the inconformity is identified by the China Securities Regulatory Commission as a change in the use of the proceeds, holders of convertible bonds may enjoy the put

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option once. Holders of convertible bonds have the right to carry out put-back of all or part of the convertible bonds they hold to the Company at the price of the par value of the bonds plus the accrued interest of the current period. Holders of convertible bonds can carry out the put-back within the additional put-back Reporting Period as stated in the Company's announcement after the additional put-back conditions are met. If the put-back is not carried out during the additional put-back Reporting Period, the additional put-back right will be automatically lost.

VI. Meetings of Holders of Convertible Bonds during the Reporting Period

No meeting of holders of convertible bonds was convened during the Reporting Period.

VII. Performance of Duties by Bond Trustee during the Reporting Period

N/A

VIII. Major Accounting Data and Financial Indicators for the Recent Two Years as of the End of the Reporting Period

Unit: RMB0’000

Item	2020	2019	Rate of change over the same period
EBITDA	207,897.22	146,402.75	42.00%
Current ratio	203.00%	118.77%	84.23%
Asset-liability ratio	43.63%	59.97%	-16.34%
Quick ratio	159.37%	85.96%	73.41%
Debt to EBITDA ratio	23.16%	20.02%	3.14%
Interest coverage ratio	5.13	7.25	-29.24%
Cash interest coverage ratio	[redacted]	6.87	-.27.51%
EBITDA interest coverage ratio			

X. Credit Lines Granted by Banks, Their Utilization and Repayment of Bank Loans during the Reporting Period

The Company has maintained a good credit standing, business relations with multiple banks and good reputation. As of the end of the Reporting Period, the Company has obtained a total line of credit up to RMB18.10 billion from several commercial banks and recorded an actual balance of RMB5.09 billion in use. During the Reporting Period, the Company repaid the principal plus interest totaling RMB5,56 billion on time and incurred no extension, reduction and exemption.

XI. Fulfillment of Agreements or Commitments Made in Bond Prospectuses of the Company during the Reporting Period

During the Reporting Period, the Company strictly implemented the relevant agreements or commitments made in the bond prospectus, and there was no breach of agreements or commitments that damaged the interests of bondholders.

XII. Significant Events during the Reporting Period

The Company issued convertible bonds on February 11, 2020. During the Reporting Period, the Company expanded the business scale of lithium-ion battery separator film. As of the end of the Reporting Period, the short-term borrowings of the Company has declined by RMB874,685,500 from the beginning of period, and the long-term borrowings have risen by RMB699,097,300 from the beginning of period, and the increase was equivalent to 15.36% of the net assets attributable to the shareholders of the listed company. The Company maintains good operation conditions, and the increase of the above borrowings will not have a significant impact on the Company's solvency.

XIII. Guarantor for Corporate Bonds

□ Yes √ No

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Section 12 Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Audit report signing date	March 17, 2021
Audit organization name	Dahua CPAs (SGP)
Audit report No.	Da Hua Shen Zi [2021] No. 001534
Name of Certified Public Accountant	Tang Rongzhou, Yao Rui

Body of the audit report

To all shareholders of Yunnan Energy New Material Co., Ltd.:

I. Audit Opinions

We have audited the financial statements of Yunnan Energy New Material Co., Ltd., (“the Company”), including the consolidated and the parent company’s balance sheets as of December 31, 2020, the consolidated and parent company’s income statement, the consolidated and the parent company’s cash flow statement, the consolidated and the parent company’s statement of changes in equity for 2020, and the relevant notes to financial statements.

In our opinion, the enclosed financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and fairly reflected the Company’s consolidated and the parent company’s financial positions as of December 31, 2020 as well as the consolidated and the parent company’s operation results and cash flow for 2020.

II. Basis for Audit Opinions

We carried out the audit work according to the Auditing Standards for Chinese CPA. Our responsibilities under the Standards are further described under the section titled "responsibilities of CPA for auditing financial statements" in this audit report. We are independent from the Company and have fulfilled the obligations in terms of professional ethics according to Code of Professional Conduct for Chinese CPAs. We believe that the evidences we obtained are adequate and proper, and lay a solid foundation for the audit opinion.

III. Key Audit Matters

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

We have determined that the following matters are key audit matters to be communicated in the audit report.

1. Revenue recognition
2. Provision for bad debts of accounts receivable

(I) Revenue recognition

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1. Description of matters

Please refer to Note IV-(33) and Note VI-40 of the consolidated financial statements for the accounting policies and book amount information of the revenue recognition of the Company in this year.

The operating income of the Company in 2020 amounted to RMB4,283,007,600, which was the main source of its profit and affects its key performance indicators. In addition, according to the industry practice, after signing the sales order with customer, the Company arranges production based on customer's requirements, delivers it to customers pursuant to the agreed delivery method, obtains the customer's evidence on the transfer of the ownership of goods, and then recognizes the sales revenue. Since the time of revenue recognition is later than the product delivery, and the delivery time and delivery document recognition are all dependent on the customer, there may be significant risk of misstatement if the sales revenue is fully included in the appropriate accounting period. Therefore, we recognize revenue as a key audit matter.

2. Audit Response

Our key audit procedures for revenue recognition include:

(1) Understand and evaluate the design of internal control of revenue recognition by the management, and test the effectiveness of key control implementation;

(2) Obtain a major business contract, identify terms and conditions related to the transfer of commodity ownership, and assess whether the income recognition policy of the Company is in line with the relevant provisions of the enterprise accounting standards;

(3) Understand the background and basic information of the main customers, identify whether they are related parties, and confirm the accounts receivable balance and sales amount of the main customers by confirmation letters;

(4) Select samples from the sales revenue ledger, check the relevant documents such as contracts (orders), invoices, delivery documents, pay attention to the delivery time, and check the revenue recognition time point;

(5) Check the sales revenue recognized before and after the balance sheet date with supporting documents of sales revenue recognition, and implement the cut-off test and subsequent inspection procedures for revenue recognition;

(6) Assess whether the management's disclosure of income statement is appropriate.

According to the audit procedures and the evidence we have obtained, we believe that the income of the Company is real and recorded correctly during the accounting period.

(II) Provision for bad debts of accounts receivable

1. Description of matters

Please refer to Note IV-(12) and Note VI- 3 of the consolidated financial statements for the accounting policies and book value amount of accounts receivables of the Company in this year.

On December 31, 2020, the original book value of accounts receivable of the Company was RMB2,440,789,300, the bad debt provision was RMB112,573,600, and the net value was RMB2,328,215,700, accounting for 11.32% of the total assets at the end of the period.

Based on the financial situation of the counterparty, the management evaluates the guarantee obtained to the accounts receivable, the aging of the accounts receivable, the credit rating and historical repayment record of the counterparty, and with reference to the historical credit loss experience, combined with the current

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situation and the forecast of the future economic situation, the management considers to accrue bad debt for the accounts receivable according to the expected credit loss in the whole duration. As the determination of the amount of bad debt provision requires the management to use significant accounting estimates and judgments, and accounts receivable is important to the financial statements, therefore, we regard the bad debt provision of accounts receivable as a key audit matter.

2. Audit response

(1) Understand and evaluate the management's key internal control over the daily management and provision for accounts receivable, and carry out the corresponding walk through test;

(2) For accounts receivable with significant single amount and credit impairment occurred after initial recognition, all the bases for the management's assessment of the expected future available cash flow shall be reviewed to analyze whether it is reasonable;

(3) For the accounts receivable of bad debt provision withdrawn by the management according to the combination of credit risk characteristics, combined with the credit risk characteristics and aging analysis, evaluate the rationality of the withdrawal of bad debt provision by the management;

(4) The adequacy of the management's provision for bad debt is evaluated in combination with the check of payment collection after the period;

(5) Assess whether the management's disclosure of accounts receivable financial statements is appropriate.

Based on the audit procedures we have implemented and the evidence we have obtained, we believe that the accounting estimates of the bad debt provision of accounts receivable made by the Company are fully reasonable.

IV. Other Information

The Company’s management is responsible for the other information. The other information comprises all of the information included in the financial report other than the financial statements and our auditor’s report thereon.

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

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

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

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

The Company’s management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to

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cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Responsibilities of CPA for Auditing Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, bu

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

II. Financial Statements

The unit of notes to financial statements is: RMB

1. Consolidated balance sheet

Prepared by: Yunnan Energy New Material Co., Ltd.

December 31, 2020

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	2,374,743,862.70	1,011,554,636.06
Settlement reserves		
Loans to banks and other financial institutions		
Held-for-trading financial assets	1,340,551,914.18	
Derivative financial assets		
Notes receivable	379,739,323.94	185,281,908.27
Accounts receivable	2,328,215,706.27	1,424,354,132.31
Receivable financing	399,552,829.70	182,535,597.54
Prepayments	180,532,055.58	105,308,597.08
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract provision receivable		
Other receivables	10,861,029.53	831,637,318.80
Including: Interest receivable		
Dividends receivable		1,188,900.87
Financial assets held under resale agreements		
Inventories	1,157,030,660.71	759,230,046.85
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	2,956,802.29	
Other current assets	533,769,875.20	523,124,562.78
Total current assets	8,707,954,060.10	5,023,026,799.69

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Non-current assets:		
Loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	3,375,208.87	3,343,466.01
Investments in other equity instruments		
Other non-current financial assets		
Investment properties	9,467,762.78	10,001,993.90
Fixed assets	8,420,764,216.20	4,936,597,979.17
Construction in progress	1,639,803,967.92	1,554,274,795.85
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	461,898,594.16	298,768,420.95
Development expenditures		
Goodwill	520,230,679.65	44,154,633.34
Long-term unamortized expenses	6,645,427.28	2,603,725.01
Deferred income tax assets	202,903,996.37	94,713,958.19
Other non-current assets	599,190,933.07	225,702,589.31
Total non-current assets	11,864,280,786.30	7,170,161,561.73
Total assets	20,572,234,846.40	12,193,188,361.42
Current liabilities:		
Short-term borrowings	1,795,679,528.91	2,670,365,032.83
Borrowings from the central bank		
Placements from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	695,426,539.69	522,674,089.50
Accounts payable	471,076,518.22	382,691,559.85
Advances from customers		9,241,127.99
Contractual liabilities	7,677,129.87	
Financial assets sold under repurchase agreements		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		

Dividends payable	7,871,573.20	7,574,667.67
Fees and commissions payable		
Reinsurance amounts payable		
Hold-for-sale liabilities		
Non-current liabilities due within one year	526,281,063.88	448,243,627.51
Other current liabilities	1,021,339.34	
Total current liabilities	4,289,673,440.97	4,229,322,190.56
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	2,666,911,132.37	1,967,813,815.80
Bonds payable	755,725,620.04	
Including: preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	708,255,614.66	435,042,080.77
Deferred income tax liabilities	100,406,057.96	60,696,969.12
Other non-current liabilities	455,517,694.55	619,187,419.79
Total non-current liabilities	4,686,816,119.58	3,082,740,285.48
Total liabilities	8,976,489,560.55	7,312,062,476.04
Owners' equity:		
Share capital	886,566,151.00	805,370,770.00
Other equity instruments	92,433,139.11	
Including: preferred shares		
Perpetual bonds		
Capital reserve	7,229,135,825.83	1,894,027,132.14
Less: treasury stock		28,137,312.00
Other comprehensive income		
Special reserve		
Surplus reserve	147,950,664.58	135,153,637.58
General risk provision		
Undistributed profits	2,746,794,868.15	1,744,638,648.71
Total owners' equity attributable to parent company	11,102,880,648.67	4,551,052,876.43
Minority interests	492,864,637.18	330,073,008.95
Total owners' equity	11,595,745,285.85	4,881,125,885.38
Total liabilities and owners' equity	20,572,234,846.40	12,193,188,361.42

Legal representative: PAUL XIAOMING LEE Person in charge of accounting work: Li Jian Person in charge of accounting department: Liu Lianhua

2. Balance sheet of the parent company

Unit: RMB

Item	December 31, 2020	December 31, 2019

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Current assets:		
Monetary funds	1,356,011,083.93	173,535,371.19
Held-for-trading financial assets	1,210,015,416.66	
Derivative financial assets		
Notes receivable	439,422,816.05	9,600,000.00
Accounts receivable	13,500,863.18	41,692,384.78
Receivable financing		
Prepayments	424,285.77	1,230,107.09
Other receivables	4,145,526,029.74	1,101,125,909.57
Including: Interest receivable		
Dividends receivable	241,040,000.00	272,540,000.00
Inventories	11,921,375.85	24,548,426.09
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year		
Other current assets	571,205.74	1,866,350.09
Total current assets	7,177,393,076.92	1,353,598,548.81
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	4,662,093,871.62	4,167,834,622.62
Investments in other equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	72,475,302.27	78,899,091.13
Construction in progress		2,401,314.53
Productive biological assets		
Oil and gas assets		
Right-of-use assets		

Advances from customers		688,175.71
Contractual liabilities	306,389.38	
Employee benefits payable		198,382.51
Taxes payable	3,921,261.63	5,190,155.03
Other payables	98,408,526.81	502,673,483.50
Including: Interest payable		
Dividends payable		
Hold-for-sale liabilities		
Non-current liabilities due within one year	2,806,004.27	
Other current liabilities	39,830.62	
Total current liabilities	272,576,125.30	909,826,026.58
Non-current liabilities:		
Long-term borrowings	290,000,000.00	
Bonds payable	755,725,620.04	
Including: preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		

Fee and commission incomes		
II. Total operating cost	3,068,774,846.93	2,189,218,723.03
Including: operating cost	2,456,998,310.23	1,730,301,164.11
Interest expense		
Fee and commissions expenses		
Cash surrender amount		
Net payments for insurance claims		
Net provision for insurance liability contract reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	32,491,020.28	14,920,443.36
Selling expenses	56,365,549.96	67,250,207.94
Administrative expenses	155,800,391.65	122,867,832.09
R&D expenses	178,243,333.28	154,913,207.75
Financial expenses	188,876,241.53	98,965,867.78
Including: Interest expense	203,597,658.74	98,286,877.98
Interest income	34,077,648.03	2,491,822.81
Add: Other income	139,662,812.37	122,210,168.05
Investment income (loss is indicated with “-”)	8,627,395.44	1,676,352.85
Including: Income from investment in associates and joint ventures	1,516,305.77	1,484,572.03
Derecognized financial assets measured by amortized cost		
Exchange gain (loss is indicated with “-”)		
Net exposure hedging income (loss is indicated with “-”)		
Income from changes in fair value (loss is indicated with “-”)	10,951,914.18	
Credit impairment losses (loss is indicated with “-”)	-38,744,542.00	-26,343,860.48
Asset impairment losses (loss is indicated with “-”)	-17,810,098.57	-5,191,727.71
Income from disposal of assets (loss is indicated with “-”)	-144,872.28	2,066.58
III. Operating profit (loss is indicated with “-”)	1,316,775,351.32	1,062,695,831.17
Add: Non-operating income	1,696,155.05	209,752.60
Less: Non-operating expenses	5,224,424.09	975,859.91
IV. Total profit (total loss is indicated with “-”)	1,313,247,082.28	1,061,929,723.86
Less: Income tax expense	137,597,621.36	126,360,948.02
V. Net profit (net loss is indicated with “-”)	1,175,649,460.92	935,568,775.84
(I) Classified according to operating continuity		

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1. Net profit from continuing operations (net loss is indicated with "-")	1,175,649,460.92	935,568,775.84
2. Net profit from discontinuing operations (net loss is indicated with "-")		
(II) Classified according to attribution of the ownership		
1. Net profit attributable to shareholders of the parent company	1,115,604,020.47	849,837,425.81
2. Profit or loss of minority interest	60,045,440.45	85,731,350.03
VI. Other comprehensive income, net of tax		
Other comprehensive income attributable to owners of parent company, net of tax		
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the enterprise's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies		
7. Others		
Other comprehensive income attributable to minority interests, net of tax		
VII. Total comprehensive income	1,175,649,460.92	935,568,775.84
Total comprehensive income attributable to owners of parent company	1,115,604,020.47	849,837,425.81
Total comprehensive income	60,045,440.45	85,731,350.03

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attributable to minority interests		
VIII. Earnings per share:		
(I) Basic earnings per share	1.34	1.06
(II) Diluted earnings per share	1.34	1.06

Legal representative: PAUL XIAOMING LEE Person in charge of accounting work: Li Jian Person in charge of accounting department: Liu Lianhua

4. Income statement of parent company

Unit: RMB

Item	2020	2019
I. Operating income	234,623,935.16	435,495,970.14
Less: Operating cost	168,222,882.65	326,842,879.99
Taxes and surcharges	2,880,451.60	3,796,804.93
Selling expenses	448,512.10	13,460,720.37
Administrative expenses	19,514,060.89	41,219,833.24
R&D expenses	7,495,274.77	14,039,341.87
Financial expenses	-4,489,911.90	1,981,921.71
Including: Interest expense	103,063,984.02	10,247,211.39
Interest income	107,278,598.69	7,882,890.73
Add: Other income	852,455.62	1,420,499.05
Investment income (loss is indicated with “-”)	58,000,000.00	160,000,000.00
Including: Income from investment in associates and joint ventures		
Derecognized financial assets measured by amortized cost (loss is indicated with “-”)		
Net exposure hedging income (loss is indicated with “-”)		
Income from changes in fair value (loss is indicated with “-”)	10,015,416.66	
Credit impairment losses (loss is indicated with “-”)	-7,013,346.63	-2,862,924.22
Asset impairment losses (loss is indicated with “-”)		
Income from disposal of assets (loss is indicated with “-”)	-11,416.29	
II. Operating profit (loss is indicated with “-”)	102,395,774.41	192,712,042.86
Add: Non-operating income	305,202.78	22,800.87
Less: Non-operating expenses	601,273.52	196,959.99
III. Total profit (total loss is indicated with “-”)	102,099,703.67	192,537,883.74
Less: Income tax expense	-25,870,566.29	-1,463,417.32
IV. Net profit (net loss is indicated with "-")	127,970,269.96	194,001,301.06
(I) Net profit from continuing	127,970,269.96	194,001,301.06

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operations (net loss is indicated with "-")		
(II) Net profit from discontinuing operations (net loss is indicated with "-")		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		

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customers and placements from corporations in the same industry		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from acting sale of securities		
Receipts of tax refunds	245,563,708.07	67,271,303.44
Other cash receipts related to operating activities	343,505,512.60	440,968,285.34
Subtotal of cash inflows from operating activities	3,780,284,210.92	3,309,747,737.65
Cash payments for goods purchased and services received	1,980,955,396.48	1,579,794,759.70
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements to banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	375,257,883.44	337,831,154.53
Payments of all types of taxes	256,970,205.27	264,858,968.34
Other cash payments relating to operating activities	111,920,712.54	363,965,847.31
Subtotal of cash outflows due to operating activities	2,725,104,197.73	2,546,450,729.88
Net cash flows from operating activities		

assets

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equivalents		

6. Cash flow statement of parent company

Unit: RMB

Item	2020	2019
I. Cash flows from operating activities:		
Cash received from the sale of goods or rendering of services	195,880,806.69	340,079,958.02
Receipts of tax refunds	1,492,265.95	
Other cash receipts related to operating activities	83,978,889.93	54,597,180.52
Subtotal of cash inflows from operating activities	281,351,962.57	394,677,138.54
Cash payments for goods purchased and services received	58,371,825.94	28,410,232.07
Cash paid to and on behalf of employees	22,027,502.06	38,918,909.22
Payments of all types of taxes	11,770,532.86	11,038,509.62
Other cash payments relating to operating activities	16,850,138.72	108,541,985.69
Subtotal of cash outflows due to operating activities	109,019,999.58	186,909,636.60
Net cash flows from operating activities	172,331,962.99	207,767,501.94
II. Cash flows from investment activities:		
Cash received from disposal of investments	739,219,511.67	
Cash received from procuring investment income	89,500,000.00	119,000,000.00
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets	322,000.00	
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investment activities	1,764,000,000.00	1,011,286,111.70
Subtotal of cash inflows from investment activities	2,593,041,511.67	1,130,286,111.70
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,261,033.67	25,091,422.59
Cash paid for acquisition of investments	2,433,478,760.67	860,009,113.00
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	6,928,358,826.63	497,691,126.81
Subtotal of cash outflows due to investment activities	9,363,098,620.97	1,382,791,662.40

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Net cash flows from investment activities	-6,770,057,109.30	-252,505,550.70
III. Cash flows from financing activities:		
Cash received from absorbing investment	4,982,504,554.49	
Cash received from borrowings	1,416,500,000.00	242,986,222.89
Cash received from bond issuance	1,586,122,641.51	
Other cash received relating to financing activities	2,207,533,096.38	302,510,000.00
Subtotal of cash inflows from financing activities	10,192,660,292.38	545,496,222.89
Cash paid for debt repayment	1,284,486,222.89	122,000,000.00
Cash paid for distributing dividends and profits or paying interests	124,393,256.17	186,196,599.90
Cash payments relating to other financing activities	982,525,785.13	148,385,108.73
Subtotal of cash outflows from financing activities	2,391,405,264.19	456,581,708.63
Net cash flows from financing activities	7,801,255,028.19	88,914,514.26
IV. Effect of changes in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	1,203,529,881.88	44,176,465.50
Add: Opening balance of cash and cash equivalents	126,388,546.82	82,212,081.32
VI. Closing balance of cash and cash equivalents	1,329,918,428.70	126,388,546.82

7. Consolidated statement of changes in owners' equity

Amount of current period

Unit: RMB

Item	2020								
	Owner's equity attributable to parent company							Minority interests	Total owners' equity
	Share capital	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive income				

Merger of enterprises under common control															
Other															
II. Opening balance of the current year	805,														

3. Covering loss with surplus reserve															
4. Change of defined benefit plan carried forward to retained earning															
5. Other comprehensive income carried forward to retained earning															
6. Other															
(V) Special reserve															
1. Provision for the period															
2. Utilization for the period															
(VI) Others															
IV. Closing balance for the period	886,566,151.00			92,433,139.11	7,229,135,825.83				147,950,664.58		2,746,794,868.15		11,102,880,648.67	492,864,637.18	11,595,745,285.85

Amount of previous period

Unit: RMB

Item	2019														
	Owner's equity attributable to parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Other	Subtotal		
		Preferred stock	Perpetual bonds	Other											
I. Closing balance of the previous year	473,867,912.00				2,198,120,658.09	50,217,436.50			115,753,507.47		1,093,630,310.62		3,831,154,951.68	241,047,201.74	4,072,202,153.42
Add: Accounting policy changes															
Correction of errors in the prior period															
Merger of enterprises under common control															
Other															
II. Opening balance of the current year	473,867,912.00				2,198,120,658.09	50,217,436.50			115,753,507.47		1,093,630,310.62		3,831,154,951.68	241,047,201.74	4,072,202,153.42
III. Increase/decrease for the period	331,502,858.				-304,093,5	-22,080,12			19,400,130.		651,008,33		719,897,92	89,025,807.21	

(decrease is indicated with "-")	00				25.95	4.50			11		8.09		4.75		
(I) Total comprehensive income											849,837,425.81		849,837,425.81	85,731,350.03	935,568,775.84
(II) Contribution and withdrawal of capital by owners	-204,680.00				27,614,012.05	-22,080,124.50							49,489,456.55	3,294,457.18	52,783,913.73
1. Common shares invested by owner															
2. Capital invested by other equity instrument holders															
3. Amount of share payment credited to owner’s equity					29,162,578.32								29,162,578.32	1,833,115.76	30,995,694.08
4. Other	-204,680.00				-1,548,566.27	-22,080,124.50							20,326,878.23	1,461,341.42	21788219.65
(III) Profit distribution									19,400,130.11		-198,829,087.72		-179,428,957.61		-179,428,957.61
1. Withdrawal of surplus reserve									19,400,130.11		-19,400,130.11				
2. Provision for general risk															

6. Other															
(V) Special reserve															
1. Provision for the period															
2. Utilization for the period															
(VI) Others															
IV. Closing balance for the period	805,370,770.00				1,894,027,132.14	28,137,312.00			135,153,637.58		1,744,638,648.71		4,551,052,876.43	330,073,008.95	4,881,125,885.38

8. Statement of changes in owners' equity of parent company

Amount of current period

Unit: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
I. Closing balance of the previous year	805,37											

	0.00				.12	312.00						.88
(III) Profit distribution									12,797,027.00	-113,447,801.03		-100,650,774.03
1. Withdrawal of surplus reserve									12,797,027.00	-12,797,027.00		
2. Distribution to owners (or shareholders)										-100,650,774.03		-100,650,774.03
3. Other												
(IV) Transfers within the owners' equity												
1. Conversion of capital reserve to capital (or share capital)												
2. Conversion of surplus reserve to capital (or share capital)												
3. Covering loss with surplus reserve												
4. Change of defined benefit plan carried forward to retained earning												
5. Other comprehensive income carried forward to retained earning												
6. Other												
(V) Special reserve												
1. Provision for the period												
2. Utilization for the period												
(VI) Others												

errors in the prior period												
Other												
II. Opening balance of the current year	473,867,912.00				3,971,775,141.36	50,217,436.50			88,000,			

income carried forward to retained earning												
6. Other												
(V) Special reserve												
1. Provision for the period												
2. Utilization for the period												
(VI) Others												
IV. Closing balance for the period	805,370,770.00				3,651,035,741.69	28,137,312.00			107,401,126.59	187,733,251.59		4,723,403,577.87

III. Corporate Information

Company registration address, organization form and headquarters address

Yunnan Energy New Material Co., Ltd. (hereinafter referred to as the "Company" or "our Company") was formerly Yunnan Yuxi Innovation Color Printing Co., Ltd. with the approval of Department of Commerce of Yunnan Province document YSZ [2011] No.50, the shareholders of the Company signed the sponsor agreement on March 28,2011, unanimously agreed to change the Company as a whole into a company limited by share, and obtained the business license of enterprise legal person No.530400400000009 issued by Yunnan Provincial Administration for Industry and Commerce, which is now changed to the unified social credit code 91530000727317703K, with the registered address and headquarters address of No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province. The Company's legal representative is PAUL XIAOMING LEE.

In accordance with the resolution of the first extraordinary general meeting of shareholders in 2014 held in March 2014 and the revised articles of association of the Company, and the Approval of Initial Public Offering of Shares of Yunnan Innovative New Materials Co., Ltd. (ZJXK [2016] No. 1886) issued by China Securities Regulatory Commission, the Company issued RMB-denominated ordinary shares (A shares) of 33,480,000 to the public. It was priced and issued to the public investors on September 6, 2016, with a par value of RMB1.00 per share, a subscription price of RMB23.41 per share, and a total of RMB783,766,800.00 raised funds. After deducting the issuance related expenses of RMB35,999,800.00, the actual net amount of raised funds is RMB747,767,000.00 yuan, which is included share capital of RMB33,480,000.00 and capital reserve share capital premium of RMB714,287,000.00. All the above contributions have been paid in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (DHYZ [2016] No. 000897).

According to the notice on the listing of RMB-denominated coordinating shares of Yunnan Innovative New Materials Co., Ltd. (SZS (2016) No.618) issued by Shenzhen Stock Exchange, the shares of the Company were listed on Shenzhen Stock Exchange on September 14, 2016.

According to the fourth meeting of the third board of directors held on June 1, 2017, which deliberated and passed the Proposal on Granting Restricted Shares to Participants of 2017 Restricted Stock Incentive Plan of the Company, the Company issued 2.57 million RMB-denominated ordinary shares (issue price: RMB28.65/share) to 84 employees qualified for participants of equity incentive plan, among them: the amount of share capital is RMB2,570,000.00, and capital reserve-share capital premium is RMB71,060,500.00. All the above capital contributions have been subscribed in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (DHYZ [2017] No.000338).

Whereas the Company has completed capital reserve converted to share capital, according to the resolution of the second extraordinary general meeting of shareholders in 2018 held on May 10, 2018 and the revised articles of association, the registered capital of the Company has increased from RMB136,450,000.00 to RMB272,900,000.00.

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In accordance with the resolution of the fourteenth meeting of the third board of directors held by the Company on July 20, 2018 and the revised articles of association, and approved by China Securities Regulatory Commission (hereinafter referred to as "CSRC") ZJXK [2018] No. 671 and Ministry of Commerce of the People's Republic of China (hereinafter referred to as "Ministry of Commerce") SZCH [2018] No. 225, the Company issued 201,023,712 A-shares in private to Paul Xiaoming Lee, Li Xiaohua, Wang Yuhua, Kunming Huachen Investment Co., Ltd, Sherry Lee, Future Industry Investment Fund (Limited Partnership), Zhuhai Hengjie Enterprise Management Firm (Limited Partnership) , Huang Shuhua, Zhang Tao, Gao Xiang, He Baohua, Huang Yuchen, Hu Jiadong, Wang Chizhou, Jiang Xinmin, Zhang Fang, Zhang Fan, Zheng Mei, Liu Wei, Du Jun and Cao Ben, with a par value of RMB1.00 per share and a subscription price of

included in the "share capital" and RMB4,913,060,110.49 was included in the "capital reserve-share capital premium". All the above capital contributions have been subscribed in place and have been verified by Dahua CPAs (SGP) issuing the capital verification report (DHYZ [2020] No. 000460).

Approved by the Reply on Approval of Yunnan Energy New Materials Co., Ltd. to Issue Convertible Corporate Bonds Publicly (ZJXK [2019] No. 2701), the Company publicly issued 16 million convertible corporate bonds on February 11, 2020. The conversion period of convertible corporate bonds shall start from the first trading day six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026. As of December 31, 2020, a total of 11,774,057.00 shares of convertible corporate bonds were converted into shares.

According to the resolution of the fourth extraordinary general meeting of shareholders of 2020 held by the Company on July 30, 2020 and the revised articles of association of the Company, the Company canceled the repurchase of part of incentive shares, repurchased the shares subscribed by four persons in the form of monetary capital, totaling RMB194,809.12, including: reducing share capital by RMB23,120.00, reducing capital reserve-share capital premium by RMB171,689.12. It has been verified by the capital verification report (DHYZ [2020] No. 000561) issued by Dahua CPAs (SGP).

After years of distribution of bonus shares, allotment of new shares, conversion of share capital and issuance of new shares, as of December 31, 2020, the Company has issued a total of 886,566,151.00 shares of share capital, with a registered capital of RMB886,566,151.00.

Business nature and main business activities of the Company

The business scope of the Company mainly includes: Packaging and decoration and other printing products printing; commodity trademark printing (including tobacco and drug trademarks), trademark design; packaging box production, processing and sales; color printing; paper products (excluding paper making), plastic products and other supporting products production, processing and sales; production, processing and sales of printing raw materials and auxiliary materials; production, processing, sale of plastic film and modified plastics; production, processing and sale of laser transfer paper, gold and silver card paper, liquid packaging paper, electrified aluminum, high-grade packaging paper; production, processing and marketing of anti-counterfeiting labels, anti-counterfeiting materials; packaging machinery, packaging machinery spare parts design, manufacture, processing and marketing; production, processing and sale of new energy materials and corresponding new technologies and new products development; import and export of goods (except those with national restrictions and prohibition). (the above projects do not involve special management measures for foreign investment access)(approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws)

The Company is a rubber and plastic products industry, the main products can be divided into three categories: (1) film products, mainly including the production and manufacturing of lithium-ion separator film, BOPP film and special paper by wet process. Lithium-ion separator film products include base film and coating film, and BOPP film products include smoke film and flat film; (2) packaging and printing products, mainly including cigarette label and aseptic packaging; (3) paper products packaging mainly includes specialty paper products, holographic anti-counterfeiting electrified aluminium, transfer film and other products. Special paper products include laser transfer anti-counterfeiting paper, direct plating paper and coated paper.

Authorization of financial statements for issue

These financial statements were authorized for issue by the Company's Board of Directors on March 17, 2021.

There are 21 subsidiaries included in the consolidated financial statements in this period, including:

Name of subsidiaries	Type of subsidiary	Tier	Shareholding ratio (%)	Voting ratio (%)
Yunnan Dexin Paper Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00

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Shenzhen Qingsong Jinze Technology Development Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Hunan Qingsong Jingze Technology Development Co., Ltd.	Wholly-owned subsidiary	Tier 4	100.00	100.00
Yunnan Hongchuang Packaging Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00
Wuxi Energy Trading Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00
Yunnan Hongta Plastic Co., Ltd.	Wholly-owned subsidiary	Tier 2	100.00	100.00
Hongta Plastic (Chengdu) Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Yuxi Feiermu Trading Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Shanghai Energy New Material Technology Co., Ltd.	Holding subsidiary	Tier 2	95.22	95.22
Zhuhai Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Guangdong Energy New Material Institute Co., Ltd.	Wholly-owned subsidiary	Tier 4	100.00	100.00
Wuxi Energy New Material Technology Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangxi Tonry New Energy Technology Development Co., Ltd.	Wholly-owned subsidiary	Tier 3	100.00	100.00
Jiangxi Ruijie New Material Technology Co., Ltd.				

Subsidiaries removed from the consolidated financial statements in the Reporting Period

Name	Reason for change
Shanghai Energy Information Technology Co., Ltd.	Canceled
Shanghai Fengzhou Trading Co., Ltd.	Canceled

See “VIII change of consolidation scope” for details of the subject of change of consolidation scope.

VI. Basis for Preparation of Financial Statements

1. Basis for preparation

The preparation of financial statements of the Company is based on the actual transactions and events in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" published by the Ministry of Finance and specific corporate accounting standards, application guidelines for corporate accounting standards, corporate accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as "corporate accounting standards") for confirmation and measurement, combining the provisions of “Regulations on the Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports” (revised in 2014) published by CSRC.

2. Going concern basis

The Company has evaluated the ability to continue as a going concern for 12 months from the end of the Reporting Period and has not identified any issues or circumstances that result in significant doubts about its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. Basis of bookkeeping and pricing principles

The Group's accounting is based on the accrual basis. Except for certain financial instruments that are measured at fair value, this financial statement uses historical cost as the measurement basis. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with relevant regulations.

V. Significant Accounting Policies and Accounting Estimates

Reminders on specific accounting policies and accounting estimates:

According to the characteristics of actual production and operation, the Company has formulated specific accounting policies and accounting estimates for such transactions or events as the provision for bad debts of accounts receivables, depreciation of fixed assets, amortization of intangible assets and revenue recognition.

1. Statement of compliance with the accounting standards for business enterprises

The financial statements are in compliance with the requirements of accounting standards for business enterprises, and truly and completely reflect the financial status, operating results, cash flow and other relevant information of the Company during the Reporting Period.

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2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

3. Operating cycle

Operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company takes 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

4. Functional currency

The Company's functional currency is Renminbi (RMB).

5. Accounting treatments for merger of enterprises under common control and not under common control

(1) **When the terms, conditions and economic influence of transactions in the process of a step-by-step combination conform to one or more of the following, accounting for multiple transactions is treated as a package transaction.**

1) These transactions are made simultaneously or with consideration of influence on each other;

2) These transactions can only achieve a complete business outcome when treated as a whole;

3) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;

4) A transaction is uneconomical when treated alone, but is economical when considered together with other transactions.

(2) **Merger of enterprises under common control**

The assets and liabilities acquired by the Company in business combinations are measured in accordance with the book value of assets and liabilities of the combined party on the date of combination (including the goodwill of the ultimate controlling party resulting from the acquisition of the combined party). The difference between the book value of net assets acquired in the combination and the book value of the consideration paid for the combination (or the total par value of shares issued) is used to adjust the capital stock premium in the capital reserve, and when the capital stock premium in the capital reserve is insufficient for offset, it is used to adjust the retained earnings.

liabilities of the invested entity; other changes in owner's equity other than net profit or loss, other comprehensive income or profit distribution of net assets of the invested company recognized by equity method are not subject to accounting, and will be transferred to the current profit and loss until the disposal of the investment.

(3) Business combination not under the common control

Purchase date refers to the date when the Company actually obtains the control right over the acquire, that is, the date when the control right over the net assets or production and operation decision is transferred to the Company When the following conditions are met at the same time, the Company generally considers that the transfer of control right has been realized:

The business combination contract or agreement has been approved by the internal authority of the Company.

The business combination matters that need to be examined and approved by the relevant competent departments of the state have been approved.

Necessary procedures for transfer of property rights have been completed.

The Company has paid most of the merger price, and has the ability and plan to pay the remaining amount.

In fact, the Company has controlled the financial and operational policies of the acquiree, enjoyed corresponding benefits and assumed corresponding risks.

The assets paid and liabilities incurred or assumed of the Company as a consideration for the business combination are measured at fair value on the date of purchase, and the difference between the fair value and the book value is recognized in profit or loss.

The difference between the higher combination cost and lower fair value of identifiable net assets of the acquiree gained in the combination is recognized as goodwill by the Company. In case that the cost of combination is less than the fair value of the identifiable net assets of the acquiree gained in the combination, the difference is included in the current profit and loss by the Company after review.

For the case where a business combination involving enterprises not under common control is finally realized through multiple transactions step by step, if it is a package transaction, each transaction is treated as a transaction for acquiring control; if it is not a package transaction, if the equity investment held before the date of combination is accounted for by equity method, the sum of the book value of equity investment of the acquiree held before the date of acquisition plus the new investment cost on the date of acquisition is recognized as the initial cost of the investment; the other comprehensive income confirmed by equity method before the date of acquisition is accounted for, when the investment is disposed, on the same basis as those the invested party adopted directly to dispose the relevant assets or liabilities. If the equity investment held before the date of combination is accounted for by financial instrument recognition and measurement criteria, the sum of the fair value of equity investment on the date of combination plus the new investment cost is taken as the initial investment cost on the date of combination. The difference between the fair value and the book value of the original equity interest, and the accumulated fair value changes originally included in other comprehensive income should be transferred to investment income in the current period of combination date.

(4) Related expenses incurred for business combination

The agency fees paid for audits, legal services, assessments and other related expenses incurred in the business combination are recognized in profit or loss in the period in which they are incurred. The transaction costs for the issuance of equity securities for the business combination that may be directly attributed to equity transactions can be deducted from equity.

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6. Methods for preparation of the consolidated financial statements

(1) The scope of consolidation

the parties involved in the merger shall be deemed to have made adjustments in their current state when the ultimate controlling party begins the control. For the equity investment held by the merging entity prior to obtaining control over the merged entity, the relevant profit and loss, other comprehensive income and other changes to net assets recognized in the period from the date of acquiring the original equity or the date when the merging entity and merged entity are under common control, whichever is later, to the date of merger, shall be covered by writing down the opening retained earnings or current profit and loss of the comparison period.

During the Reporting Period, if a subsidiary or business is added due to a business combination involving enterprises under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary and business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flows of the subsidiary and business from the date of acquisition to the end of the Reporting Period are included in the consolidated cash flow statement.

If the investee under the common control can be controlled due to additional investment or other reasons, the equity interest held in the acquiree prior to the date of acquisition is re-measured according to its fair value at the date of acquisition. The difference between the fair value and the book value is recognized as investment income for the current period. If the equity held in the acquiree held before the acquisition date involves other comprehensive income under the equity method and other changes in owner’s equity other than net profit and loss, other comprehensive income and profit distribution, related other comprehensive income, and other changes in owner’s equity are converted into the investment income of the current period on the acquisition date, except for other comprehensive gains arising from the re-measurement of net liabilities of the defined benefit plan made by the invested party or changes in net assets.

2) Disposal of subsidiary or business

General treatment method

During the Reporting Period, if the Company disposes of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the Reporting Period to the disposal date are included in the consolidated cash flow statement.

When the Company loses control over the invested party due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured according to its fair value by the Company on the date of loss of control. The difference of the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of net assets and goodwill of the original subsidiary that should be enjoyed in accordance with the original share-holding ratio since the date of acquisition or combination, is accounted for the investment income in the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, will be converted into current investment income when control is lost, except for other comprehensive gains arising from the re-measurement of net liabilities of the defined benefit plan made by the invested party or changes in net assets.

Disposal of subsidiaries in steps

If the equity investment in a subsidiary is disposed of in steps through multiple transactions until the loss of control, the terms, conditions, and economic impact of the disposal of the equity investment in the subsidiary meet one or more of the following conditions, it usually indicates that multiple transactions shall be accounted as a package deal:

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A. These transactions are made simultaneously or with consideration of influence on each other;

B. These transactions can only achieve a complete business outcome when treated as a whole;

C. The occurrence of a transaction depends on the occurrence of at least one of the other transactions;

D. A transaction is uneconomical when treated alone, but is economical when considered together with other transactions.

If all transactions from disposal of equity investment in subsidiaries to loss of control belong to a package deal, each transaction shall be treated as a transaction for disposal of equity investment in subsidiaries and loss of control. The difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of the control is recognized as other comprehensive income in the consolidated financial statements, which is transferred into the current profit and loss when the control is lost.

If the disposal of the equity investment in the subsidiary until the loss of control is not a package deal, before the loss of control, the accounting treatment shall be carried out in accordance with the relevant policies for partial disposal of the equity investment of the subsidiary without loss of control; when the control is lost, the accounting treatment shall be carried out in accordance with the general treatment method for the disposal of the subsidiary.

3 Acquisition of minority' equity in subsidiary

The difference between the additional long-term equity investment arising from the acquisition of minority equity and the net assets of the subsidiary, which is calculated according to the new holding proportion since the date of acquisition (or the date of merger) shall be covered by adjusting the equity premium in capital reserve of the consolidated balance sheet; if the equity premium in capital reserve is not sufficient for write-off, retained earnings shall be adjusted.

4 Partial disposal of the equity investment of the subsidiary without loss of control

If the parent company disposes of part of its equity investment in the subsidiary without losing its control, the difference between the disposal price and the net assets of the subsidiary corresponding to the equity investment disposed of since the date of acquisition or the date of merger shall be covered by adjusting the equity premium in capital reserve of the consolidated balance sheet; if the equity premium in capital reserve is not sufficient for write-off, retained earnings shall be adjusted.

7. Classification of joint venture arrangements and accounting treatment method for joint operations

1 Classification of joint arrangements

The Company divides joint venture arrangements into joint operations and joint ventures based on factors such as the structure, legal form, and terms in the joint venture arrangement and other relevant facts and circumstances.

Joint venture arrangements that are not reached through separate entities are classified as joint operations; joint arrangements reached through separate entities are usually classified as joint ventures; there is conclusive evidence that joint arrangements that meet any of the following conditions and comply with relevant laws and regulations are classified as joint operations:

The legal form of the joint arrangement indicates that the joint venture party has the rights and obligations of the related assets and liabilities in the arrangement.

According to contractual terms of the joint arrangement, the joint venture party has the rights and obligations of the related assets and liabilities in the arrangement.

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Other relevant facts and circumstances indicate that the joint venture party has the rights and obligations of the related assets and liabilities in the arrangement. For example, the joint venture party enjoys almost all the output related to the joint venture arrangement, and the settlement of the liabilities in the arrangement continues to rely on the support from the joint venture party.

2 Accounting treatment for joint operations

The Group recognizes the following items related to the share of interests in joint operations and makes accounting treatment according to the relevant ASBE:

Recognizes the assets held separately, and the assets held jointly according to its proportion;

Recognizes the liabilities assumed separately, and the liabilities assumed jointly according to its proportion;

Recognizes the income from the sales of its share in the outputs of joint operation;

Recognizes the income from the sales of the outputs of joint operation according to is proportion;

Recognizes the expenses incurred separately, and recognize the expenses incurred jointly according to its proportion.

If the Company invests or sells assets, etc. to a joint operation (except that if the asset constitutes a business), before the asset, etc., is sold by the joint operation to a third party, only the profit and loss arising from the transaction attributable to other participants in the joint operation is recognized. In the event of asset impairment losses complying with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment" and other provisions of assets invested or sold, the Company shall recognize the loss in full.

If the Company purchases assets, etc. from a joint operation (except that if the asset constitutes a business), before the asset, etc., is sold to a third party, only the profit and loss arising from the transaction attributable to other participants in the joint operation is recognized. In the event of asset impairment losses complying with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment" and other provisions of assets purchased, the Company shall recognize the loss based on the share it holds.

The Company does not have joint control over the joint operation. If the Company enjoys the joint operation-related assets and assumes the joint operation-related liabilities, the accounting treatment shall still be carried out in accordance with the above principles; otherwise, the accounting treatment shall be carried out in accordance with the relevant corporate accounting standards.

8. Determination standards for cash and cash equivalents

In the preparation of the cash flow statement, the Company's cash on hand and deposits that can be readily used for payment are recognized as cash. The investment that has the four conditions of short maturity (generally due within three months from the date of purchase), strong liquidity, easy conversion into cash of a known amount, and low risk of value changes will be determined as cash equivalents.

9. Foreign currency business and foreign currency statement translation

1 Foreign currency business

In the initial confirmation of foreign currency transactions, the spot exchange rate on the date of occurrence of the transaction shall be used as the conversion rate to convert into RMB for accounting.

At the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the resulting exchange differences are included in the current profit and loss, except for the exchange differences arising from foreign currency special borrowings related to the acquisition and

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construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs. The foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the date of transaction without changing the amount of recording currency.

Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date of determination of fair value. The difference between the translated amount of recording currency and the original amount of recording currency shall be treated as fair value changes (including changes in exchange rate), and included in the current profit and loss or recognized as other comprehensive income.

2 Translation of foreign currency financial statements

The assets and liabilities items in the balance sheet shall be treated at the spot exchange rate on the balance sheet date. Except for the "undistributed profit" items, other owner's equity items shall be translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement shall be translated at the spot exchange rate on the date of transaction. The exchange differences on translation of foreign currency financial statements generated in accordance with the above translation shall be included in other comprehensive income.

When disposing of an overseas operation, the difference in translation of the foreign currency financial statements related to the overseas operation listed in other comprehensive income items in the balance sheet shall be transferred from other comprehensive income items to the profits and losses of the current period for disposal. When the proportion of overseas business interests held is reduced due to the disposal of part of equity investment or other reasons but the right of control over overseas business is not lost, the difference of translation of foreign currency statements related to the disposal part of overseas business will be attributed to minority shareholders' rights and interests and will not be transferred to current profit and loss. When disposing of part of the equity of an overseas operation that is an associate or a joint venture, the difference on translation of the foreign currency statement related to the overseas operation shall be transferred to the disposal of the current profit and loss according to the proportion of the disposal of the overseas operation.

10. Financial instruments

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

The effective interest method refers to the method of calculating the amortized cost of financial assets or liabilities and allocating interest income or interest expense into each accounting period.

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability during its expected duration to the book balance of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, the expected cash flow is estimated on the basis of considering all contract terms of financial assets or liabilities (such as prepayment, extension, call options or other similar options), but the expected credit loss is not considered.

The amortized cost of a financial asset or financial liability is the accumulated amortization amount formed by deducting the repaid principal from the initial recognition amount of the financial asset or financial liability, adding or subtracting the difference between the initial recognition amount and the maturity amount by using the effective interest method, and then deducting the accumulated accrued loss reserve (only applicable to financial assets).

1 Classification and measurement of financial assets

According to the business model of the financial assets under management and the contractual cash flow

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characteristics of the financial assets, the Company divides the financial assets into the following three categories:

Financial assets measured at amortized cost.

Financial assets measured at fair value and whose changes are included in other comprehensive income.

Financial assets measured at fair value and whose changes are included in the current profit and loss.

Financial assets are measured at fair value when initially recognized, but if the accounts or notes receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components for no more than one year, the initial measurement shall be made at the transaction price.

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financial asset as above, the Company may designate the whole of the mixed contract as a financial instrument measured at fair value and whose changes are included in the current profit and loss. Except under the following circumstances:

Embedded derivatives do not significantly change the cash flow of mixed contracts.

When determining for the first time whether similar mixed contracts need to be split, it is almost clear that embedded derivatives contained in them should not be split without analysis. If the prepayment right embedded in a loan allows the holder to prepay the loan at an amount close to the amortized cost, the prepayment right does not need to be split.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profit and loss.

The Company reports such financial assets as trading financial assets and other non-current financial assets according to their liquidity.

2 Classification and measurement of financial liabilities

The Company classifies a financial instrument or its components into financial liabilities or equity instruments upon initial recognition according to the contract terms of and the economic essence reflected by the financial instrument issued, rather than only in legal form, in combination with the definitions of financial liabilities and equity instruments. Financial liabilities are classified at initial recognition as measured at fair value and whose changes are included in current profit and loss, or other financial liabilities, or derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value upon initial recognition. For financial liabilities measured at fair value and whose changes are included in current profit and loss, relevant transaction expenses are directly included in current profit and loss. For other categories of financial liabilities, relevant transaction expenses are included in the initial recognition amount.

1 Subsequent measurement of financial liabilities depends on their classification:

Financial liabilities measured at fair value and whose changes are included in the current profit and loss

Such financial liabilities include trading financial liabilities (including derivatives falling under financial liabilities) and financial liabilities designated as measured at fair value upon initial recognition and whose changes are included in current profit and loss.

The financial liability is a trading financial liability if it is mainly undertaken for recent sale or repurchase, or is part of the identifiable portfolio of financial instruments centrally managed, and there is objective evidence that the enterprise has recently employed a short-term profit model, or is a derivative instrument, except derivatives designated as effective hedging instruments and derivatives conforming to financial guarantee contracts. Trading financial liabilities (including derivatives belonging to financial liabilities) shall be subsequently measured according to fair value. Except in relation to hedge accounting, all changes in fair value shall be recorded into current profit and loss.

The Company irrevocably designates financial liabilities as measured at fair value and whose changes are included in current profit and loss at the time of initial recognition in order to provide more relevant accounting information if:

Such financial liabilities can eliminate or significantly reduce accounting mismatches.

The financial liability portfolio or the portfolio of financial assets and liabilities is managed and evaluated for performance on the basis of fair value according to the enterprise risk management or investment strategy stated in the official written documents, and is reported to key management personnel within the enterprise on this basis.

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The Company subsequently measures such financial liabilities at fair value. Except changes in fair value that are brought about by changes in the Company's own credit risk are included in other comprehensive income, other changes in fair value are included in current profit and loss. Unless including such changes in other comprehensive income will cause or expand accounting mismatch in profit or loss, the Company will include all changes in fair value (including the amount affected by changes in its own credit risk) in current profit and loss.

2 Other financial liabilities

The Company classifies financial liabilities except for the following items as measured at amortized cost. Such financial liabilities are recognized by the effective interest method and subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in the current profit and loss:

Financial liabilities measured at fair value and whose changes are included in the current profit and loss.

Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

Financial guarantee contracts that do not fall under the first two categories of this article, and loan commitments that do not fall under category 1) of this article and lend at a below-market interest rate.

Financial guarantee contracts refer to contracts that require the issuer to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument. Financial guarantee contracts that are not financial liabilities designated as measured at fair value and whose changes are included in current profit and loss are measured after initial recognition according to the loss reserve amount and of the initial recognition amount, less the accumulated amortization amount during the guarantee period, whichever is higher.

3 Derecognition of financial assets and liabilities

1) Financial asset are derecognized, i.e. written off from its account and balance sheet if:

The contractual right to receive cash flow from the financial asset is terminated; or

The financial asset has been transferred, which meets the requirements for derecognition of financial assets.

2) Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, such financial liability (or part thereof) is derecognized.

The existing financial liability is derecognized with a new one recognized, and the difference between the carrying amount and the consideration paid (including transferred non-cash assets or assumed liabilities) is included in the current profit and loss, if an agreement is signed between the Company and the lender to replace the existing financial liability by assuming a new one, and the contract terms of these two financial liabilities are substantially different, or the contract terms of the existing financial liability (or part thereof) are substantially modified.

If the Company repurchases part of a financial liability, the carrying amount of the financial liability shall be distributed according to the proportion of the fair value of the continuing recognition portion and the derecognition portion to the overall fair value on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including transferred non-cash assets or liabilities assumed) shall be included in the current profit and loss.

4 Recognition basis and measurement method of financial asset transfer

When a financial asset is transferred, the Company evaluates the risks and rewards retained of the financial asset ownership:

1 If almost all the risks and rewards of the financial asset ownership are transferred, such financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.

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2 If almost all the risks and rewards of the financial asset ownership are retained, such financial asset shall continue to be recognized.

3 In circumstances when the Company neither transfers nor retains almost all the risks and rewards of the financial asset ownership (i.e. circumstances other than 1) and 2) of this article), according to whether it retains control over such financial asset:

The financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities if such control is not retained; or

the relevant financial asset shall continue to be recognized to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly if such control is retained. The extent that it continues to be involved in the transferred financial asset refers to the extent the

The fair value of financial assets or liabilities without an active market shall be determined by valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of relevant assets or liabilities considered by market participants in the transactions thereof, and gives priority to the use of relevant observable input values whenever possible. If the relevant observable input value cannot be obtained or be feasibly obtained, the unobservable input value shall be used.

6 Impairment of financial instruments

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as measured at amortized cost, financial assets classified as measured at fair value and whose changes are included in other comprehensive income and financial guarantee contracts and recognizes loss reserves.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate and receivable according to the contract and all cash flows expected to be collected of the Company, i.e. the present value of all cash shortfalls. Among them, credit-impaired purchased or originated financial assets of the Company shall be discounted at the credit-adjusted effective interest rate of such financial assets.

For receivables arising from transactions regulated by the income criteria, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

For credit-impaired purchased or originated financial assets, only the accumulated changes in the expected credit losses during the entire duration since the initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the amount of change in the expected credit loss during the entire duration is included in the current gains and losses as impairment losses or gains. Even if the expected credit loss during the entire duration on the balance sheet date is less than that reflected in the estimated cash flow upon initial recognition, the favorable change in the expected credit loss is recognized as impairment gains.

In addition to other financial assets adopting the above simplified measurement method and other than the credit-impaired purchased or originated ones, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial recognition, measures its loss reserves and recognizes the expected credit loss and its changes respectively according to the following circumstances on each balance sheet date:

1 If the credit risk of the financial instrument has not increased significantly since its initial recognition and is in the first stage, its loss reserve shall be measured according to an amount equivalent to its expected credit loss in the next 12 months, and the interest income shall be calculated at the book balance and the effective interest rate.

2 If the credit risk of the financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, then its loss reserve shall be measured according to an amount equivalent to its expected credit loss throughout its life, and the interest income shall be calculated at the book balance and the effective interest rate.

3 If the financial instrument is credit-impaired since its initial recognition, it is in the third stage, and the Company shall measure its loss reserve according to an amount equivalent to its expected credit loss throughout its life, and calculate the interest income at the amortized cost and the effective interest rate.

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The increase or reversed amount of the credit loss reserve for financial instruments shall be included in the current profit and loss as impairment losses or gains. Except for financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the credit loss reserve will offset the carrying amount of the financial assets. For financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the Company recognizes its credit loss reserve in other comprehensive income without reducing its carrying amount presented in the balance sheet.

In the previous accounting period, the Company has measured the loss reserve, the amount of which is equivalent to the expected credit loss of the financial instrument throughout its life. However, on the balance sheet date of the current period, the financial instrument no longer conforms to the situation of significant increase in credit risk since initial confirmation; on the balance sheet date of the current period, the Company has measured the loss reserve of the financial instrument, the amount of which is equivalent to the expected credit loss in the next 12 months, and the reversed amount of the loss reserve thus formed is included in the current profit and loss as impairment profit.

1 Significant increase of credit risk

In order to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, the Company uses the available reasonable and based forward-looking information and compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date. When the Company applies provisions on depreciation of financial instruments to financial guarantee contracts, the initial recognition date shall be regarded as the date when the Company becomes a party to make irrevocable commitments.

For the assessment of whether the credit risk has increased significantly, the Company will consider the following factors

Whether the actual or expected operating results of the debtor have changed significantly;

Whether the regulatory, economic or technological environment of the debtor has undergone significant adverse changes;

Whether the following items have changed significantly: the value of collateral as debt mortgage, or the guarantee provided by a third party, or the quality of credit enhancement; these changes will reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or impact the probability of default;

Whether the debtor's expected performance and repayment behavior have changed significantly;

Whether the Company's credit management methods for financial instruments have changed, etc.

If, on the balance sheet date, the credit risk of the financial instrument is judged to be low by the Company, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong ability to fulfill its contractual cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

2 Financial assets with depreciation of credit

If one or more events have adverse effects on the expected future cash flow of a financial asset, the financial asset will become a financial asset that has suffered credit impairment. The following observable information can be regarded as evidence of credit impairment of financial assets:

The issuer or debtor is in serious financial difficulties;

The debtor breaches the contract, such as default or overdue payment of interest or principal, etc.;

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1) The Company has the legal right, which is currently enforceable, to offset the confirmed amount;

2) The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

11. Notes receivable

For the determination method and accounting treatment method of the Company for the expected credit losses on notes receivable, please refer to "10. Financial instruments" of "V. Important Accounting Policies and Accounting Estimates" in this section.

When sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of single instrument, the Company will refer to the experience of historical credit loss, combines the current situation and judgment on future economic situation, divides bills receivable into several combinations according to the characteristics of credit risk, and calculates expected credit loss on the basis of combinations. The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Risk free bank acceptance bill portfolio	Type of bill	Refer to the experience of historical credit loss, combines the current situation and judgment on future economic situation to measure the expected credit loss
Commercial acceptance bill portfolio	Type of bill	Refer to the experience of historical credit loss, combines the current situation and judgment on future economic situation to measure the expected credit loss

12. Accounts receivable

For the determination method and accounting treatment method of the Company for the expected credit losses on accounts receivable, please refer to "10. Financial instruments" of "V. Important Accounting Policies and Accounting Estimates" in this section.

The Company separately determines credit losses for accounts receivable that have sufficient evidence to assess expected credit losses at a reasonable cost at the level of a single instrument.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the accounts receivable into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation). The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Related party within the consolidation scope	Accounts receivable between companies included in the consolidation scope	No provision for expected credit loss shall be made with reference to historical credit loss experience
Aging portfolio	Accounts receivable with similar credit risk characteristics by aging, except for the portfolio scope of the consolidated related parties	Referring to historical credit loss experience, combined with the current situation and the forecast of future economic situation, according to the expected credit loss in the whole period of existence, a comparative table of age and expected credit loss rate is worked out, based on which the expected credit loss is calculated.

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13. Receivables financing

For the determination method and accounting treatment method of the Company for the expected credit losses on receivables financing, please refer to "10. Financial instruments" of "V. Important Accounting Policies and Accounting Estimates" in this section.

14. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

For the determination method and accounting treatment method of the Company's expected credit loss on other receivables, please refer to "10. Financial instruments" of "V. Important Accounting Policies and Accounting Estimates" in this section.

The Company separately determines credit losses for other receivables that have sufficient evidence to assess expected credit losses at a reasonable cost at the level of a single instrument.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the other receivables into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation). The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Related party within the consolidation scope	Other receivables between companies included in the consolidation scope	No provision for expected credit loss shall be made with reference to historical credit loss experience
Aging portfolio	Other receivables with similar credit risk characteristics by aging, except for the portfolio scope of the consolidated related parties	With reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated through the default risk exposure and the credit loss rate in the next 12 months or the entire duration.

15. Inventories

Classification of inventories

Inventories refer to the finished products or commodities held for sale by the Company in the course of its daily activities, the products being in the process of production, and the materials and supplies consumed in the process of production or provision of labor services, etc. The Company classifies inventories into raw materials, turnover materials, entrusted processing materials, work-in-process products, self-made semi-finished products, finished products (inventory goods), issued goods, etc.

Valuation method of inventories

When the inventories is acquired, it is initially measured at cost, including purchase cost, processing cost and other costs. When the inventories are delivered, it shall be valued by the weighted average method at the end of the month.

Basis for the determination of the net realizable value of inventories and method for the provision of inventory provision reserve

Ending inventories are measured at cost or net realizable value, whichever is lower. For inventories of goods directly used for sale, such as finished goods, merchandise inventories and materials for sale, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of the inventory less the estimated sales cost and relevant taxes and fees; for material

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inventories that need to be processed, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost to be occurred at the time of completion, the estimated selling expenses and related taxes; for inventories held for the execution of sales contracts or labor contracts, the net realizable value is calculated on the basis of

(2)Contract acquisition cost

The incremental costs incurred by the Company to acquire the contract that are expected to be recovered by the Company shall be recognized as an asset as the cost of acquiring the contract. Incremental costs are costs that the Company would not have incurred without acquiring the contract, such as sales commissions. If the amortization period does not exceed one year, it shall be recorded into the current profit and loss at the time of occurrence.

(3)Amortization of contract costs

The assets related to the contract cost mentioned above shall be amortized at the time of performance of the obligation or according to the performance progress on the same basis as the income recognition of the commodity or service related to the asset and shall be recorded into the current profit and loss.

(4)Impairment of contract costs

If the book value of the above assets related to the contract cost is higher than the difference between the remaining consideration expected to be obtained by the Company due to the transfer of the commodities related to the asset and the estimated costs to be incurred for the transfer of the commodities, the excess part shall be set aside as an impairment provision and recognized as an impairment loss of the asset. After the provision for impairment loss, if the impairment factors in the previous period change, making the above two differences higher than the book value of assets, it shall be reversed to the original provision for assets impairment, and included in the current profit and loss. However, the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the reversal date if no provision for impairment is assumed.

18. Held-for-sales assets

(1)Classified as held-for-sale recognition criteria

The Company recognizes non-current assets or disposal groups that meet the following conditions as held-for-sale components:

1) According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately in the current situation;

2) The sale is highly likely to occur, that is, the Company has made a resolution on a sale plan, obtained regulatory approval (if applicable), and obtained a certain purchase commitment, and it is expected that the sale will be completed within one year.

The confirmed purchase commitment refers to the legally binding purchase agreement signed by the Company and other parties. The agreement includes important terms such as transaction price, time and sufficiently severe penalty for breach of contract, which makes the possibility of significant adjustment or cancellation of the agreement extremely small.

(2)Accounting method of held for sale

The Company does not accrue depreciation or amortization for non-current assets or disposal groups held for sale. If the book value is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses. The amount written down shall be recognized as asset impairment loss and included in the current profit and loss, and the assets held for sale impairment reserves shall be accrued at the same time.

For the non-current assets or disposal groups classified as held for sale on the acquisition date, the initial measurement amount and the net amount of the fair value less the selling expenses under the condition that they are not classified as held for sale are comparatively assumed in the initial measurement, whichever is lower.

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The above principles apply to all non-current assets, but do not include investment properties that are subsequently measured using the fair value model, biological assets that are measured using the net amount of fair value less selling expenses, assets formed by employee compensation, deferred tax assets, financial assets regulated by accounting standards related to financial instruments, and rights generated by insurance contracts regulated by accounting standards related to insurance contracts.

19. Debt investments

20. Other debt investments

For the determination method and accounting treatment method of the Company's expected credit loss on other debt investments, please refer to "10. Financial instruments" of "V. Important Accounting Policies and Accounting Estimates" in this section.

21. Long-term receivables

For the determination method and accounting treatment method of the Company's expected credit loss on long-term receivables, please refer to "10. Financial instruments" of "V. Important Accounting Policies and Accounting Estimates" in this section.

The Company separately determines credit losses for long-term receivable that have sufficient evidence to assess expected credit losses at a reasonable cost at the level of a single instrument.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the long-term receivables into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation). The basis for determining the portfolio is as follows:

Item	Basis for determining portfolio	Method
Overdue portfolio	Overdue long-term receivables	Provision in accordance with the comparison table of the number of overdue days and the expected credit loss rate of the entire duration
Unexpired portfolio	Long-term receivables other than those in the portfolio above	Refer to the experience of historical credit loss, combines the current situation and judgment on future economic situation to measure the expected credit loss

22. Long-term equity investment

(1)Recognition of initial investment cost

1) For the long-term equity investment formed by the merger of enterprises, the specific accounting policies are detailed in "5. Accounting treatments for merger of enterprises under common control and not under common control" of "V. Important Accounting Policies and Accounting Estimates" in this section.

2) Long-term equity investment acquired by other means

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For a long-term equity investment obtained by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued. Transaction costs incurred in the issuance or acquisition of one's own equity instruments those can be directly attributable to the equity transaction shall be deducted from the equity.

Provided that the non-monetary asset exchange contains commercial substance and the fair value of the assets received or assets surrendered can be reliably measured, the initial investment cost of the long-term equity investment received with non-monetary assets is determined based on the fair value of the assets surrendered, except that there is conclusive evidence indicates that the fair value of assets received is more reliable. For non-monetary assets that do not satisfy the above condition, the book value of assets surrendered and related taxes and fees payable are recognized as the initial investment cost of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by debt restructuring is determined on the basis of fair value.

(2)Subsequent measurement and recognition of related profit and loss

1) Cost method

The Company can use the cost method to calculate the long-term equity investment controlled by the invested entity, price it according to the initial investment cost, and increase or recoup the cost of invest on adjusting a long-term equity investment.

Except for the declared but undistributed cash dividends or profits included in the actual payment or consideration when the investment is obtained, the Company shall recognize the cash dividends or profits declared to be distributed by the invested entity as current investment income.

2) Equity method

The Company adopts equity method for accounting of long-term equity investments in associates and joint ventures. For the equity investment in associates in which part of it is held indirectly through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds, it shall be measured at fair value and its changes shall be recorded into profits and losses.

For the balance that the initial investment cost is bigger than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will not adjust the initial investment cost of long-term equity investments; for the balance that the initial investment cost is smaller than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will adjust the book value of long-term equity investments and record it in owner's equity.

After the Company obtains long-term equity investment, it shall recognize investment income and other comprehensive income respectively according to its share of the net profit or loss realized by the invested entity and other comprehensive income, and adjust the book value of long-term equity investment at the same time. In addition, the part to be enjoyed shall be calculated according to the profit or cash dividend declared by the invested entity to be distributed, and the book value of long-term equity investment shall be reduced accordingly. For other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investment shall be adjusted and recorded into owners' equity.

When confirming the shares of invested units' net gain or loss to be enjoyed, the Company will adjust and confirm the invested units' net profit based on the fair value of the invested units' distinguishable net assets when investments are obtained, and according to the Company's accounting policies and fiscal period. For the gain or loss on the non-realized internal transactions between the Company and associates enterprises/ joint ventures, the part attributing to the Company will be calculated as per the proportion to be enjoyed, will

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be written down, and on this basis, the investment yield will be confirmed.

The Company recognizes that the loss suffered by the invested unit should be dealt with in the following order: first, reduce the Book value of Long-term equity investments. Secondly, if the book value of long-term equity investments is not sufficient to offset, the book value of other long-term equity books that substantially constitute the net investment in the invested entity shall be used to continue to recognize the investment loss and offset the book value of long-term receivables. Finally, after the above treatment, according to the investment contract or agreement, the enterprise still assumes the additional obligations, and it will confirm the Provisions according to the expected obligations and shall be included in the current investment losses.

If the investee makes profits in the future, the Company shall, after deducting the unrecognized loss share, deal with it in the reverse order, write down the book balance of the confirmed provisions, recover other long-term interests that substantially constitute the net investment to the investee and the book value of long-term equity investments, and resume the recognition of investment income.

(3)Transformation of accounting method of long term equity investments

1)Transfer of fair value measurement to equity method

The equity investment originally held by the Company that does not have control, joint control or significant influence on the investee and is subject to accounting treatment according to the recognition and measurement standards of financial instruments can exert significant influence on the investee or implement joint control but does not constitute control due to additional investment and other reasons, the sum of the fair value of the originally held equity investment plus the newly increased investment cost determined in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments shall be regarded as the initial investment cost calculated according to the equity method.

The initial investment cost calculated by the equity method is less than the difference between the fair value of the identifiable net assets of the investee calculated and determined according to the new shareholding ratio after the additional investment, the book value of long term equity investments is adjusted and included in the non-operating income of the current period.

2)Transfer of fair value measurement or equity method to cost method

The equity investment originally held by the Company that does not have control, joint control or significant impact on the investee and is subject to accounting treatment in accordance with the recognition and measurement standards of financial instruments, or the long term equity originally held by the Company for joint ventures and joint ventures: If the investee under different control can be controlled due to additional investment and other reasons, when preparing individual financial statements, the sum of book value of equity investment originally held plus new investment cost shall be taken as the initial investment cost calculated by cost method instead.

The other comprehensive income, which is recognized as equity investment held before the purchase date, is accounted for by the equity method. When disposing the investment, it adopts the same basis as the direct assets or liabilities directly disposed of by the invested entity for accounting treatment.

If the equity investment held before the acquisition date is accounted for in accordance with the relevant provisions of the accounting standards for Business Enterprises No.22 - recognition and measurement of financial instruments, the changes in the accumulated fair value originally included in other comprehensive income are transferred to the current profit and loss when the cost method is used for accounting.

3)Transfer of equity method accounting to fair value measurement

If the Company loses joint control or significant impact on the invested entity due to disposal of part of equity investment, the remaining equity after disposal shall be accounted according to accounting standards

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for Business Enterprises No. 22 - recognition and measurement of financial instruments, and the difference between the fair value and book value on the date of loss of joint control or significant impact shall be included in the current profit and loss.

The other comprehensive income of the original equity investment recognized due to the use of equity method shall be accounted on the same basis as the invested unit's direct disposal of relevant assets or liabilities when the equity method is terminated.

4)Transfer of cost method to equity method

If the Company loses the control over the investee due to the disposal of part of the equity investment and other reasons, when preparing individual financial statements, if the residual equity after disposal can exercise joint control or exert significant influence on the investee, the equity method shall be used for accounting instead, and the residual equity shall be deemed to be adjusted by the equity method when it is obtained.

5)Transfer of cost method to fair value measurement

If the Company loses control over the investee due to the disposal of part of equity investment and other reasons, when preparing individual financial statements, if the residual equity after disposal cannot exercise joint control or exert significant influence on the investee, the accounting treatment shall be carried out in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - recognition and measurement of financial instruments, and the accounting treatment shall be carried out on the date of loss of control. The difference between the fair value and the book value is included in the current profit and loss.

(4)Disposal of Long-Term Equity Investments

For the disposal of long term equity investments, the difference between the book value and the actually obtained price shall be included in the current profit and loss. Long term equity investments accounted by the equity method shall be disposed on the same basis as the investee's direct disposal of relevant assets or liabilities, and the part originally included in other comprehensive income shall be accounted according to the corresponding proportion.

If the terms, conditions and economic impact of the disposal of various transactions of equity investment in subsidiaries meet one or more of the following conditions, multiple transactions shall be accounted as a package deal:

1)These transactions are made simultaneously or with consideration of influence on each other;

2)These transactions can only achieve a complete business outcome when treated as a whole;

3)The occurrence of a transaction depends on the occurrence of at least one of the other transactions;

4)A transaction is uneconomical when treated alone, but is economical when considered together with other.

If the control over the original subsidiary company is lost due to the disposal of part of equity investment or other reasons, and it does not belong to a package deal, the relevant accounting treatment shall be made by distinguishing individual financial statements and consolidated3(ol)t( )-181(does)3(n)-10(c5(n)-10(anci)7(al)6(st)8m)193( )-56

corresponding share of net assets of the subsidiary calculated continuously from the purchase date or the merger date for each transaction before the loss of control over the subsidiary, adjust the capital reserve (share capital premium) If the capital reserve is insufficient to offset, the retained earnings shall be adjusted; if the control right over the subsidiary is lost, the remaining equity shall be remeasured according to its fair value on the date of losing the control right. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary calculated continuously from the purchase date calculated according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost, and goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary will be converted into the current investment income when the control right is lost.

If all transactions from disposal of equity investment in subsidiaries to loss of control belong to a package deal, each transaction shall be treated as a transaction for disposal of equity investment in subsidiaries and loss of control, and relevant accounting treatment shall be conducted according to individual financial statements and consolidated financial statements:

1) In individual financial statements, the difference between each disposal price and the long term equity investment book value corresponding to the disposed equity before the loss of control right is recognized as other comprehensive income, which is transferred to the loss and profit of the current period when the control right is lost.

2) In the consolidated financial statements, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of the control right is recognized as other comprehensive income, which is transferred into the current profit and loss when the control right is lost.

(5)Judgment criteria for joint control and significant impact

If the Company controls an arrangement collectively with other participants in accordance with relevant agreements, and the activity decision-making that has a significant impact on the return of the arrangement needs to exist after the consensus of the participants sharing the control right, it is deemed that the Company and other participants jointly control an arrangement, which is a joint venture arrangement.

When the joint venture arrangement is reached by a single body, the individual entity shall be judged as a joint venture and the equity method shall be used for accounting when the Company has the right to enjoy the net assets of the individual entity according to the relevant agreement. If it is judged that the Company does not have the right to the net assets of the individual subject according to the relevant agreement, the individual subject shall be regarded as the joint operation, the Company shall recognize the items related to the share of interests of the joint operation, and carry out accounting treatment in accordance with the provisions of the relevant accounting standards for business enterprises.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. The Company judges to have a significant impact on the investee through one or more of the following circumstances and comprehensive consideration of all facts and circumstances: 1) having a representative on the board of directors or similar authority of the investee; 2) participate in the financial and operational policy-making process of the investee; 3) there are significant transactions with the investee; 4) dispatch management personnel to the investee; and 5) provide key technical data to the investee.

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23. Investment properties

Measuring mode of investment properties

Measured at cost

Depreciation or amortization method

The Company's investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for

(2) Depreciation method

Type	Depreciation method	Depreciation life	Rate of residual value	Annual depreciation rate
Property and plant	Straight-line method	20	5-10	4.50-4.75
Machinery and equipment	Straight-line method	10-13	5-10	6.92-9.50
Transportation equipment	Straight-line method	5	5-10	18.00-19.00
Electronic equipment	Straight-line method	5	5-10	18.00-19.00
Office equipment	Straight-line method	5	5-10	18.00-19.00
Other equipment	Straight-line method	5	5-10	18.00-19.00

1) Initial recognition of fixed assets

The Company's fixed assets shall be initially measured according to cost.

a. The cost of purchased fixed assets includes the purchase price, import duties and other related taxes, as well as other expenses directly attributable to the fixed assets incurred before they reach the predetermined usable state.

b. The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the asset is constructed to a predetermined usable state.

c. The fixed assets invested by the investor shall be recorded at the value agreed upon in the investment contract or

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26. Borrowing costs

(1)Recognition principles of capitalization of borrowing costs

Borrowing costs, that are directly attributable to the acquisition, construction or production of qualifying assets from part of the costs of those assets, shall be capitalized. Other borrowing costs are recognized as expenses are charged to profits or losses in the current period.

Assets eligible for capitalization refer to fixed assets, investment properties, inventory and other assets that are expected to be usable or salable after a considerable period of purchase and construction or production activities.

Capitalization shall commence when:

1) Expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;

2) Borrowing costs are being incurred, and;

3) Purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use or sale are in progress.

(2)Capitalization period for borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

Capitalization shall cease when substantially all of the purchase, construction or manufacturing activities necessary to prepare the assets for their intended use or sale are complete.

Where construction for assets purchased, constructed or manufactured eligible for capitalization is completed in stages, which can be used while construction of the other parts continues, capitalization of borrowing costs for assets shall cease when substantially all of the activities necessary to prepare that part for its intended use or sale are complete.

Where construction for each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after the entire assets have been completed, capitalization of borrowing costs for assets shall cease at the completion of the entire assets.

(3)Period of suspension for capitalization

Capitalization shall be suspended during periods in which purchase, construction or manufacturing of assets eligible for capitalization is interrupted abnormally; if the interruption is the necessary procedure to prepare the assets purchased, constructed or manufactured eligible for capitalization for their intended use or sale, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption shall be charged to current profits or losses, and shall continue to be capitalized when purchase, construction or manufacturing of the relevant assets resumes.

(4)Measurement of capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general pool, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period shall be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

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27. Biological assets

28. Oil and gas assets

29. Right-of-use assets

30. Intangible assets

(1) Measurement method, service life, and impairment test

Intangible assets are non-monetary assets with no physical form that can be identified and owned or controlled by the Company, including land use right, computer software, patent right, non-proprietary technology, etc.

Initial recognition of intangible assets

Costs of purchased intangible assets include purchase prices, relevant taxes and surcharges, and other expenditures that are directly attributable to the intangible assets before they reach working conditions for their intended use. If payments for the purchase of intangible assets are extended beyond the normal credit terms with financing nature, the costs of intangible assets are determined on the basis of present values of the purchase prices.

For intangible assets obtained from debtors in settlement of his liabilities in case of debt restructuring, they shall be initially stated at their fair values. Differences between the book values and the fair values of the intangible assets are charged to current profits or losses.

If the exchange of non-monetary assets has commercial substance, and the fair values of these assets can be measured reliably, the book values of intangible assets traded in are based on the fair values of the intangible assets traded out unless there is any conclusive evidence that the fair values of the assets traded in are more reliable. If the exchange of non-monetary assets does not meet the above criteria, the costs of the intangible assets traded in shall be the book values of the assets traded out and relevant taxes and surcharges paid, and no profits or losses shall be recognized.

Patent rights	10	Benefit period
Non-proprietary technology	10	Benefit period

The service life of the intangible assets with limited service life and its amortization method shall be reviewed at the end of each period.

After review, the service life and amortization method of the intangible assets at the end of the period this year are different from that estimated previously.

b. Intangible assets with uncertain useful lives

Intangibles assets of which the time period that brings economic benefits to the Company cannot be foreseen, are regarded as intangibles assets with uncertain useful lives.

Intangibles assets with uncertain useful lives are not amortized during the holding period, but are reviewed for remaining useful lives at each year end. If the post-review useful lives are still uncertain, the impairment tests will be conducted during each accounting period.

After review, the useful lives for such intangible assets are still uncertain.

(2) Accounting policies for internal research and development expenditures

Criteria for separating between research phase and development phase of internal research and development projects of the Company

Research phase: Research is original and planned investigation, undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development phase: Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, or products before the start of commercial production or use.

The expenditure of internal research and development projects incurred during research phase is recognized through profit or loss.

Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the Company can satisfy all of the following criteria:

(1) There is technical feasibility of completing the intangible assets (so that they will be available for use or sale);

(2) There is intention to complete and use or sell the assets;

(3) The method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

(4) Enough technology, financial resources and other resources are provided for support, so as to complete the development of the intangible assets, and the ability is provided for using or selling the intangible assets;

(5) The expenditure belonging to the development phase of intangible assets can be reliably measured.

If the expenditure at the development phase does not meet the above condition, it shall be charged to current profits or losses when occurring. The expenditure at the research phase shall be charged to current profits or losses when occurring. The capitalized expenditures in the development stage shall be listed as development expenditures in the balance sheet and transformed into intangible assets as of the date when the project reaches its intended use.

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31. Impairment of long-term assets

Repair and maintenance fee	2-3 years	

33. Contractual liabilities

The Company recognizes as a contractual liability the portion of its obligation to transfer commodities to a customer for which the customer consideration has been received or is receivable.

34. Employee benefits

(1) Accounting treatment for short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, and short-term paid absences. The employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at their fair value.

(2) Accounting treatment for post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans.
During the Reporting Period, the Company's defined contribution plans mainly include basic pensions and unemployment insurance. During the accounting period when employees provide services to the Company, the amount of deposit payable calculated according to the defined deposit plan shall be recognized as liabilities and included in the current profit and loss or related asset costs.
The Company shall have no other payment obligations after regularly paying the above-mentioned funds in accordance with the standards and annuity plans stipulated by the state.

(3) Accounting treatment for termination benefits

If the Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily, the liabilities arising from the termination of labor relations with the employee is determined, and also included in the current profit and loss, at the time when the group cannot unilaterally withdraw the termination of the labor relationship plan or redundancies proposal, or the time when the cost associated with restructuring involving payment o 3aterti6( )36(hen)-u(t)5(i

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age. For the early retirement welfare, the Company shall carry out accounting treatment according to the termination benefits. When the relevant recognition conditions of the termination benefits are met, the wages and social insurance premiums to be paid to the early retired employees from the date when the employees stop providing services to the normal retirement date shall be recognized as liabilities and included in the current profit and loss once. The difference caused by the change of actuarial assumption and the adjustment of welfare standard of early retirement welfare shall be included in the current profit and loss when it occurs.

(4) Accounting treatment for other long-term employee benefits

35. Lease liabilities

36. Estimated Liabilities

Recognition criteria of provisions

When an obligation related to the contingent events satisfies all the following conditions, it is recognized by the Company as provisions:

The obligation is the current obligation of the Company;

The performance of obligation is likely to result in the outflow of economic benefits from the Company;

The cost of the obligation can be measured in a reliable way.

Measurement of provisions

The provisions of the Company are initially measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money related to contingent events. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are handled as follows:

In case that there is a continuous range (or interval) of required expenditures, within which the possibility of occurrence of various results is the same, the best estimate is determined by the average of the middle value of the range, that is, the average of the upper and lower limits.

In case that there is no continuous range (or interval) of required expenditures, or there is a continuous range but the possibility of various results in the range is different, if the contingency involves a single item, the best estimate is determined based on the most probable amount; if a contingency involves multiple items, the best estimate is determined based on various possible outcomes and associated probabilities.

If all or part of the expenses required by the Company to settle the provisions are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount should not exceed the book value of provisions.

37. Share-based payments

Categories of share-based payments

The share based payment of the Company is divided into equity settled share based payment and cash settled share based payment.

Determination method of fair value of equity instruments

For the granted equity instruments such as options with active market, their fair value shall be

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determined according to the quoted price in the active market. For the granted equity instruments without active market, the option pricing model is used to determine their fair value. The following factors are considered in the option pricing model: (1) the exercise price of the option; (2) the validity period of the option; (3) the current price of the target share; (4) the expected volatility of the share price; (5) the expected dividend of the share; (6) the Risk free interest rate.

When determining the fair value of the equity instrument on the grant date, the impact of market conditions and non exercise conditions in the vesting conditions specified in the share based payment agreement shall be considered. If there are non vesting conditions for share based payment, as long as the employees or other parties meet all non market conditions (such as service term, etc.) in the vesting conditions, the corresponding cost of the services received shall be recognized.

Basis for determining the best estimate of exercisable equity instruments

At each balance sheet date in the vesting period, the Company would make best estimate in accordance with the newly acquired information such as changes in the number of employees entitled to equity instruments, and amend the number of exercisable equity instruments. On the exercisable date, the ultimate estimated number of exercisable equity instruments coincides with the actual number.

Accounting treatment

The equity-settled share-based payment shall be measured at the fair value of the equity instrument granted to the employee. If the right is feasible immediately after the grant, the relevant cost or expense shall be recorded in accordance with the fair value of the equity instrument on the grant date, and the capital reserve shall be increased accordingly. If the right is not viable until the service within the waiting period is completed or the performance conditions are met, on each balance sheet date within the waiting period, the services acquired in the current period shall be included into relevant costs or expenses and capital reserves based on the best estimate of the number of the equity instruments of the viable rights and based on the fair value on the grant date of the equity instruments. No adjustments shall be made after the vesting date for the related costs or expenses recognized and total owners' equity.

The cash-settled share-based payment where the Company calculates and determines the cash payment or any other asset obligation on the basis of shares or other equity instruments in return for services, is measured at the fair value of the liabilities calculated based on relevant equity instruments. Where the right is feasible immediately after the grant, the fair value of the liabilities borne by the Company shall be included into the relevant costs or expenses on the grant date, and the liabilities shall be increased accordingly. Where the share-based payment is not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in cost or expenses and in liabilities at the fair value of the Company's liabilities based on the best estimates of the quantity of exercisable equity instruments made by the Company. At each balance sheet date and settlement date before relevant liabilities are settled, the fair value of the liabilities is remeasured and the changes are recognised in profit or loss.

If the granted equity instrument is cancelled in the waiting period, the Company will treat the cancellation of the granted equity instrument as accelerated exercise, and the amount to be recognized in the remaining waiting period will be included in the current profit and loss immediately, and capital reserve will be recognized at the same time. If the employee or other parties can choose to meet the non-vesting conditions but fail to meet them within the waiting period, the Company will treat them as the cancellation of the granted equity instrument.

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38. Preferred stock, perpetual bonds and other financial instruments

The Company classifies the financial instruments and their components at initial recognition into either financial liabilities or equity instruments, in accordance with the "Financial Instruments Standards", on the basis of the contract terms of and the economic substances but not only the legal forms reflected by the preferred stock, perpetual bonds and other financial instruments issued, together with the definitions of financial liabilities and equity instruments:

If one of the following conditions is met, the financial instrument issued shall be classified as a financial liability:

(1) a contractual obligation to deliver cash or other financial assets to another entity;

(2) a contractual obligation to exchange with another entity a financial asset or financial liability under potential unfavorable conditions;

(3) a non-derivative contract, which shall be or may be settled by the Company's own equity instruments, and that the Company would deliver a variable number of its own equity instruments;

(4) a derivative contract, which shall be or may be settled by the Company's own equity instruments, but except for which the Company would deliver a fixed quantity of its own equity instruments in exchange for a fixed quantity of cash or other financial assets.

If all of the following conditions are met, the financial instrument issued shall be classified as an equity instrument:

(1) The financial instrument does not include those delivering cash or other financial assets to another entity, or contractual obligations with potential unfavorable conditions to exchange financial assets or financial liabilities with another entity;

(2) For a financial instrument that shall be or may be settled by the Company's own equity instruments, if the financial instrument is a non-derivative instrument, it must not include a contractual obligation to deliver a variable quantity of the Company's own equity instruments; if the financial instrument is a derivative instrument, it can only be settled by the fixed quantity of its own equity instruments in exchange for a fixed number of cash or other financial assets.

Accounting treatment

For the financial instrument classified as an equity instrument, any interest expense or dividend distribution is recognized as profit distribution of the issuer, the buy-backs and write-offs are recognized as changes in equity, and transaction costs such as handling charges, commissions are deducted from equity;

For the financial instrument classified as a financial liability, any interest expense or dividend distribution is dealt with in accordance with borrowing costs, any gain or loss on the buy-backs or redemptions are recognized through profit or loss, and transaction costs such as handling charges, commissions are included into the initial measurement of the financial instrument issued.

39. Revenue

Accounting policies for recognition and measurement of revenue

General principles of revenue recognition

The Company has fulfilled its obligations under the contract, that is, when the customer acquires control of the relevant goods or services, the revenue is recognized according to the transaction price apportioned to the performance obligations.

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Performance obligation refers to the commitment of the Company in the contract to assign commodities or services that can be clearly distinguished to the customer.

Obtaining the control right of the related commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

The Company shall evaluate the contract on the commencement date of the contract, identify the individual performance obligations contained in the contract, and determine whether each individual performance obligation shall be performed within a certain period of time or at a certain point in time. If one of the following conditions is satisfied, the performance obligation shall be performed within a certain period of time, and the Company shall recognize the income within a certain period of time according to the performance progress of the Company: (1) the client shall obtain and consume the economic benefits brought by the performance of the Company at the same time; (2) the customer is able to control the goods under construction during the performance of the Company; and (3) the products produced by the Company during the performance of the contract are of irreplaceable use, and the Company is entitled to collect payment for the part of the contract which has been completed so far during the whole term of the contract. Otherwise, the Company recognizes revenue at the time point when the customer acquires control of the relevant goods or services.

For the performance obligations performed during a certain period of time, the Company will use the output/input method to determine the appropriate performance schedule based on the nature of the goods and services. The output method determines the performance schedule according to the value to the customer of the goods that have been transferred to the customer (the input method determines the performance schedule according to the Company's input to fulfill the performance obligation). If the performance schedule cannot be reasonably determined and the Company is expected to be compensated for the costs already incurred, the revenue shall be recognized in accordance with the amount of costs already incurred until the performance progress can be reasonably determined.

Specific method of income recognition

The timing of revenue recognition of the Company for major products respectively are as follows: (1) For BOPP cigarette films, cigarette labels, aseptic packaging products, when the products are delivered to the locations designated by the customers, and the delivery is completed and the evidence of transfer of control of the goods is obtained from the customers. (2) For BOPP flat films and lithium battery separator films, when the delivery has been completed according to the method agreed by the customers, and the evidence of transfer of control of goods is obtained from the customers or the carriers designated by the customers. (3) For special paper products, the products are delivered to designated locations by the customers, the delivery is completed and the evidence of conforming requirements from customers is obtained.

Differences in accounting policies for revenue recognition due to the adoption of different business models for similar businesses

40. Government grant

Type

Government subsidies are transfers of monetary or non-monetary assets from the government to the Group at nil consideration. According to the subsidy targets stipulated in the relevant government documents, government subsidies are classified into government subsidies related to assets and government subsidies related to income.

The government subsidies related to assets refer to the government subsidies obtained by the Company

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for purchasing and constructing or forming long-term assets in other ways. Government subsidies related to income refer to government subsidies other than those related to assets.

Recognition of government subsidies

If there is evidence at the end of the period that the Company can meet the relevant conditions specified in the financial support policy and it is expected to receive the financial support funds, the government subsidy shall be recognized according to the receivable amount. Otherwise, government subsidies are recognized when they are actually received.

If a government subsidy is a monetary asset, it is measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it is measured at fair value. If the fair value cannot be obtained in a reliable way, it is measured at the nominal amount (RMB1). Government subsidies measured at nominal amounts are recognized directly in the current profit and loss.

Accounting treatment

According to the essence of economic business, the Company determines whether the total amount method or the net amount method should be used for accounting treatment of a certain type of government subsidy business. Generally, the Company only selects one method for the same or similar government subsidy business, and consistently uses the method for the business.

The government subsidies related to the assets shall be written off against the book value of the relevant assets or recognized as deferred income. If the government subsidy related to the asset is recognized as deferred income, it shall be recorded into the profit and loss in stages in accordance with a reasonable and systematic method during the service life of the asset built or purchased.

If the government subsidy related to the income is used to compensate the relevant expenses or losses of the enterprise in the future period, it shall be recognized as deferred income and recorded into the current profit and loss or the relevant costs shall be written off during the period of recognition of the relevant expenses or losses; If it is used to compensate the related expenses or losses incurred by the enterprise, it shall be directly recorded into the current profit and loss or the relevant costs shall be written off.

The government subsidies related to the daily activities of the enterprise shall be included in other income or used to write off related costs and expenses; Government subsidies not related to the daily activities of the enterprise shall be included in the non-operating income and expenditure.

For preferential loans for policy discount, if the government finance department appropriates the discounted funds to the lending bank, the borrowing cost is accounted for according to the principal of the loan and the policy preferential interest rate, with the amount actually received as the entry value of the loan. If the government finance department directly appropriates the interest subsidy funds to the Company, the subsidies offset the related borrowing costs.

In case that a confirmed government subsidy is required to be returned, the book value of the asset is adjusted if the book value of relevant assets is offset at the initial recognition; if there is related deferred income, the book balance of deferred income is offset, and the excess is included in the current profit and loss; in case of other circumstances, it is directly included in the current profit and loss.

41. Deferred income tax assets/Deferred income tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period when the asset is expected to be recovered or the liability is expected to be settled.

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Basis for recognition of deferred income tax assets

The Company recognizes the deferred tax assets generated by the deductible temporary differences to the extent that it is likely to obtain the taxable income that can be used to offset the deductible temporary differences, carry forward the deductible losses and tax credits in the following years. However, deferred tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics shall not be recognized: (1) the transaction is not a business combination; and (2) the transaction does not affect the accounting profit or taxable income or deductible loss.

For the deductible temporary differences related to the investment of associated enterprises, if the following conditions are met at the same time, the corresponding deferred tax assets shall be confirmed: the temporary differences are likely to be reversed in the foreseeable future, and the taxable income used to deduct the deductible temporary differences is likely to be obtained in the future.

Basis for recognition of deferred income tax liabilities

The Company recognizes the taxable temporary differences that should be paid but not paid in the current period and the previous period as deferred tax liabilities. But excluding:

(1) The temporary difference formed by the initial confirmation of goodwill;

(2) The transaction or event not formed by business combination, and the occurrence of the transaction or event does not affect the accounting profit or the temporary difference formed by the taxable income (or deductible loss);

(3) For the taxable temporary difference related to the investment of subsidiaries and associated enterprises, the time of reversal of the temporary difference can be controlled and the temporary difference is unlikely to be reversed in the foreseeable future.

42. Leases

(1) Accounting treatment for operating leases

(1) Operating leasing assets

The rental fees paid by the Company for the lease of assets are apportioned on a straight-line basis over the entire lease term without deduction of the rent-free period and included in the current expenses. The initial direct costs associated with the lease transactions paid by the Company are included in the current expenses.

When the lessor of an asset bears the expenses related to the lease that should be borne by the Company, the Company deducts the part of the expenses from the total rent. The deducted rental expenses are apportioned during the lease term and included in the current expenses.

(2) Operating leased assets

The rental fees charged by the Company for renting out assets are apportioned on a straight-line basis over the entire lease term without deduction of the rent-free period and is recognized as rental income. The initial direct expenses related to lease transactions paid by the Company are included in the current expenses; if the amount is a significant one, it is capitalized and included in the current income in the same period as the lease income is recognized throughout the lease period.

When the Company bears the lease-related expenses that should be borne by the lessee, the Company deducts the part of the expenses from the total rental income, and distributes the deducted rental expenses within the lease term.

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(2) Accounting treatment for finance leases

(1) Financial leased assets: On the date when lease starts, the Company recognizes the fair value of the leased asset or the present value of the minimum lease payment as the book value of the leased asset, whichever is lower, and recognizes the minimum lease payment amount as the book value of the long-term payable, and the difference between the two is recognized as unconfirmed financing expenses. For the identification basis, valuation and depreciation methods of the finance leasing assets, please refer to "24. Fixed assets" of "V. Important Accounting Policies and Accounting Estimates" in this section.

The Company adopts the effective interest rate method to amortize the unrecognized financing expenses during the asset lease period and includes them in financial expenses.

(2) Financial leasing assets: On the date when lease starts, the Company recognizes the receivable of the financial lease, the difference between the sum of unsecured residual value and its present value as unrealized financing income, and recognizes the lease income in the future period of the lease. The initial direct costs incurred by the Company in connection with lease transactions are included in the initial measurement of financial lease receivable, and the amount of income recognized during the lease term is reduced.

43. Other critical accounting policies and accounting estimates

1> Discontinuation of operation

The Company recognizes a component disposed of or classified as a component that can be separately distinguished from the category held for sale and satisfied any of the following as a component of discontinued operations:

(1) The component represents an independent major business or a separate major business area;

(2) This component is part of a related plan to dispose of an independent major business or a separate major operating area;

(3) This component is a subsidiary that is acquired for resale.

Operating profit and loss, such as impairment losses for discontinued operations and the amount reversed, and disposal profit and loss are presented in the income statement as profit and loss of discontinued operations.

2> Hedge accounting

The Company categorizes the hedging instruments into fair value hedges, cash flow hedges and net investment hedges in a foreign operation, in accordance with hedging relationships.

For hedging instruments satisfy all following conditions, hedge accounting is applied for accounting treatment:

(1) The hedging relationship is comprised of only qualifying hedging instruments and hedged items.

(2) Prior to hedging, the Company has formally designated the hedging instruments and the hedged items, and prepared the documentation regarding hedging relationships and risk management strategy and objectives for undertaking the hedging.

(3) The hedging relationship meets the hedge effectiveness requirements.

The hedging relationship that meets all of the following conditions, are regarded in accordance with hedge effectiveness requirements.

1) There is an economic relationship between the hedged item and the hedging instrument, which makes the values of the hedging instruments and the hedged items generally move in the opposite direction because of the same hedged risk.

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2) The effect of credit risk does not dominate the value changes that result from that economic relationship between the hedged item and the hedging instruments.

3) The hedge ratio of hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that the quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create the hedge ineffectiveness that could result in an economic outcome that would be inconsistent with the purpose of hedge accounting.

Accounting treatment for fair value hedges

(1) Gains or losses arising from hedging instruments shall be included in current profit and loss. If the hedging instrument hedges the non tradable equity instrument investment (or its components) that is selected to be measured at fair value and its change is included in other comprehensive income, the gains or losses generated by the hedging instrument are included in other comprehensive income.

(2) Gains or losses of the hedged item arising from the hedged risk exposure are included in the current profit and loss, and the book value of the hedged item that is not measured at fair value is adjusted. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the profit or loss generated from the hedged risk exposure is included in the current profit and loss, and its book value has been measured at fair value without adjustment; the hedged item is measured at fair value and its change is included in other comprehensive income for the Company. For the non-tradable equity instrument investment (or its components) of income, the gains or losses arising from the hedged risk exposure are included in other comprehensive income, and its book value has been measured at fair value without adjustment.

If the hedged item is an unrecognized firm commitment (or its component), the accumulated change in fair value caused by the hedged risk after the designation of the hedging relationship shall be recognized as an asset or liability, and the relevant gains or losses shall be included in the profits and losses of each relevant period. When the assets are determined or commitments are made, the initial recognised amount of the asset or liability is adjusted to include the fair value cumulative change of the recognized hedged item.

(3) If the hedged item is a financial instrument (or its component) measured at amortized cost, the adjustment of book value of the hedged item shall be amortized according to the actual interest rate recalculated on the amortization date and included in the current profit and loss. The amortization can start from the adjustment date, but not later than the time point when the hedging gains and losses are adjusted for the termination of the hedged item. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the accumulated recognized hedging gains or losses shall be amortized in the same way and included in the current profit and loss, but the book value of the financial asset (or its component) shall not be adjusted.

Accounting for cash flow hedges

(1) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income: The amount of the cash flow hedge reserve shall be determined by the lower of the absolute amount of the following two items:

1) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

2) the present value of the cumulative change in the hedged expected future cash flows of the hedged item from inception of the hedge. The amount of the cash flow hedge reserve recognized in the other comprehensive income during each accounting period is the change in the cash flow hedge reserve for the accounting period.

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(2) Any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated) is hedge ineffectiveness that shall be recognized in profit or loss.

(3) The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:

1) If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability.

2) For cash flow hedges other than those covered by a), that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

3) However, if that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges:

(1) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income.

The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation; and

(2) The ineffective portion shall be recognized in profit or loss.

5. Termination of hedge accounting

In case of any of the following circumstances, the application of hedge accounting shall be terminated:

(1) the hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting.

(2) the hedging instrument or instruments have been expired, sold or terminated or executed.

(3) there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship.

(4) The hedging relationship does not satisfy other conditions of undertaking hedge accounting. If rebalancing of the hedging relationship applies, the Company shall consider the rebalancing the hedging relationship first and subsequently assess whether the hedging relationship satisfies the conditions of undertaking hedge accounting.

On rebalancing of the hedging relationship, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of the hedging relationship; hence, hedge accounting is terminated only for the volume of the hedged item that is no longer part of the hedging relationship.

6. Option to designate a credit exposure as measured at fair value

When the credit risk exposure of a financial instrument (or its components) is managed by using a credit derivative instrument measured at fair value through current profit and loss, the financial instrument (or its components) can be at the time of initial recognition, subsequent measurement or unconfirmed, it shall be designated as a financial instrument measured at fair value with its changes included in the current profit and loss,

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and written records shall be made at the same time, but the following conditions shall be met simultaneously:

(1) the name of the credit exposure (for example, the borrower, or the holder of a loan commitment) matches the reference entity of the credit derivative ('name matching'); and

(2) the seniority of the financial instrument matches that of the instruments that can be delivered in accordance with the credit derivative.

44. Changes in critical accounting policies and accounting estimates

(1) Changes in critical accounting policies

√ Applicable □ N/A

Content and reason of accounting policy change	Procedures for approval	Notes
The Company will implement the Accounting Standards for Business Enterprises No. 14 - Revenue revised by the Ministry of Finance in 2017 as of January 1, 2020.	The "Proposal on Changes in Accounting Policies" was reviewed and approved on the 1st meeting of the fourth board of directors and the first meeting of the fourth board of supervisors held by the Company on April 24, 2020.	

The impact of the implementation of the new revenue standards on the consolidated balance sheet as at 31 December 2020 is as follows:

Item	Number of statements	Assuming the original guidelines are followed	Influence
Advances from customers		8,892,912.54	-8,892,912.54
Contractual liabilities	7,677,129.87		7,677,129.87
Other current liabilities	1,021,339.34		1,021,339.34
Total liabilities	8,892,912.54	8,892,912.54	

The impact of the implementation of the new revenue standards on the 2020 consolidated income statement is as follows:

Item	Number of statements	Assuming the original guidelines are followed	Influence
Operating cost	2,456,998,310.23	2,398,520,338.41	58,477,971.82
Selling expenses	56,365,549.96	114,843,521.78	-58,477,971.82

(2) Changes in critical accounting estimates

□ Applicable √ N/A

(3) First implementation of the new revenue standards and new lease standards since 2020 to adjust the first implementation of relevant items of financial statements at the beginning of the year

Applicable

Adjustment of items of the balance sheet at the beginning of the year

√ Yes □ No

CONSOLIDATED BALANCE SHEET

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjustment
Current assets:			
Monetary funds	1,011,554,636.06	1,011,554,636.06	
Settlement reserves			
Loans to banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	185,281,908.27	185,281,908.27	
Accounts receivable	1,424,354,132.31		

Non-current assets due within one year			
Other current assets	523,124,562.78	523,124,562.78	
Total current assets	5,023,026,799.69	5,023,026,799.69	
Non-current assets:			

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Including: preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	435,042,080.77	435,042,080.77	
Deferred income tax liabilities	60,696,969.12	60,696,969.12	
Other non-current liabilities	619,187,419.79	619,187,419.79	
Total non-current liabilities	3,082,740,285.48	3,082,740,285.48	
Total liabilities	7,312,062,476.04	7,312,062,476.04	
Owners' equity:			
Share capital	805,370,770.00	805,370,770.00	
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserve	1,894,027,132.14	1,894,027,132.14	
Less: treasury stock	28,137,312.00	28,137,312.00	
Other comprehensive income			
Special reserve			
Surplus reserve	135,153,637.58	135,153,637.58	
General risk provision			
Undistributed profits	1,744,638,648.71	1,744,638,648.70	
Total owners' equity attributable to parent company	4,551,052,876.43	4,551,052,876.43	
Minority interests	330,073,008.95	330,073,008.95	
Total owners' equity	4,881,125,885.38	4,881,125,885.38	
Total liabilities and owners' equity	12,193,188,361.42	12,193,188,361.42	

Adjustment statement

COMPANY BALANCE SHEET

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjustment
Current assets:			
Monetary funds	173,535,371.19	173,535,371.19	
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	9,600,000.00	9,600,000.00	
Accounts receivable	41,692,384.78	41,692,384.78	
Receivable financing			
Prepayments	1,230,107.09	1,230,107.09	
Other receivables	1,101,125,909.57	1,101,125,909.57	
Including: Interest receivable			
Dividends receivable	272,540,000.00	272,540,000.00	

Other non-current financial assets			
Investment properties			
Fixed assets	78,899,091.13	78,899,091.13	
Construction in progress	2,401,314.53	2,401,314.53	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	12,163,386.82	12,163,386.82	
Development expenditures			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets	9,915,678.59	9,915,678.59	
Other non-current assets	8,416,961.95	8,416,961.95	
Total non-current assets	4,279,631,055.64	4,279,631,055.64	
Total assets	5,633,229,604.45	5,633,229,604.45	
Current liabilities:			
Short-term borrowings	181,264,450.04	181,264,450.04	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	178,321,179.75	178,321,179.75	
Accounts payable	41,490,200.04	41,490,200.04	
Advances from customers	688,175.71		-688,175.71
Contractual liabilities		609,005.05	609,005.05
Employee benefits payable	198,382.51	198,382.51	
Taxes payable	5,190,155.03	5,190,155.03	
Other payables	502,673,483.50	502,673,483.50	
Including: Interest payable			
Dividends payable			
Hold-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities		79,170.66	79,170.66
Total current liabilities	909,826,026.58	909,826,026.58	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities	909,826,026.58	909,826,026.58	
Owners' equity:			
Share capital	805,370,770.00	805,370,770.00	
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserve	3,651,035,741.69	3,651,035,741.69	
Less: treasury stock	28,137,312.00	28,137,312.00	
Other comprehensive income			
Special reserve			

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Surplus reserve	107,401,126.59	107,401,126.59	
Undistributed profits	187,733,251.59	187,733,251.59	
Total owners' equity	4,723,403,577.87	4,723,403,577.87	
Total liabilities and owners' equity	5,633,229,604.45	5,633,229,604.45	

Adjustment statement

(4) Description of comparative data in the previous period retroactively adjusted by the first implementation of the new revenue standards and new lease standards since 2020

√ Applicable □ N/A

The Company has implemented the new revenue guidelines for the first time this year. The Company recognizes the obligation to transfer goods to customers due to customer consideration received or receivable at the end of 2019 as a contractual liability; other than that, the Company has no other adjustments.

The implementation of the above guidelines has no significant impact on the financial statements during the reporting period.

45. Others

VI. Taxation

1. Main Tax Types and Tax Rates

Tax type	Taxation basis	Tax rate
Value added tax ("VAT")	Taxable value-added amount (Tax payable is calculated using the taxable sales amount/taxable service income multiplied by the applicable tax rate less deductible VAT input of the current period or taxable turnover amount multiplied by the VAT rate)	13%, 9%, 6%
City maintenance and construction tax	Amount of VAT paid	7%, 5%, 1%
Corporate income tax	Taxable income	25%, 15%, 16.5%, 9%

Explanation of disclosure for taxpayers with different corporate income tax rates

Taxpayer	Income tax rate
The Company	15%
Yunnan Dexin Paper Co., Ltd.	15%
Shenzhen Qingsong Jinze Technology Development Co., Ltd.	25%
Hunan Qingsong Jingze Technology Development Co., Ltd.	25%
Yunnan Hongchuang Packaging Co., Ltd.	15%
Wuxi Energy Trading Co., Ltd.	25%
Yunnan Hongta Plastic Co., Ltd.	15%
Hongta Plastic (Chengdu) Co., Ltd.	15%
Yuxi Feiermu Trading Co., Ltd.	25%
Shanghai Energy New Material Technology Co., Ltd.	15%
Zhuhai Energy New Material Technology Co., Ltd.	15%
Guangdong Energy New Material Institute Co., Ltd.	25%
Wuxi Energy New Material Technology Co., Ltd.	15%
Jiangxi Tonry New Energy Technology Development Co., Ltd.	15%
Jiangxi Ruijie New Material Technology Co., Ltd.	25%
Suzhou Green Power New Energy Materials Co., Ltd.	15%
Foshan Donghang Photoelectric Technology Co., Ltd.	15%
Chongqing Yuntianhua Newmi Technological Co., Ltd.	15%
Hainan Energy Investment Co., Ltd.	25%
SEMCORP Global Holdings Korlátolt Felelősségű Társaság	9%

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SEMCORP Hungary Korlátolt Felelsség Társaság	9%
Innovative New Materials (Hong Kong) Co., Ltd	16.5%

2. Preferential tax treatment

According to the announcement on enterprise income tax issues related to the implementation of the Western Development Strategy (Announcement No. 12, 2012 of the State Administration of Taxation), the Company and its subsidiaries Yunnan Hongta Plastic Co., Ltd., Yunnan Dexin Paper Co., Ltd. and Chongqing Yuntianhua Newmi Technological Co., Ltd. and its sub-subsidiary Hongta Plastic (Chengdu) Co., Ltd. continue to enjoy the preferential tax policies for the Western Development in the current period, with the tax rate 15%.
According to the enterprise income tax law of the People's Republic of China (2018 Amendment) and Notice of the Ministry of Science and Technology, the Ministry of Finance, the State Administration of Taxation on the revision and printing of the Administrative Measures for the Recognition of High and New Technology Enterprises (GKFH [2016] No. 32), its subsidiary Shanghai Energy New Material Technology Co., Ltd., sub-subsidiaries Zhuhai Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd. and Wuxi Energy New Material Technology Co., Ltd., Suzhou Green Power New Energy Material Co., Ltd. and sub-subsidiary Foshan Donghang Photoelectric Technology Co., Ltd. are recognized as high-tech enterprises upon application, and the preferential tax rate for high-tech enterprises shall be 15%.

3. Others

SEMCORP Global Holdings Korlátolt Felelsség Társaság and SEMCORP Hungary Korlátolt Felelsség Társaság are subject to the Hungarian government corporate income tax, and the statutory tax rate is 9%.
Innovative new materials (Hong Kong) Co., Ltd. is subject to Hong Kong Special Administrative Region profits tax, with the statutory tax rate of 16.5%.

VII. Notes to Items in Consolidated Financial Statements

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash	144,778.56	14,120.97
Cash at bank		

Total	319,032,411.48	295,898,721.28

2. Trading financial assets

Item	Closing balance	Opening balance
Financial assets that are measured at fair value and whose changes are included in the current profit and loss	1,340,551,914.18	
Including:		
Structured deposits	1,340,551,914.18	
Total	1,340,551,914.18	

Other explanations:

3. Derivative financial assets: None

4. Notes receivable

(1) Notes receivable by type

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Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	

contract: None

(6) Actual write-off of notes receivable for the period: None

5. Accounts receivable

(1) Disclosure of accounts receivable by type

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable with significant single amount and having bad debt reserve independently										

Co., Ltd.				
Hubei Hummer Technology Co., Ltd.	773,544.78	773,544.78	100.00%	Estimated to be ncollectible
Langfang Beifang Jiake Printing Co., Ltd.	500,000.00	500,000.00	100.00%	Estimated to be ncollectible
Zhongci (Qingdao) New Energy Automobile Manufacturing Co., Ltd.	335,596.70	335,596.70	100.00%	Estimated to be ncollectible
Shandong Wina Green Power Technology Co., Ltd.	285,251.12	285,251.12	100.00%	Estimated to be ncollectible
Shandong Hengyu New Energy Co., Ltd.	161,302.38	161,302.38	100.00%	Estimated to be ncollectible
Henan Haibo Printing Co., Ltd.	137,267.60	137,267.60	100.00%	Estimated to be ncollectible
Guangdong Ruitong New Energy Co., Ltd.	60,481.98	60,481.98	100.00%	Estimated to be ncollectible
Shantou Jiaxin Beverage Co., Ltd.	49,158.53	49,158.53	100.00%	Estimated to be ncollectible
Henan Haocai New Material Technology Co., Ltd.	29,475.60	29,475.60	100.00%	Estimated to be ncollectible
Tongren Yu'nuo Ecological Animal Husbandry Technology Co., Ltd.	27,642.80	27,642.80	100.00%	Estimated to be ncollectible
Total	81,012,693.96	81,012,693.96	--	--

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Less than 1 year	2,204,111,170.28	12,231,876.61	0.55%
1-2 years	94,170,893.41	5,792,320.60	6.15%
2-3 years	38,123,251.26	4,140,417.78	10.86%
3-4 years	22,007,215.89	8,314,737.86	37.78%
4-5 years	409,061.54	126,533.26	30.93%
Over 5 years	955,055.67	955,055.67	100.00%
Total	2,359,776,648.05	31,560,941.78	--

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model, please disclose relevant information of provision for bad debts referring to the disclosure of other receivables:

□ Applicable √ N/A

Disclosure by aging

Unit: RMB

Aging	Book balance
Less than 1 year (inclusive)	

Type	Opening balance	

Youdian'ai (Chuzhou) Health Technology Co., Ltd.	Payment for goods	239,603.08	Not to be recovered	Board resolution	None
Chongqing Wanzhou Dajin Food and Beverage Factory	Payment for goods	218,478.00	Not to be recovered	Board resolution	None
Puer City Dai Wang Oils & Foodstuffs Co., Ltd.	Payment for goods	118,910.76	Not to be recovered	Board resolution	None
Dongguan Kenuo Anti-counterfeiting Technology Co., Ltd	Payment for goods	39,106.26	Not to be recovered	Board resolution	None
Total	--	19,438,232.78	--	--	--

(4) Top five customers with closing balance of accounts receivable collected by arrear party

Unit: RMB

Company name	Closing balance of accounts receivable	Percentage of total of closing balance of accounts receivable	Closing balance of bad debt provision
Company 1	376,843,150.25	15.44%	1,469,688.29
Company 2	273,470,047.72	11.20%	1,900,860.23
Company 3	249,855,185.50	10.24%	587,022.77
Company 4	129,716,289.82	5.31%	3,428,165.69
Company 5	108,130,493.83	4.43%	421,708.93
Total	1,138,015,167.12	46.62%	

(5) Accounts receivable derecognized due to the transfer of financial assets: None

(6) Amount of assets and liabilities generated by transferring accounts receivable and continuing to be involved: None

6. Accounts receivable financing

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	22,174,829.70	9,886,495.00
Commercial acceptance		172,649,102.54
Accounts receivable	380,000,000.00	
Provision for bad debts	-2,622,000.00	
Total	399,552,829.70	182,535,597.54

Changes in accounts receivable financing and changes in fair value

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√ Applicable □ N/A

The Company believes that for the financing of receivables measured at fair value and whose changes are included in other comprehensive income, as the remaining maturity is not long and the difference between the actual interest rate and the market interest rate is very small, the fair value and the book value are similar.

If provision was made for accounts receivable financing in accordance with the general expected credit loss model, please disclose relevant information of provision for impairment referring to the disclosure of other receivables:

□ Applicable √ N/A

Other explanations:

The accepting bank of the bank acceptance held by the Company has a relatively high credit rating but has no significant credit risk; therefore, no provision for impairment has been made. The issuer has a certain credit risk, RMB2,622,000.00 of provision for impairment has been made for the account receivable held by the Company.

7. Prepayments

(1) Prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	176,145,847.86	97.57%	104,123,431.87	98.87%
1-2 years	3,362,801.79	1.86%	927,210.61	0.88%
2-3 years	826,963.83	0.46%	92,215.61	0.09%
Over 3 years	196,442.10	0.11%	165,738.99	0.16%
Total	180,532,055.58	--	105,308,597.08	--

Explanation on why prepayments with aging of more than 1 year and an important amount not settled in time:

Company name	Closing balance	Aging	Reason
Shanghai Xinglong Enterprise Management Consulting Co., Ltd.	1,520,000.00	Less than 1 year, and 1-2 years	Services not completed

(2) Top five suppliers with closing balance of prepayment collected by prepaid entity

Company name	Closing balance	Proportion (%)	Time	Reason
Company 1	22,431,853.07	12.43	Less than 1 year	Not yet delivered

balance is: the production line of lithium battery separator film has been put into production, and the prepayment for materials has increased accordingly.

8. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable		1,188,900.87
Other receivables	10,861,029.53	830,448,417.93
Total	10,861,029.53	831,637,318.80

(1) Interest receivable

1) Interest receivable by type: None

2) Major overdue interest: None

3) Provision for bad debts

□ Applicable √ N/A

(2) Dividends receivable

1) Dividends receivable by type

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Yuxi Kunshasi Plastic Color Masterbatch Co., Ltd.		1,188,900.87
Total		1,188,900.87

2) Major dividend receivable aged over one year: None

3) Provision for bad debts

□ Applicable √ N/A

(3) Other receivables

1) Other receivables by nature

Unit: RMB

Nature of amount	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period

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Equity acquisition		820,000,000.00
Issuing expenses of convertible bonds		1,084,905.66
Guarantees and deposits	6,396,495.59	4,438,003.35
Employee borrowings and advances	1,487,785.97	2,696,682.56
Substitute advance	1,683,603.50	1,203,121.38
Other	2,763,105.25	1,769,896.21
Total	12,330,990.31	831,192,609.16

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	

(3) Provision for bad debts accrued, recovered or reversed during the Reporting Period: None

4) Actual write-off of other receivables for the period: None

5) Top five customers with closing balance of other receivables collected by arrear party

Unit: RMB

Company name	Nature of amount	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of bad debt provision
China Tobacco Henan Industrial Co., Ltd.	Guarantees and deposits	813,000.00			

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		performance cost depreciation reserve			performance cost depreciation reserve	
Raw material	181,857,690.10	944,622.50	180,913,067.60	112,792,578.57	23,191.84	112,769,386.73
Goods in process	24,480,339.87	436,222.88	24,044,116.99	31,577,592.12	436,222.88	31,141,369.24
Finished goods	1,024,022,804.36	150,081,339.35	873,941,465.01	560,323,330.51	5,570,216.82	554,753,113.69
Turnover material	33,714,499.63		33,714,499.63	16,721,617.70		16,721,617.70
Goods in transit	34,110,894.27	183,334.00	33,927,560.27	30,118,007.46		30,118,007.46
Consigned processing material	164,506.20		164,506.20	91,289.59		91,289.59
Semi-finish goods	10,325,445.01		10,325,445.01	13,635,262.44		13,635,262.44
Total	1,308,676,179.44	151,645,518.73	1,157,030,660.71	765,259,678.39	6,029,631.54	759,230,046.85

(2) Inventory provision reserve and contract performance cost depreciation reserve

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Recovery or reversal	Others	
Raw material	23,191.84		921,430.66			944,622.50
Goods in process	436,222.88					436,222.88
Finished goods	5,570,216.82	7,955,319.87	227,223,330.17	90,667,527.51		150,081,339.35
Goods in transit		183,334.00				183,334.00
Total	6,029,631.54	8,138,653.87	228,144,760.83	90,667,527.51		151,645,518.73

1. Description of inventory provision reserve:

(1) Other items in the increase for the period are the inventory provision reserve transferred from the merger of Suzhou Green Power and Newmi Tech by enterprises not under common control.

(2) Resales for the period are due to the sale of the inventory of the inventory provision reserve already accrued.

2. Other explanations of inventory

The main reason for the larger increase in the ending balance of the Company’s inventories over the opening balance is: (1) the rapid growth of the Company's business, and the corresponding business volume growth; (2) the merger of Suzhou Green Power and Newmi Tech by enterprises not under common control.

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(3) Capitalization of interest in the closing inventories balance

(4) Description of the current amortization amount of contract performance cost

10. Contractual assets: None

11. Held-for-sales assets: None

12. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	2,956,802.29	
Total	2,956,802.29	

13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
VAT credit	533,769,875.20	523,124,562.78
Total	533,769,875.20	523,124,562.78

14. Debt investments: None

15. Other debt investments: None

16. Long-term receivables

(1) Long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Provision for bad	Book value	Book balance	Provision for bad debts	Book value	

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		debts					
Financial lease proceeds	2,956,802.29		2,956,802.29				
Including: unrealized financing income	43,197.71		43,197.71				
Long-term receivables due within one year	-2,956,802.29		-2,956,802.29				

Impairment of provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance of January 1, 2020 for the period	——	——	——	——

Changes in book balance with significant changes in loss reserves in the current period

□ Applicable √ N/A

(2) Long-term receivables derecognized due to the transfer of financial assets

(3) Amount of assets and liabilities generated by transferring long-term receivable and continuing to be involved

Other explanations

The closing balance of long-term receivables is transferred from the merger of Newmi Tech by enterprises not under common control for the period.

17. Long-term equity investment

Unit: RMB

Name of investees	Opening balance (book value)	Increase/Decrease for the period								Closing balance (book value)	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profit declared	Provision for impairment	Other		
I. Joint ventures											
II. Associates											
Yuxi Kunshasi Plastic Color Masterbatch	3,343,466.01			1,516,305.77			1,484,562.91			3,375,208.87	

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Co., Ltd.											
Subtotal	3,343,466.01			1,516,305.77			1,484,562.91			3,375,208.87	
Total	3,343,466.01			1,516,305.77			1,484,562.91			3,375,208.87	

Other explanations

18. Other equity instrument investment: None

19. Other non-current financial assets: None

20. Investment properties

(1) Adoption of the cost measurement mode for investment properties

√ Applicable □ N/A

Unit: RMB

Item	Property and plant	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	11,871,802.82			11,871,802.82
2. Increase for the period				
(1) External purchase				
(2) Inventory\Fixed assets\Transfer in of construction in progress				
(3) Increase in business combination				
3. Decrease for the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	11,871,802.82			11,871,802.82
II. Accumulative depreciation and amortization				
1. Opening balance	1,869,808.92			1,869,808.92
2. Increase for the period	534,231.12			534,231.12
(1) Provision or amortization	534,231.12			534,231.12
3. Decrease for the period				

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(1) Disposal				
(2) Other transfer-out				
4. Closing balance	2,404,040.04			2,404,040.04
III. Provision for impairment				
1. Opening balance				
2. Increase for the period				
(1) Provision				
3. Decrease for the period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value				
1. Closing book value	9,467,762.78			9,467,762.78
2. Opening book value	10,001,993.90			10,001,993.90

(2) Adoption of the fair value measurement mode for investment properties

□ Applicable √ N/A

(3) Investment properties not having obtained the title certificate

Unit: RMB

Item	Book value	Reason for not having obtained the title certificate
Property and plant	9,467,762.78	Being processed

Other explanations

21. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	8,420,764,216.20	4,936,597,979.17
Total		

(1) Fixed assets

Unit: RMB

Item

I. Original book value:					
1. Opening balance	898,346,307.39	5,140,402,993.45	22,096,333.89	56,054,782.54	6,116,900,417.27
2. Increase for the period	891,472,338.35	4,195,196,933.08	7,063,271.30	46,854,165.52	5,140,586,708.25
(1) Purchase	1,120,021.36	42,591,962.89	1,740,836.84	7,159,930.65	52,612,751.74
(2) Transfer of construction in progress	679,064,403.28	1,917,650,105.15	1,273,141.59	8,601,630.87	2,606,589,280.89
(3) Increase in business combination	211,287,913.71	2,234,954,865.04	4,049,292.87	31,092,604.00	2,481,384,675.62
3. Decrease for the period		2,364,267.89	508,945.73	59,255.98	2,932,469.60
(1) Disposal or scrapping		2,364,267.89	508,945.73	59,255.98	2,932,469.60
4. Closing balance	1,789,818,645.74	9,333,235,658.64	28,650,659.46	102,849,692.08	11,254,554,655.92
II. Accumulative depreciation					
1. Opening balance	182,580,030.41	964,679,204.95	12,326,100.82	20,717,101.92	1,180,302,438.10
2. Increase for the period	95,627,492.36	1,233,812,558.66	5,799,882.26	27,568,701.04	1,362,808,634.32
(1) Provision	51,290,767.13	483,744,178.03	2,628,052.85	8,088,233.62	545,751,231.63
(2) Merger of enterprises not under common control	44,336,725.23	750,068,380.63	3,171,829.41	19,480,467.42	817,057,402.69

IV. Book value					
1. Closing book value	1,511,611,122.97	6,843,642,817.39	10,935,896.49	54,574,379.35	8,420,764,216.20
2. Opening book value	715,766,276.98	4,175,723,788.50	9,770,233.07	35,337,680.62	4,936,597,979.17

(2) Fixed assets in temporary idle

Unit: RMB

Item	Original book value	Accumulative depreciation	Provision for impairment	Book value	Notes
Property and plant	2,105,695.50	779,418.94		1,326,276.56	As of December 31, 2020, the recoverable amount was estimated based on the selling prices of similar houses and buildings in the same lot. The recoverable amount was higher than the book value, so no provision for impairment of fixed assets was made.
Machinery and equipment	9,135,247.28	5,059,520.64		4,075,726.64	As of December 31, 2020, the recoverable amount was estimated based on the selling price of similar machinery and equipment. The recoverable amount was higher than the book value, so no provision for impairment of fixed assets was made.

(3) Fixed assets rented through finance lease: None

(4) Fixed assets leased through operating lease: None

(5) Fixed assets not obtaining the title certificate

Unit: RMB

Item	Book value	Reason
Property and plant	1,052,491,443.41	Being processed

Other explanations

(1) The main reason for the larger increase in the ending balance of the Company’s fixed assets over the opening balance is: the subsidiary Shanghai Energy New Material Technology Co., Ltd. and its subsidiaries are in the growth stage, the Company intensifies the construction of production lines, and the number of assembly lines completed in this period increases accordingly; enterprises not under common control of the subsidiary Shanghai Energy New Material Technology Co., Ltd. merge Suzhou Green Power New Energy Material Co., Ltd. and Chongqing Yuntianhua Newmi Technological Co., Ltd., resulting in the increase in fixed assets for the period.
(2) Please refer to "81. Assets with restricted ownership or use right" in "VII. Notes to items in consolidated financial statements" of this section for details of the limited ownership of fixed assets of the Company.

(6) Liquidation of fixed assets: None

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22. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress		

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project of Jiangxi Tonry (expansion of phase I)			71			71						
Building of Jiangxi Ruijie plant	10,000.00		75,836,394.48	74,557,140.66		1,279,253.82	78.34%	87.64%				Other

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering materials	4,352,742.79		4,352,742.79	5,579,312.22		5,579,312.22
Equipment not installed	7,293,866.39		7,293,866.39	2,534,766.90		2,534,766.90
Tools and instruments for production				115,537.27		115,537.27
Total	11,646,609.18		11,646,609.18	8,229,616.39		8,229,616.39

23. Productive biological assets

(1) Adoption of the cost measurement mode for productive biological assets

□ Applicable √ N/A

(2) Adoption of the fair value measurement mode for productive biological assets

□ Applicable √ N/A

24. Oil and gas assets

□ Applicable √ N/A

25. Right-of-use assets: None

26. Intangible assets

(1) Disposal					
4. Closing balance	473,734,900.83	26,000,000.00	23,338,200.00	14,280,518.68	537,353,619.51
II. Accumulative amortization					
1. Opening balance	31,211,400.20			1,268,861.45	32,480,261.65
2. Increase for the period	19,747,908.80	2,166,666.67	17,171,971.78	2,684,718.00	41,771,265.25
(1) Provision	8,138,277.04	2,166,666.67		1,796,194.41	12,101,138.12
(2) Merger of enterprises not under common control	11,609,631.76		17,171,971.78	888,523.59	29,670,127.13
3. Decrease for the period					
(1) Disposal					
4. Closing balance	50,959,309.00	2,166,666.67	17,171,971.78	3,953,579.45	74,251,526.90
III. Provision for impairment					
1. Opening balance					
2. Increase for the period			1,203,498.45		1,203,498.45
(1) Provision					
(2) Merger of enterprises not under common control			1,203,498.45		1,203,498.45
3. Decrease for the period					
(1) Disposal					
4. Closing balance			1,203,498.45		1,203,498.45
IV. Book value					
1. Closing book value	422,775,591.83	23,833,333.33	4,962,729.77	10,326,939.23	461,898,594.16
2. Opening book value	289,594,265.91			9,174,155.04	298,768,420.95

Proportion of intangible assets generated through internal R&D of the Company in the balance of intangible assets at the end of the Reporting Period.

(2) Land usage rights not obtaining the title certificate: None

Other explanations:

The main reason for the larger increase in the ending balance of the Company's intangible assets over the opening balance is: the merger of Suzhou Green Power and Newmi Tech by enterprises not under common control of the subsidiary Shanghai Energy.

Please refer to "81. Assets with restricted ownership or use right" in "VII. Notes to items in consolidated financial statements" of this section for details of the limited ownership of intangible assets of the Company.

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27. Development expenditures: None

28. Goodwill

(1) Original book value of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Generated by business combination	Others	Disposal	Others	
Business combination not under the common control	44,154,633.34	485,747,491.01				529,902,124.35
Total	44,154,633.34	485,747,491.01				529,902,124.35

(2) Provision for impairment of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Disposal	Others	
Business combination not under the common control		9,671,444.70				9,671,444.70
Total		9,671,444.70				9,671,444.70

Related information on asset groups or combination of asset groups containing goodwill

Explanation on goodwill impairment test process, key parameters (such as the forecast period growth rate when the present value of future cash flows are expected, the stable period growth rate, profit rate, discount rate, forecast period, etc.) and the confirmation method of goodwill impairment loss:

Impact of goodwill impairment test

Other explanations

(1) Goodwill related to Jiangxi Tonry New Energy Technology Development Co., Ltd.

Goodwill calculation process of Jiangxi Tonry New Energy Technology Development Co., Ltd. (hereinafter referred to as “Jiangxi Tonry”) merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Jiangxi Tonry on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 200,000,000.00 minus 165,516,811.36 multiplied by 100% equals to RMB34,483,188.64.

At the end of the period, the Company identified Jiangxi Tonry New Energy Technology Development Co., Ltd. as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2021 to 2025. After 2025, it will be a perpetual period. It is estimated that the annual growth rate of cash flow will be 5%, and the recoverable value of the asset group will be calculated according to the discount rate of 7.35%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

(2) Goodwill related to Shenzhen Qingsong Jinze Technology Development Co., Ltd.

Goodwill calculation process of Shenzhen Qingsong Jinze Technology Development Co., Ltd. (hereinafter referred to as

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"Shenzhen Qingsong") merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Shenzhen Qingsong on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 20,000,000.00 minus 10,328,555.30 multiplied by 100% equals to RMB9,671,444.70.

At the end of the period, the Company recognized Shenzhen Qingsong Jinze Technology Development Co., Ltd. as an asset group for goodwill impairment test. As the production of Shenzhen Qingsong Jinze Technology Development Co., Ltd. is currently suspended, the recoverable amount of goodwill is calculated based on the fair value of the assets minus the net amount of disposal expenses. Upon confirmation by the Zhi Zheng Ping Bao Zi [2021] No. 0202 appraisal report issued by Yunnan Zhizheng Asset Appraisal Co., Ltd., the recoverable value is lower than the book value of the asset group including the goodwill of all shareholders, and full provision for impairment is made for the goodwill.

(3) Goodwill related to Suzhou Green Power New Energy Material Co., Ltd.

Goodwill calculation process of Suzhou Green Power New Energy Material Co., Ltd. (hereinafter referred to as "Suzhou Green Power") merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Suzhou Green Power on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 739,219,511.67 minus 269,061,777.98 multiplied by 100% equals to RMB470,157,733.69.

At the end of the period, the Company identified Suzhou Green Power New Energy Material Co., Ltd. as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2021 to 2025. After 2025, it will be a perpetual period. It is estimated that the annual growth rate of cash flow will be 5%, and the recoverable value of the asset group will be calculated according to the discount rate of 7.35%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

(4) Goodwill related to Chongqing Yuntianhua Newmi Technological Co., Ltd.

Goodwill calculation process of Newmi Tech merged by enterprises not under common control:

The acquisition cost minus the fair value of the book identifiable net assets of Newmi Technological on the acquisition date multiplied by the proportion of acquired equity equals to goodwill, that is, 68,259,500.00 minus 68,977,915.28 multiplied by 76.3574% equals to RMB15,589,757.32.

At the end of the period, the Company identified Newmi Tech as an asset group and conducted goodwill impairment test. The recoverable amount of goodwill is calculated according to the present value of estimated future cash flow. The estimated future cash flow is determined according to the financial budget of the relevant asset group from 2021 to 2025. After 2025, it will be a perpetual period. It is estimated that the annual growth rate of cash flow will be 5%, and the recoverable value of the asset group will be calculated according to the discount rate of 7.35%. The recoverable value exceeds the book value of the asset group including all shareholders goodwill, and there is no goodwill impairment.

29. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase for the period	Amortized amount for the period	Decrease in other amounts	Closing balance
Leasehold improvement		428,078.20	150,775.54		277,302.66
Workshop improvement	144,459.93	512,868.29	232,425.07	13,262.36	411,640.79
Filling machine	1,788,295.24	2,434,800.00	1,990,290.91		2,232,804.33

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Rented substation	70,969.84		11,259.84		59,710.00
Workshop lease cost	600,000.00		300,000.00		300,000.00
Software implementation fee		1,542,276.64			1,542,276.64
Repair and maintenance fee		2,877,837.06	1,056,144.20		1,821,692.86
Total	2,603,725.01	7,795,860.19	3,740,895.56	13,262.36	6,645,427.28

30. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	274,894,329.74	41,234,513.77	54,044,784.24	8,111,807.68
Unrealized profit of internal transaction	73,315,371.84	10,997,305.77	44,222,936.81	5,719,907.64
Deductible losses	276,479,581.49	42,424,284.31	205,103,468.50	36,764,981.15
Government subsidy	721,652,616.93	108,247,892.52	257,913,960.37	40,453,014.06
Equity incentive			24,428,317.76	3,664,247.66
Total	1,346,341,900.00	202,903,996.37	585,713,467.68	94,713,958.19

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Appraisal and appreciation of assets in mergers of companies not under common control	113,080,406.56	16,962,060.99		
Pre-tax deduction of equipment and instruments at one time	555,199,732.99	83,443,996.97	367,904,948.73	60,696,969.12
Total	668,280,139.55	100,406,057.96	367,904,948.73	60,696,969.12

(3) Net amount of offset deferred income tax assets or liabilities

Unit: RMB

Item	Offsetting amount of	Closing balance of	Offsetting amount of	Opening balance of

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	deferred income tax assets and deferred income tax liabilities at the end of the Reporting Period	deferred income tax assets or liabilities after offset	deferred income tax assets and deferred income tax liabilities at the beginning of the Reporting Period	deferred income tax assets or liabilities after offset
Deferred income tax assets		202,903,996.37		94,713,958.19
Deferred income tax liabilities		100,406,057.96		60,696,969.12

(4) Details of unrecognized deferred income tax assets: None

(5) Deductible losses for which deferred income tax assets were unrecognized will expire in the following years: None

Other explanations:

Description of deferred income tax liabilities before offset:

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Policy of Deducting the Enterprise Income Tax of Equipment and Appliances (Cai Shui [2018] No. 54), the Company and its subsidiaries deduct the enterprise income tax of equipment and appliances with the unit value of below RMB5 million purchased from January 1, 2018 to December 31, 2020 when calculating the taxable income. As a result, temporary differences in taxable income are formed and further turned into deferred income tax liabilities.

31. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for equipment	515,786,722.70		515,786,722.70	194,394,615.91		194,394,615.91
Advance payment for project	59,073,039.82		59,073,039.82	9,556,037.22		9,556,037.22
Quality guarantee Note 1	1,350,000.00		1,350,000.00	1,350,000.00		1,350,000.00
Installment for sale of equipment Note 2	8,083,352.09		8,083,352.09	7,401,936.18		7,401,936.18
Deductible input tax	14,897,818.46		14,897,818.46			
Other				13,000,000.00		13,000,000.00
Total	599,190,933.07		599,190,933.07	225,702,589.31		225,702,589.31

Other explanations:

Description of other non-current assets

The main reason for the larger increase in the ending balance of the Company’s other non-current assets

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over the opening balance is: the sub-subsidiaries Wuxi Energy New Material Technology Co., Ltd. And Jiangxi Tonry New Energy Technology Development Co., Ltd. is in the growth stage, the Company intensifies the construction of production lines, and the advance payment for equipment increases accordingly.
Note 1: Guizhou Hao1duo Dairy Co., Ltd. signed an agreement with the Company, and the two parties entered into a long-term strategic partnership. The company provided Guizhou Hao1duo Dairy Co., Ltd. with the above money as its quality guarantee. Guizhou Hao1duo Dairy Co., Ltd. promised to purchase no less than 13 million boxes of products from the Company every year, and return the above money after the termination of the partnership Money. As long as the cooperation relationship is not terminated, the agreement will automatically continue after expiration. During the reporting period, Guizhou Hao1duo Dairy Co., Ltd. has a good cooperation relationship with the Company, and the annual order quantity to the Company exceeds the agreed quantity in the above agreement. The company expects that the above agreement will continue.
Note 2: the Company purchases filling machines and auxiliary equipment and sells them to customers by installment sales. The price of the equipment is RMB8,083,352.09 (tax-exclusive). The price of the equipment shall be paid together with the payment for the Company's products purchased by customers. Until the appointed time, all the payments for equipment shall be recovered, invoices shall be issued and the property rights of the equipment shall be transferred to customers.

32. Short-term loans

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	528,484,649.10	182,410,437.58
Mortgaged loan		34,900,000.00
Guaranteed loan	1,012,102,530.77	2,282,265,288.87
Credit loan	254,000,000.00	169,486,222.89
Undue interest payables	1,092,349.04	1,303,083.49
Total	1,795,679,528.91	2,670,365,032.83

(2) Overdue and outstanding short-term borrowings: None

Other explanations:

in consolidated financial statements" of this section".
Note 2: For details of loans obtained through the guarantee provided by actual controllers of the Company, the Company and its subsidiaries, please refer to "(4) Related party guarantees" under "5. Related party transactions" in "XII. Related Parties and Related Party Transactions".

33. Trading financial liabilities: None

34. Derivative financial liabilities: None

35. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance	14,547,851.27	10,615,319.33
Bank acceptance	680,878,688.42	512,058,770.17
Total	695,426,539.69	522,674,089.50

The total amount of notes payable that have been overdue and outstanding at the end of the Reporting Period is RMB[ ].

36. Accounts payable

(1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Materials payable	277,833,591.11	197,480,189.34
Engineering equipment payable	125,081,160.84	148,392,577.43
Accessories and spare parts payable	11,543,629.05	6,172,762.14
Transportation fee payable	23,477,922.68	14,633,758.80
Other payable	33,140,214.54	16,012,272.14
Total	471,076,518.22	382,691,559.85

(2) Major accounts payable aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over

Mingsheng Machinery Co., Ltd	1,500,000.00	Not mature
Shanghai Kaijin New Material Technology Co., Ltd.	1,492,489.00	Not mature
Total	18,094,454.06	--

Other explanations:

The main reason for the larger increase in the ending balance of the Company's accounts payable over the opening balance is: the merger of Suzhou Green Power and Newmi Tech by enterprises not under common control of the subsidiary Shanghai Energy for the period.

37. Receipts in advance: None

38. Contractual liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance receivable for goods	7,677,129.87	8,177,989.37
Total	7,677,129.87	8,177,989.37

39. Employee benefits payable

(1) Employee benefits payable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term remuneration	19,341,191.37	461,327,781.59	452,524,154.97	28,144,817.99
II. Retirement pension program-defined contribution plan	852,860.52	3,551,656.38	4,404,516.90	
Total	20,194,051.89	464,879,437.97	456,928,671.87	28,144,817.99

(2) Short-term benefits

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wage, bonus, allowance and subsidies	17,327,214.98	402,510,530.19	393,792,663.45	26,045,081.72
2. Employee welfare		21,421,047.38	21,421,047.38	
3. Social insurance	912,151.35	17,086,143.57	17,307,957.68	690,337.24
Including: medical insurance	838,777.67	15,715,899.40	15,933,372.38	621,304.69
Labor injury insurance	11,844.04	340,651.52	352,495.56	
Breeding insurance	61,529.64	1,029,592.65	1,022,089.74	69,032.55

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4. Housing fund	299,376.00	16,785,910.84	16,750,506.84	334,780.00
5. Labor union budget and staff education fund	802,449.04	3,524,149.61	3,251,979.62	1,074,619.03
Total	19,341,191.37	461,327,781.59	452,524,154.97	28,144,817.99

(3) Defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension	817,598.11	3,449,707.61	4,267,305.72	
2. Unemployment insurance	35,262.41	101,948.77	137,211.18	
Total	852,860.52	3,551,656.38	4,404,516.90	

Other explanations:

40. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	58,372,023.20	28,116,303.25
Corporate income tax	112,955,783.69	46,448,805.71
Personal income tax	756,962.07	482,324.73
City maintenance and construction tax	1,517,261.49	747,573.66
Property tax	1,204,000.74	52,432.61
Land using tax	577,940.85	412,047.52
Education surtax	3,245,319.76	881,666.86
Other	354,783.64	113,562.29
Total	178,984,075.44	77,254,716.63

Other explanations:

41. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable	7,871,573.20	7,574,667.67
Other payables	577,510,854.43	91,083,316.69
Total	585,382,427.63	98,657,984.36

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(1) Interest payables: None

(2) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common share dividends	7,871,573.20	4,960,000.00
Employee incentive dividend		2,614,667.67
Total	7,871,573.20	7,574,667.67

(3) Other payables

1) Other payables listed by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Equity acquisition	44,736,010.00	44,736,010.00
Restricted stock repurchase obligation		28,137,312.00
Loans from non-financial institutions	470,118,553.75	7,039,200.00
Withholding and remitting employee incentive and dividend Personal income tax	46,031,316.80	
Deposits and guarantees	10,498,912.12	7,570,083.14
Withholding employees' social insurance	2,392,968.63	1,213,196.63
Reimbursement	2,550,636.39	2,124,442.89
Other	1,182,456.74	263,072.03
Total	577,510,854.43	91,083,316.69

2) Major other payables aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Gao'an Kewei investment partnership (limited partnership)	22,380,000.00	Payment terms not been met
DENCO LIMITED	20,356,010.00	Payment terms not been met
Nantong 10th Construction Group Co., Ltd.	5,000,000.00	Payment terms not been met
Total	47,736,010.00	--

Other explanations

The main reason for the larger increase in the ending balance of the Company’s other payables over the opening balance is: the merger of Newmi Tech by enterprises not under common control of the subsidiary Shanghai Energy for the period.

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42. Hold-for-sales liabilities: None

43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	514,980,422.77	444,148,747.12
Long-term payables due within 1 year	4,988,932.48	
Undue interest payables	6,311,708.63	4,094,880.39
Total	526,281,063.88	448,243,627.51

Other explanations:

44. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output value-add/P <</MC3v3 0.48 0.479		

Note 3: For details of loans obtained through the guarantee provided by actual controllers of the Company, the Company and its subsidiaries, please refer to “(4) Related party guarantees” under “5. Related party transactions” in “XII. Related Parties and Related Party Transactions”.

46. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	755,725,620.04	
Total	755,725,620.04	

(2) Changes in bonds payable: (excluding preferred shares classified as financial liabilities, perpetual bonds and other financial instruments)

Unit: RMB

Name of bond	Par value	Issue date	Term	Issue size	Opening balance	Issued in current period	Interest provisioned by par value	Amortization of discounts and premiums	Paid in the current period	Shares converted in the current period	Closing balance
Convertible corporate bonds of Yunnan Energy New Material Co., Ltd.	1,600,000,000.00	2020 2 11	6	1,600,000,000.00		1,600,000,000.00	5,508,386.32	-83,360,866.28		-766,421,900.00	755,725,620.04
Total	--	--	--	1,600,000,000.00		1,600,000,000.00	5,508,386.32	-83,360,866.28		-766,421,900.00	755,725,620.04

(3) Explanation on conversion conditions and conversion time of convertible corporate bonds

According to the Listing Rules of Shares on the Shenzhen Stock Exchange Stock and the Prospectus of Yunnan Energy New Material Co., Ltd. on the Public Issuance of Convertible Corporate Bonds, the debt and share conversion period of Yunnan Energy commences from the first trading day in the six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026, and the initial conversion price is RMB64.61 per share.

On May 21, 2020, according to the Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds, as the Company implements the 2019 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted from RMB64.61 per share to RMB64.49 per share.

Corporate Bonds, as the Company adopts the non-public issuance of new shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB65.09 per share.

(4) Explanation on other financial instruments classified as financial liabilities: None

47. Lease liabilities: None

48. Long-term payables

(1) Long-term payables listed by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Financial lease proceeds payable	4,988,932.48	
Less: Long-term payables due within one year	4,988,932.48	

Other explanations:

The reason for the increase in the ending balance of the Company's long-term payables is: the merger of Newmi Tech by enterprises not under common control of the subsidiary Shanghai Energy.

(2) Special payables: None

49. Long-term payroll payable: None

50. Estimated liabilities: None

51. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	[redacted]	Closing balance	Reason
Government subsidies related to assets	417,382,880.77	342,278,525.25	51,405,791.36	708,255,614.66	
Government subsidies related to income	17,659,200.00		17,659,200.00		
Total	435,042,080.77	342,278,525.25	69,064,991.36	708,255,614.66	--

Note 1								
Item subsidy for the development of advanced equipment manufacturing industry Note 2	191,103,925.95			14,308,295.53			176,795,630.42	Related to assets
Support and incentive payment of the Xishan Economic and Technological Development Zone Note 3		120,000,000.00		5,552,890.20			114,447,109.80	Related to assets
Special funds for the development of provincial strategic emerging industries Note 4		30,000,000.00					30,000,000.00	Related to assets
Subsidies for infrastructure construction Note 5	26,812,000.00			1,340,599.92			25,471,400.08	Related to assets
High-performance lithium ion battery separator film project with an annual output of 90 million square meters Note 6	18,928,314.72			2,696,405.70			16,231,909.02	Related to assets
Municipal technological transformation project for high-quality development Note 7		11,250,000.00		93,750.00			11,156,250.00	Related to assets
Technological transformation project of the production line of lithium-ion battery separator film Note 8	11,269,531.76			1,105,949.08			10,163,582.68	Related to assets
Technological transformation project of the second batch of industrial transformation in 2020 Note 9		9,000,000.00		750,000.00			8,250,000.00	Related to assets
Special funds for 70,000-ton BOPP projects Note 10		5,300,000.00					5,300,000.00	Related to assets
Special funds for basic projects Note 11	4,000,000.00			301,282.05			3,698,717.95	Related to assets
Special funds for basic projects Note 12	1,000,000.00			76,923.08			923,076.92	Related to assets
Cable trench subsidy Note 13	3,201,667.05			339,999.96			2,861,667.09	Related to assets
Enterprise support funds allocated by Gao’an New World Industrial City Finance Office	2,698,600.00						2,698,600.00	Related to assets

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Note 14								
Boiler upgrading and reconstruction projects Note 15		2,558,800.00					2,558,800.00	Related to assets
Subsidies of the Yuxi Municipal Bureau of Finance for the first major technical equipment Note 16	754,717.04			113,207.52			641,509.52	Related to assets
Specials fund for the construction of the Yuxi municipal industrial park in 2017 Note 17	574,215.20			34,977.60			539,237.60	Related to assets
Reward for Suzhou to build an intelligent demonstration workshop of advanced manufacturing base in 2020 Note 18		500,000.00		38,461.54			461,538.46	Related to assets
Funds for the preparation of touring inspection activities in Yichun and centralized commencement and completion activities of major projects in Yichun, allocated by Gao’an New World Industrial City Finance Office Note 19	294,400.00			2,453.33			291,946.67	Related to assets
Subsidies for the renovation of power supporting projects outside the plants in the Jiulong district of the Yuxi High-Tech Development Zone Management Committee Note 20	316,666.53			50,000.04			266,666.49	Related to assets
Industrial support fund Note 21	17,659,200.00			17,659,200.00				Related to income
Total	435,042,080.77	342,278,525.24		69,064,991.36			708,255,614.66	

Other explanations:

Note 1: As described in "52. Other non-current liabilities" in "VII. Notes to items in consolidated financial statements" of this section, Jiangxi Tonry New Energy Technology Development Co., Ltd., the 3 level subsidiary of the Company, has built an item production base of lithium ion separator film in Gao'an City, Yichun City, Jiangxi Province, with policy support from the local government. According to the relevant provisions of the investment agreement, the Gao'an Municipal Government advances the payment for equipment in the form of government loan. When each production line of lithium-ion separator film is put into use, the advance payment shall be recognized as equipment subsidy in batches based on the proportion specific to the value of the imported equipment of the production line that has been put into operation. This government subsidy is related to the

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production line put into use by Jiangxi Tonry New Energy Technology Development Co., Ltd. This government subsidy related to assets is recognized as deferred income, and apportioned and recognized as the current profit and loss according to the depreciation life of related assets. As of December 31, 2020, 8 production lines of lithium-ion separator film have been put into use and submitted for review. The government subsidy related to this asset has been accumulatively included in the current profit and loss of RMB31,129,345.49, including: RMB6,528,749.69 apportioned in 2019 and RMB24,600,595.80 apportioned in 2020.

Note 2: Zhuhai Energy, a level 3 subsidiary of the Company, received a subsidy of RMB194.6810 million for the development projects of advanced equipment manufacturing issued by the Economic & Information Commission of Guangdong Province in September 2019. This government subsidy is related to the construction of lithium battery separator film projects of Zhuhai Energy. This government subsidy is also related to assets and recognized as deferred income, and apportioned and recognized as the current profit and loss based on the depreciation life of related assets. As of December 31, 2020, the construction of the subsidy-related assets has been completed and carried forward to the fixed assets, and the asset-related government subsidy has been accumulatively included in the current profit and loss of RMB17,885,369.58, including: RMB3,577,074.05 apportioned in 2019 and RMB14,308,295.53 apportioned in 2020.

Note 3: According to the Supplementary Agreement of the Investment Agreement signed between the Administrative Committee of Xishan Economic and Technological Development Zone and Shanghai Energy New Material Technology Co., Ltd., a subsidiary of the Company, the Administrative Committee of Xishan Economic and Technological Development Zone grants a subsidy of RMB120 million for the payment for equipment to Wuxi Energy New Material Technology Co., Ltd. (a level 3 subsidiary of the Company) regarding the projects mentioned in the Investment Agreement. This government subsidy is related to the construction of lithium battery separator film projects of Wuxi Energy. This government subsidy is also related to assets and recognized as deferred income, and apportioned and recognized as the current profit and loss based on the depreciation life of related assets. As of December 31, 2020, the construction of the project-related assets has been completed and carried forward to the fixed assets, with the apportion in 2020 of RMB5,552,900.

Note 4: According to the Notice on Forwarding the Special Funds for the Development of Provincial Strategic Emerging Industries and Project Investment Plans for 2020 Issued by the Provincial Development and Reform Commission and the Provincial Department of Finance, the Wuxi Development and Reform Commission appropriates special funds of RMB30 million to Wuxi Energy New Material Technology Co., Ltd. (a level 3 subsidiary of the Company) for the construction of the phase II expansion project of Wuxi Enjie's new material industrial base. This government subsidy is related to the production line put into use by Wuxi Energy New Material Technology Co., Ltd. This government subsidy related to assets is recognized as deferred income, and apportioned and recognized as the current profit and loss based on the depreciation life of related assets. As of December 31, 2020, the construction of the subsidy-related assets has not been completed, and the subsidy has not been apportioned.

Note 5: For supporting the polymer nanomaterial project of Jiangxi Tonry New Energy Technology Development Co., Ltd., a level 3 subsidiary of the Company, the Gao'an Municipal Government signs an Investment Cooperation Agreement and a Supplementary Agreement. According to the relevant provisions of the Investment Cooperation Agreement, the Gao'an Municipal Government grants a subsidy of RMB26,812,000 for infrastructure development to Jiangxi Tonry New Energy Technology Development Co., Ltd., while the latter will use the subsidy for subsequent plant development. This government subsidy is related to the construction of the Jiangxi Tonry plant. It is also related to assets and recognized as deferred income. It is apportioned and recognized as the current profit and loss based on the depreciation life of related assets. As of December 31, 2020, the construction of the subsidy-related assets has been completed and carried forward to the fixed assets, with the

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apportion in 2020 of RMB1,340,600.

Note 6: In July 2011, the National Development and Reform Commission and the Ministry of Industry and Information Technology issued the Notice on Issuing the First Batch of Investment Plans within the Central Budget for the Revitalization and Technological Transformation Projects of the Electronic Information Industry in 2011 [Fa Gai Tou Zi (2011) No. 1387], Shanghai Energy, a subsidiary of the Company, received a subsidy of RMB12 million for the high-performance lithium ion battery separator film project with an annual output of 90 million square meters.

In June 2011, the Shanghai Municipal Commission of Economy and Informatization issued the Official Reply Concerning the Report on the Application for Special Funds for Key Industrial Revitalization and Technological Transformation of the New 90 Million Square Meter High-Performance Lithium Ion Battery Separator Film Projects of Shanghai Energy New Material Technology Co., Ltd. in 2011 [Hu Jing Xin Tou (2011) No. 298], Shanghai Energy, a subsidiary of the Company, received a subsidy of RMB12 million for the high-performance lithium ion battery separator film project with an annual output of 90 million square meters.

In March 2013, pursuant to the relevant provisions of the Measures for the Use and Management of Special Development Funds of the Shanghai Zhangjiang National Innovation Demonstration Zone [Hu Cai Yu (2012) No. 141] and the Notice of the Use of Special Development Funds of the Shanghai Zhangjiang National Innovation Demonstration Zone for Subsidizing Jinqiaoyuan's First Batch of Projects in 2012 [Hu Gao Xin Guan Wei (2013) No. 5], the Shanghai Pudong Science and Technology Commission and Shanghai Energy (a subsidiary of the Company) signed a Contract on the Management of Special Development Funds of the Shanghai Zhangjiang National Innovation Demonstration Zone. Pursuant to the provisions of the Contract, Shanghai Energy (a subsidiary of the Company) received a subsidy of RMB7 million for the high-performance lithium ion battery separator film projects with an annual output of 90 million square meters during the year. In the current period, the Company received a subsidy of RMB3 million for the high-performance lithium ion battery separator film projects with an annual output of 90 million square meters.

The above subsidies, related to the high-performance lithium ion battery separator film project with an annual output of 90 million square meters, total RMB34 million. The high-performance lithium ion battery separator film project with an annual output of 90 million square meters has three production lines. The deferred income is apportioned and recognized as the current profit and loss based on the time point when the three production lines are carried forward to the fixed assets successively and depreciation life of the fixed assets of 13 years. As of December 31, 2020, the construction of the high-performance lithium ion battery separator film project with an annual output of 90 million square meters has been completed and carried forward to the fixed assets, and the asset-related government subsidy has been accumulatively included in the current profit and loss of RMB17,768,090.98, including: RMB1,454,615.38 apportioned in 2013, RMB1,454,615.38 apportioned in 2014, RMB1,804,358.98 apportioned in 2015, RMB2,350,833.31 apportioned in 2016, RMB2,618,458.17 apportioned in 2017, RMB2,692,398.30 apportioned in 2018, RMB2,696,405.76 apportioned in 2019, and RMB2,696,405.70 apportioned in 2020.

Note 7: According to the Several Policies and Measures of the Pudong New Area for Promoting the High-quality Development of Key Advantageous Industries (Implementation), the Operating Standards of the Several Policies and Measures of the Pudong New Area for Promoting the High-quality Development of Key Advantageous Industries (Trial), and relevant project support and management requirements, the Shanghai Pudong Science and Technology Commission grants a subsidy of RMB11.25 million to Shanghai Energy (a level 2 subsidiary of the Company) for related technological upgrading projects without compensation. The subsidy is related to assets and recognized as deferred income. It is apportioned and recognized as the current profit and loss based on the remaining depreciation life of related assets. As of December 31, 2020, the construction of the

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subsidy-related assets has been completed and carried forward to the fixed assets, with the apportion in 2020 of RMB93,750.00.

Note 8: In 2017, the Company and its subsidiary Shanghai Energy signed the 2017 (the second batch of key technological transformation) job specification on special funds for industrial transformation, upgrading and development, requiring to grant a subsidy of RMB22.5 million for the technological transformation project of Shanghai Energy's production line of lithium ion battery separator film without compensation. The subsidy is related to assets and recognized as deferred income. It is apportioned and recognized as the current profit and loss based on the remaining depreciation life of related assets. In December 2017, the Company received a subsidy of RMB13.5 million for the technological transformation project of Shanghai Energy's production line of lithium ion battery separator film. As of December 31, 2020, the construction of the technological transformation project of the production line of lithium ion battery separator film has been completed and carried forward to the fixed assets, and the asset-related government subsidy has been accumulatively included in the current profit and loss of RMB3,336,417.32, including: RMB90,065.13 apportioned in 2017, RMB1,059,621.55 apportioned in 2018, RMB1,080,781.56 apportioned in 2019, and RMB1,105,949.08 apportioned in 2020.

Note 9: In 2017, the Company and its subsidiary Shanghai Energy signed the 2017 (the second batch of key technological transformation) job specification on special funds for industrial transformation, upgrading and development, requiring to grant a subsidy of RMB22.5 million for the technological transformation project of Shanghai Energy's production line of lithium ion battery separator film without compensation. The subsidy is related to assets and recognized as deferred income. It is apportioned and recognized as the current profit and loss based on the remaining depreciation life of related assets. In December 2017, the Company received the subsidy of RMB13.50 million for the technological transformation project of the production line of lithium-ion battery separator film of Shanghai Energy, and the balance of RMB9 million was received on March 26, 2020. As of December 31, 2020, the project has been transferred to the fixed assets and the RMB9 million was apportioned with RMB750,000.00 for 2020.

Note 10: Yunnan Hongta Plastic Co., Ltd., a level 2 subsidiary of the Company, received the government grant for the construction of 70,000-tonne BOPP film project according to the file named "2020 Yunnan Plan on Special Fund (1st batch) for Provincial-level Industrial and informatization Development. This government subsidy was related to the project construction. It belonged to the assets-related government subsidy so it shall be recognized as deferred income. The current profit and loss shall be confirmed according to the depreciation life of related assets. As of December 31, 2020, the construction of the subsidy-related assets has not been completed, and the subsidy has not been apportioned.

Note 11: Jiangxi Tonry, a level 3 subsidiary of the Company, got RMB4 million special support fund from Gao'an Municipal government according to the file named 'The Circular to Declare Provincial industrial Transformation and Upgrading Special Funds in 2019'. This government subsidy is related to lithium-ion separator film item construction. It belongs to the assets-related government subsidy so it shall be recognized as deferred income. The current profit and loss shall be confirmed according to the depreciation life of related assets. As of December 31, 2020, the construction of the subsidy-related assets has been completed and transferred to the fixed assets, with the apportion in 2020 of RMB301,282.05.

Note 12. Jiangxi Tonry, a level 3 subsidiary of the Company, got RMB1 million special support fund from Gao'an Municipal government according to the Yichun city government file named 'The Circular of Provincial Budget Infrastructure Investment Enhances the Core Competitiveness of the Manufacturing of Special Funds Plan in 2018' [Yi Shi Fa Gai Chan Ye Zi (2018) No. 16]. The government subsidies are related to the lithium ion separator film related item construction, and belong to the assets-related government subsidy and shall be recognized as deferred income. The current profit and loss shall be confirmed according to the depreciation life of

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related assets. As of December 31, 2020, the construction of the subsidy-related assets has been completed and transferred to the fixed assets, with the apportion in 2020 of RMB76,923.08.

Note 13. From 2009 to 2012, Chengdu Hongsu, a third-level subsidiary of the Company, obtained RMB6.8 million of subsidies for the construction of a 35kv cable trench from Chengdu Cross-strait Science and Technology Industry Development Zone in Wenjiang district. This government subsidy is related to the 35kv cable trench assets, and the amount of profits and losses is confirmed by stages according to the depreciation period of 35kv cable trench. The asset reached its intended usable status on May 31, 2009, with a depreciation life of 20 years.

Note 14: Jiangxi Tonry, a level 3 subsidiary of the Company, got the support for its polymer nanomaterials item from Gao’an Municipal government with an investment cooperation agreement and a supplementary agreement. According to the relevant provisions of the investment agreement, Jiangxi Tonry got RMB2.6986 million infrastru

item from Gao’an Municipal government with an investment cooperation agreement and a supplementary agreement. According to the relevant provisions of the investment agreement, Jiangxi Tonry got RMB294,400 infrastructure subsidies from Gao’an Municipal government. This government subsidy is related to the campus greening of Jiangxi Tonry and the government subsidy belongs to Related to assets so it is recognized as deferred income. The current profit and loss shall be confirmed according to the depreciation life of related assets. As of December 31, 2020, the construction of the subsidy-related assets has been completed and transferred to the fixed assets, with the apportion in 2020 of RMB2,453.33.

Note 20: In May 2016: the Company obtained the renovation subsidy of RMB500,000 for the auxiliary power project outside the factory in Kowloon region issued by the Administrative Committee of Yuxi High-tech Industrial Development Zone. The government subsidy is related to the assets of the auxiliary power project. The profit and loss amount is confirmed by the Machinery and equipment depreciation period stage and the depreciation period is 10 years.

Note 21: In March 2018, Shanghai Energy, a level 2 subsidiary of the Company, got the subsidies for expanding business in Wuxi city from Wuxi Xishan Economic and Technological Development Zone Management Committee with an investment cooperation agreement and a supplementary agreement. Xishan Economic and Technological Development Zone Administrative Committee want to encourage companies to accelerate the process of their item, so it promised to set up a special industrial support fund with RMB69.4992 million which should come under the income-related government subsidy. Of which, RMB51.84 million of the subsidies has in 2019 met the conditions stipulated in the supplementary agreement of the investment agreement and was recognized as other income; The remaining RMB17.6592 million met the agreed conditions according to the supplementary agreement of the investment agreement, so it was recognized as loss and profit of current period

52. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Government support for lithium battery separation film project	455,517,694.55	619,187,419.79
Total	455,517,694.55	619,187,419.79

Other explanations:

Jiangxi Tonry New Energy Technology Development Co., Ltd., the third level subsidiary of the Company, has built an item production base of lithium ion separator film in Gao'an City, Yichun City, Jiangxi Province, with policy support from the local government. According to the relevant provisions of the investment agreement, the

53. Share capital

Unit: RMB

	Opening balance	Increase or decrease (,)					Closing balance
		New issues	Bonus issuance	Conversion of reserve into share	Others	Subtotal	
Total amount of shares	805,370,770.00	69,444,444.00			11,750,937.00	81,195,381.00	886,566,151.00

Other explanations:

Note 1: Issuance of new shares

See "III.Basic information of the Company" in this section. The Company's non-public issuance of new shares led to an increase of share capital of RMB69,444,444.00.

Note 2: Public offering of convertible corporate bonds

See "III.Basic information of the Company" in this section. The convertible bonds public issued by the Company entered the share transfer period on August 17, 2020. As of December 31, 2020, the Company's share capital increased by RMB11,774,057.00 due to the share transfer.

Note 3: Repurchase and cancellation of employee incentive shares

See "III.Basic information of the Company" in this section. The Company repurchased the total shares of RMB194,809.12 subscribed by employees in the form of currency capital., including: reducing share capital by RMB23,120.00 and capital reserve share capital premium by RMB171,689.12. Based on this matter, the Company's share capital has been reduced by RMB23,120.00.

54. Other equity instruments

(1) Outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Under the Approval of the Issuance of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd. (Zheng Jian Xu Ke [2019] No. 2701 issued by the China Securities Regulatory Commission, the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, which was calculated as the value of the debt instruments of the convertible corporate bonds was RMB1,408,703,126.08, and the value of the equity instruments was RMB177,419,515.43 by referring to the interest rates of the credit bonds of similar enterprises with AA credit rating and similar maturities in the market and deducting the bond issuance expenses.

(2) Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Unit: RMB

Outstanding financial instruments	At the beginning of the period		Increase for the period		Decrease for the period		At the end of the period	
	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value

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Equity instrument of convertible corporate bonds				177,419,515.43		84,986,376.32		92,433,139.11
Total				177,419,515.43		84,986,376.32		92,433,139.11

Explanations on changes in other financial instruments and reasons thereof as at the end of the Reporting Period, and basis for related accounting treatment:

In 2020, the Company's "Energy Convertible Bond" increased by RMB766,421,900.00 (7,664,219.00 bonds) due to the transfer of 11,774,057.00 shares and reduced the other equity instrument by RMB84,986,376.32.

Other explanations:

55. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (capital stock premium)	1,790,454,605.21	5,763,141,194.08	378,906,493.34	7,174,689,305.95
Other capital reserve	103,572,526.93	21,332,629.04	70,458,636.09	

See Note XIII. Share-based payment As all the employee incentive share are released, the capital reserve resulting from the payment-other capital reserve are transferred to the capital reserve (capital stock premium), amounting to RMB70,458,636.09.

56. Treasury stock

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	

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60. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Retained earnings before adjustments at the end of prior year	1,744,638,648.71	1,093,630,310.62
Retained earnings adjusted at beginning of the year	1,744,638,648.70	1,093,630,310.62
Less: Withdrawal of statutory surplus reserve	1,115,604,020.47	849,837,425.81
Withdrawal of random surplus reserve	12,797,027.00	19,400,130.11
Common share dividends payable	100,650,774.03	179,428,957.61
Undistributed profits at the end of the period	2,746,794,868.15	1,744,638,648.71

Details on adjustment of undistributed profits at the beginning of the period:

1) Due to retrospective adjustments in accordance with Accounting Standards for Business Enterprises and relevant new provisions, undistributed profits at the beginning of the period read RMB[ ].

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City maintenance and construction tax	5,629,419.35	3,006,771.05
Education surcharge	8,499,476.81	3,206,664.97
Property tax	6,958,921.14	5,709,257.96
Land using tax	3,653,135.48	1,805,288.18
Vehicle and vessel usage tax	24,092.50	28,717.50
Stamp duty	2,974,343.13	1,133,217.48
Land value-added tax	4,459,864.19	
Other	291,767.68	30,526.22
Total	32,491,020.28	14,920,443.36

Other explanations:

63. Selling expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Transportation and handling charges		41,986,808.20
Sales commission	21,570,707.19	
Labor costs	16,094,980.44	12,329,938.44
Sales agency expense	4,335,824.29	1,519,244.73
Depreciation and amortization	3,743,322.45	429,178.90
Entertainment expense	3,790,466.62	4,063,055.23
Travel expense	2,476,652.84	3,009,489.50
Other	4,353,596.13	3,912,492.94
Total	56,365,549.96	67,250,207.94

Other explanations:

The reason that the Company has no transportation and handling fees is that: the Company in 2020 implemented a new income rule, under which, the fees above would be recorded in the main business costs as the contract performance costs.

64. Administrative expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Labor costs	63,919,851.38	50,242,454.74
Share-based expense	22,215,924.74	30,995,694.08
Depreciation and amortization	26,684,666.04	15,022,235.90
Agencies	12,011,876.97	8,193,514.18
Maintenance costs	5,229,480.24	1,942,171.16
Office expense	3,417,237.08	4,039,640.70
Travel expense	3,424,879.55	2,881,295.77
Entertainment expense	2,886,409.51	2,170,444.23

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Lease costs	2,781,713.31	21,804.79
Other	13,228,352.83	7,358,576.54
Total	155,800,391.65	122,867,832.09

Other explanations:

65. R&D expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Material costs	79,004,042.46	66,358,175.43
Labor costs	65,572,611.56	55,139,449.81
Depreciation and amortization	13,672,934.31	11,569,371.05
Utility costs	8,386,265.87	8,544,370.45
Other	11,607,479.08	13,301,841.01
Total	178,243,333.28	154,913,207.75

Other explanations:

66. Financial expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Interest expense	203,597,658.74	98,286,877.98
Less: Interest income	34,077,648.03	2,491,822.81
Exchange gain/loss	13,994,768.25	-2,068,326.97
Bank charges and other	5,361,462.57	5,239,139.58
Total	188,876,241.53	98,965,867.78

Other explanations:

67. Other income

Unit: RMB

Source	Amount for current period	Amount for previous period
Government subsidy	139,305,009.71	121,993,732.08
Return of individual income tax service charge	357,802.66	216,435.97
Total	139,662,812.37	122,210,168.05

68. Investment income

Unit: RMB

Item	Amount for current period	Amount for previous period
Gain on long-term equity investments subject to accounting with equity method	1,516,305.77	1,484,572.03

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Proceeds from wealth management products	7,111,089.67	191,780.82
Total	8,627,395.44	1,676,352.85

Other explanations:

The reason for the significant increase of the Company's investment income in the current period over that of last period is: The Company purchased more wealth management products that the last period.

69. Net exposure hedge income: None

70. Gains on fair value change

Unit: RMB

Source	Amount for current period	Amount for previous period
Trading financial assets	10,951,914.18	
Total	10,951,914.18	

71. Credit impairment losses

Unit: RMB

Item	Amount for current period	Amount for previous period
Bad debt losses	-28,865,898.12	-26,343,860.48
Impairment loss on notes receivable	-7,256,643.88	
Impairment losses on accounts receivable financing	-2,622,000.00	
Total	-38,744,542.00	-26,343,860.48

Other explanations:

72. Asset impairment losses

Unit: RMB

Item	Amount for current period	Amount for previous period
II. Inventory falling price losses and contract performance cost depreciation losses	-8,138,653.87	-5,191,727.71
XI. Goodwill impairment loss	-9,671,444.70	
Total	-17,810,098.57	-5,191,727.71

Other explanations:

73. Gains on disposal of assets

Unit: RMB

Source	Amount for current period	Amount for previous period
Disposal of fixed assets	-144,872.28	2,066.58

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74. Non-operating income

Unit: RMB

Item	Amount for current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Accepting donations	112,000.00		112,000.00
Compensation received	48,990.09		48,990.09
Amount of combination cost less than the fair value share of identifiable net assets obtained	673,727.72		673,727.72
Other	861,437.24	209,752.60	861,437.24
Total	1,696,155.05	209,752.60	1,696,155.05

Government grants included in profit or loss for the current period: None

75. Non-operating expenses

Unit: RMB

Item	Amount for current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Donation	3,095,889.50	612,015.00	3,095,889.50
Abandonment losses of non-current assets	9,015.27		9,015.27
Other	2,119,519.32	363,844.91	2,119,519.32
Total	5,224,424.09	975,859.91	5,224,424.09

76. Income tax expenses

(1) Table of income tax expenses

Unit: RMB

Item	Amount for current period	Amount for previous period
Current income tax	175,442,968.27	145,997,905.67
Deferred income tax	-37,845,346.91	-19,636,957.65
Total	137,597,621.36	126,360,948.02

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for current period
Total profit	1,313,247,082.28
Income tax expenses calculated based on the statutory (or applicable) tax rates	196,987,062.34
Impact of different tax rates applied to subsidiaries	4,139,155.39
Impact of adjusting income tax in previous periods	-5,004,654.94

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Impact of non-taxable income	-227,445.87
Impact of non-deductible costs, expenses, and losses	920,056.71
Impact of R&D expenses plus deduction	-17,678,126.24
Impact of the market value of employee incentive shares is higher than that of exercise cost and share cost.	-30,943,102.93
Impact of income tax credit for investment in special equipment	-10,629,449.75
Other	34,126.65
Income tax expenses	137,597,621.36

77. Other comprehensive income

78. Cash flow statement

(1) Cash received relating to other operating activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Interest income	33,281,981.36	2,491,822.81
Subsidy income	248,848,818.36	337,274,971.87
Recovered deposit	13,224,154.33	100,956,315.04
Collecting employee incentive and dividend Personal income tax	46,031,316.80	
Other	2,119,241.75	245,175.62
Total	343,505,512.60	440,968,285.34

(2) Cash payments relating to other operating activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Deposit payment	1,767,280.81	235,887,901.91
Other payable paid	888,605.40	37,396,905.66
Administrative expenses and R&D expenses	63,899,169.60	37,970,592.47
Operating expenses	33,557,836.05	44,182,050.59
Service charge	5,361,462.57	5,190,997.60
Donation expenditure	3,095,889.50	
Reserve fund paid	1,230,949.29	1,882,211.75
Other	2,119,519.32	1,455,187.33
Total	111,920,712.54	363,965,847.31

(3) Cash received relating to other investing activities

Unit: RMB

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Item	Amount for current period	Amount for previous period
Net cash payments received from acquisitions of subsidiaries	1,098,067.46	
Total	1,098,067.46	

Explanations on cash received relating to other investing activities:

(4) Cash payments relating to other investing activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Payment for debt as an agent for acquisitions of subsidiaries	521,580,488.33	
Total	521,580,488.33	

Explanations on cash payments relating to other investing activities:

(5) Cash received relating to other financing activities: None

(6) Cash payments relating to other financing activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Payment for equity of minority shareholder	490,557,252.00	
Repayment of loans from non-financial institutions	6,034,200.00	
Buyback of employee incentive shares	194,809.12	1,753,246.27
Forfaiting Business Deposit		91,480,000.00
Issuing expenses of convertible bonds		1,084,905.66
Total	496,786,261.12	94,318,151.93

Explanations on cash payments relating to other financing activities:

79. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: RMB

Supplementary information	Amount of current period	Amount of previous period
1. Reconciliation of net profit to cash flows from operating activities	--	--
Net profit	1,175,649,460.92	935,568,775.84
Add: Credit impairment losses	38,744,542.00	26,343,860.48
Add: Provisions for asset impairment	17,810,098.57	5,191,727.71
D		

Amortization of long-term unamortized expenses	3,740,895.56	1,183,881.89
Losses from disposal of fixed assets, intangible assets, and other long-term assets (gain is indicated with “-”)	144,872.28	-2,066.58
Losses from scrapping of fixed assets (gain is indicated with “-”)	9,015.27	
Losses from change of fair value (gain is indicated with “-”)	-10,951,914.18	
Financial expenses (gain is indicated with “-”)	203,597,658.74	98,286,877.98
Investment losses (gain is indicated with “-”)	-8,627,395.44	-1,676,352.85
Decrease in deferred income tax assets (increase is indicated with“-”)	-60,253,611.03	-67,080,923.61
Increase in deferred income tax liabilities (decrease is indicated with“-”)	22,408,264.12	47,443,965.95
Decrease in inventory (increase is indicated with“-”)	-221,512,160.66	-292,292,146.94
Decrease in operating receivables (increase is indicated with“-”)	-1,333,445,763.86	-683,706,759.27
Increase in operating payables (decrease is indicated with“-”)	647,263,525.29	359,879,212.11
Other	22,215,924.74	30,995,694.08
Net cash flows from operating activities	1,055,180,013.19	763,297,007.77
2. Significant investment and financing activities not involving cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents	--	--
Closing balance of cash	2,054,915,784.55	715,655,914.78
Less: Opening balance of cash	715,655,914.78	245,612,205.26
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,339,259,869.77	470,043,709.52

(2) Net cash paid for acquisitions of subsidiaries for the period

Unit: RMB

	Amount
Cash and cash equivalents paid in the current year for acquisition of subsidiaries incurred in the current year	807,479,011.67
Including:	--
Among them: Suzhou Green Power	739,219,511.67
Newmi Tech	68,259,500.00
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	38,568,053.11
Including:	--
Among them: Suzhou Green Power New Energy Materials Co., Ltd.	36,165,210.63
Chongqing Yuntianhua Newmi Technological Co., Ltd.	2,402,842.48
Including:	--
Net cash payments for acquisitions of subsidiaries	768,910,958.56

Other explanations:

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(3) Net cash received from disposal of subsidiaries for the period: None

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	2,054,915,784.55	715,655,914.78
Including: Cash on hand	144,778.56	14,120.97
Cash at bank that can be readily drawn on demand	2,054,771,005.99	715,641,793.81
III. Cash and cash equivalents at the end of the Reporting Period	2,054,915,784.55	715,655,914.78

80. Notes to statement of changes in equity: None

81. Assets with restricted ownership or use right

Unit: RMB

Item	Closing book value	Reason of restriction
Monetary capital	319,032,411.48	Bank draft deposit, L/C deposit and L/G deposit
Fixed assets	2,606,449,712.93	Mortgaged loan
Intangible assets	229,456,843.79	Mortgaged loan
Trading financial assets	129,600,000.00	

JPY	683,850,777.06	0.0632	43,219,369.11
Long-term borrowings	--	--	262,796,022.85
Including: USD			
EUR			
HKD			
JPY	4,158,164,918.51	0.0632	262,796,022.85
Other receivables		-	1,441,574.46
Including: EUR	179,635.45	8.0250	1,441,574.46
Short-term borrowings		-	98,414,649.11
Including: USD	15,082,936.00	6.5249	98,414,649.11
Accounts payable		-	12,355,286.64
Including: USD	1,557,860.77	6.5249	10,164,885.74
JPY	34,658,242.09	0.0632	2,190,400.90

(2) Description of overseas business entities; for material overseas business entities, disclose their major business places overseas, functional currency and the selection criterion thereof; should there be any change in the functional currency, disclose the reason for such change

□ Applicable √ N/A

83. Hedging: None

84. Government grant

(1) Details of government grants

Unit: RMB

Type	Amount	Presented items	Amount included in current profit and loss
Government subsidies recorded in deferred income	342,278,525.24		69,064,991.36
Government subsidies recorded in other income	70,240,018.35		70,240,018.35
Total	412,518,543.59		139,305,009.71

(2) Return of government grants

□ Applicable √ N/A

Other explanations:

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85. Others

VIII. Changes in the Consolidation Scope

1. Merger of enterprises not under common control

(1) Merger of enterprises not under common control in the current period

Unit: RMB

Name of acquiree	Timing of acquisition	Equity acquisition cost	Ratio of equity acquired	Means of equity acquisition	Acquisition date	Basis for determining the acquisition date	Income of acquirees from the acquisition date to the period-end	Net profit of acquirees from the acquisition date to the period-end
Suzhou Green Power	February 29, 2020	739,219,511.67	100.00%	Acquisition	February 29, 2020	Actual acquisition of control	809,593,383.70	229,900,083.43
Newmi Tech	December 23, 2020	68,259,500.00	76.3574%	Acquisition	December 23, 2020	Actual acquisition of control	10,827,100.00	-1,026,465.00
Donghang Photoelectric	February 29, 2020	1.00	70.00%	Acquisition	February 29, 2020	Actual acquisition of control	41,771,880.98	-13,980,966.89

(2) Merger cost and goodwill

Unit: RMB

Merger cost	Suzhou Green Power	Newmi Tech	Donghang Photoelectric
--Cash	739,219,511.67	68,259,500.00	1.00
Total combination cost	739,219,511.67	68,259,500.00	1.00
Less: Fair value of the share of identifiable net assets acquired	269,061,777.98	54 460.3BDC q	

Fixed assets	970,221,678.53	928,699,578.53	380,602,674.51	376,670,884.70	21,645,061.71	21,645,061.71
Intangible assets	73,012,713.25	37,120,023.09	26,850,844.50	15,657,866.27	28,100.31	28,100.31
Notes receivable	63,567,205.82	63,567,205.82	19,003,128.08	19,003,128.08	1,004,097.19	1,004,097.19
Receivable financing	168,564,678.23	168,564,678.23				
Advances to customers	3,832,268.99	3,832,268.99	1,871,354.12	1,871,354.12	18,559.68	18,559.68
Other receivables	915,120.72	915,120.72	451,898.28	451,898.28	1,668,008.55	1,668,008.55
Non-current assets due within one year			2,956,802.29	2,956,802.29		
Other current assets	15,932,617.28	15,932,617.28	48,030,814.57	48,030,814.57	1,199,983.91	1,199,983.91
Construction in progress	5,336,493.52	5,336,493.52	343,887,236.48	343,887,236.48		
Long-term deferred expenses	3,348,868.61	3,160,568.61	1,542,276.64	1,542,276.64	469,914.95	469,914.95
Deferred income tax assets	47,936,427.15	47,936,427.15				
Other non-current assets	726,070.51	726,070.51				
Borrowings	-230,795,977.98	-230,795,977.98	-20,123,771.89	-20,123,771.89		
Payables	-64,614,830.20	-64,614,830.20	-18,241,725.06	-18,241,725.06	-46,697,528.87	-46,697,528.87
Deferred income tax liabilities	-14,651,675.63		-2,649,149.09			
Notes payable	-59,150,531.75	-59,150,531.75				
Contractual liabilities	-217,113.88	-217,113.88	-966,642.65	-966,642.65	-724,212.09	-724,212.09
Employee benefits payable	-3,600,790.02	[redacted]	-1,153,440.81	-1,153,440.81	-198,351.83	-198,351.83
Taxes payable	-336,454.43	-336,454.43	-227,726.93	-227,726.93		
Other payables	-1,042,654,051.39	-1,042,654,051.39	-772,206,201.68	-772,206,201.68	-1,859,002.95	-1,859,002.95
Estimated liabilities	-9,898,957.20	-9,898,957.20				
Non-current liabilities due within one year			-25,118,627.71	-25,118,627.71		
[redacted]ent liabilities			-125,663.55	-125,663.55		

(4) Profit or loss generated from the re-measurement of equity held before the acquisition date at the fair value

Whether there is a transaction that realizes mergers step by step via multiple transactions and obtains control during the Reporting Period

□ Yes √ No

(5) Relevant information about the merger consideration that cannot be reasonably determined at the assets and liabilities

(6) Other explanations

2. Merger of enterprises under common control: None

3. Reverse purchase: None

4. Disposal of subsidiaries

Whether there is a loss of control in a single disposal of investments in subsidiaries

□ Yes √ No

Whether there is a loss of control in the current period under a progressive disposal of investments in subsidiaries through multiple transactions

□ Yes √ No

5. Changes in the consolidation scope due to other reasons

Describe the changes in the consolidation scope due to other reasons (e.g. incorporating a new subsidiary and liquidating a subsidiary) and its details:

During the Reporting Period, the Company invested in establishment of 5 new subsidiaries: Guangdong Energy New Material Institute Co., Ltd., Yuxi Feiermu Trading Co., Ltd., Hainan Energy Investment Co., Ltd., SEMCORP Global Holdings Kft. and SEMCORP Hungary Kft.; cancelled 2 subsidiaries: Shanghai Energy Information Technology Co., Ltd., Shanghai Fengzhou Trading Co., Ltd.

6. Others

IX. Interests in Other Entities

1. Interests in subsidiaries

(1) Constitution of the enterprise group

Name of subsidiaries	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Method of acquisition
				Direct	Indirect	

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Yunnan Dexin Paper Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Paper production and sales	100.00%		Newly established
Yunnan Hongchuang Packaging Co., Ltd.	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of aseptic packing box	59.46%		Newly established
Wuxi Energy Trading Co., Ltd.	Wuxi, Jiangsu	Wuxi, Jiangsu				

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						control
Chongqing Yuntianhua Newmi Technological Co., Ltd.	Chongqing	Chongqing	Production and sales of lithium battery separator film		76.36%	Business combination not under the common control
Hainan Energy Investment Co., Ltd.	Chengmai County, Hainan Province	Chengmai County, Hainan Province	Investment and technology services		100.00%	Newly established
SEMCORP Global Holdings Kft.	Hungary	Hungary	Investment and technology services		100.00%	Newly established
SEMCORP Hungary Kft.	Hungary					

	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shanghai Energy New Material Technology Co., Ltd.	2,647,651,880.53	961,572,206.27	961,572,206.27	220,246,091.98	1,952,042,718.82	864,227,318.93	864,227,318.93	398,882,625.10

Other explanations:

(4) Major restrictions on the use of assets and settlement of debts of the corporate group

(5) Financial support or other support provided for structured entity included in the scope of the consolidated financial statements

2. Transaction in which the share of owner's equity in the subsidiary changes while control over the subsidiary remains unchanged

(1) Explanations on changes in the share of owner's equity in the subsidiary

The Company in the current period purchased in cash 5.1418% of the shares in the level 2 subsidiary Shanghai Energy held by Tan Kim Chwee and Yin Hongqiang. After the transaction, the Company held 95.22% of the shares in Shanghai Energy.

(2) Impact of the transaction on the minority shareholders' equity and the owner's equity attributable to the parent company

Unit: RMB

--Cash	490,557,252.00
Total of purchase costs/disposal consideration	490,557,252.00
Less: subsidiary’s net assets proportion calculated as per obtained/disposed equity ratio	170,268,545.48
Difference	320,288,706.52
Including: adjust capital reserve	320,288,706.52

3. Interests in joint arrangement or associates

(1) Important joint ventures or associates

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Accounting treatment for investments in joint ventures or associates
				Direct	Indirect	
Yuxi Kunshasi Plastic Color Masterbatch	Yuxi, Yunnan	Yuxi, Yunnan	Additive production	40.00%		Equity

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Co., Ltd.						

Explanation on the inconsistency of the percentage of shares in joint ventures or associates with the proportion of voting rights:

Basis for holding 20% or less voting rights but having important influence, or holding 20% or more voting rights but not having important influence:

(2) Main financial information of important joint ventures: None

(3) Main financial information of important associates

Unit: RMB

	Closing balance/Amount for the current period	Opening balance/Amount for the previous period
Current assets	9,558,003.37	12,274,453.10
Non-current assets	195,918.55	236,281.64
Total assets	9,753,921.92	12,510,734.74
Current liabilities	1,315,899.74	4,152,069.71
Total liabilities	1,315,889.74	4,152,069.71
Shareholders' equity attributable to the parent company	8,438,022.18	8,358,665.03
Pro rata shares of the net assets calculated	3,375,208.87	3,343,466.01
Book value of equity investments in associates	3,375,208.87	3,343,466.01
Operating income	32,405,011.05	31,505,422.58
Net profit	3,790,787.22	3,711,430.07
Total comprehensive income	3,790,787.22	3,711,430.07
Dividends received from associates during the year	1,484,562.91	1,188,900.87

Other explanations

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(4) Combined financial information of insignificant joint ventures and associates: None

(5) Explanation on significant restrictions on the ability of joint ventures or associates to transfer funds to the Company: None

(6) Excess loss generated from joint ventures or associates: None

(7) Unrecognised commitment related to investments in joint ventures: None

(8) Contingent liabilities related to investments in joint ventures or associates: None

4. Significant joint operation: None

5. Interests in structured entities not included in the scope of consolidated financial statements: None

6. Others: None

X. Risks Related to Financial Instruments

The Company's primary financial instruments include cash and cash equivalents, loans, receivables, payables and convertible bonds, etc. In daily business activities, the Company is faced with various risks of financial instruments, including credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described as follows:

The boards of directors are responsible for planning and establishing company's risk management framework, formulating risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks. These risk management policies clearly stipulated the specific risks, covering market risk, credit risk, liquidity risk management and many other aspects. The Company regularly evaluates the market environment and changes in its business activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the risk management committee in accordance with the policies approved by the board of directors. The risk management committee identifies, evaluates and avoids relevant risks through close cooperation with other departments. The internal audit department perform regular audit on risk management controls and procedures, and reports the audit results to the audit committee. The Company disperses the risk of financial instruments through appropriate diversified investment and business portfolio, and reduces the risks of being concentrated on a single industry, specific region or specific counterparty by formulating corresponding risk management policies.

(I) Credit risk

Credit risk refers to the risk of financial loss of the Company caused by the counterparties failure to perform its contractual obligations. The management has formulated appropriate credit policies and constantly monitors the exposure of credit risk.

The Company has adopted a policy of trading only with credit worthy counterparties. In addition, the Company assesses the credit qualification of customers and sets corresponding credit period based on their financial status, the possibility of obtaining guarantee from a third party, credit records and other factors such as current market conditions. The Company continuously monitors the balance and recovery of notes and accounts receivable. For customers with poor credit records, the Company will use written dunning, shortening credit period or canceling credit period to ensure that the Company will not face significant credit loss. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets are fully prepared for the expected credit loss.

Other financial assets of the Company include cash and cash equivalents, other receivables, etc. The credit risk of these

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financial assets comes from the default of the counterparty, and the maximum credit risk exposure is the book amount of each financial asset in the statement of financial position. The company does not provide any other guarantee that may expose company to credit risk.

The cash and cash equivalents held by the Company are mainly deposited in the state-owned holding banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status, there is no significant credit risk, and there will be no significant loss caused by the default of the other party. The company's policy is to control the amount of deposit deposited according to the market reputation, business scale and financial background of each well-known financial institution, so as to limit the amount of credit risk to any single financial institution.

As part of the Company's credit risk asset management, the Company uses account aging to assess the impairment loss of accounts receivable and other receivables. The accounts receivable and other receivables involve a large number of customers. The aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. Based on historical data, the Company calculates the historical actual bad debt rate of different account age periods, and takes into account the forecast of current and future economic conditions, such as national GDP growth, total infrastructure investment, national monetary policy and other forward-looking information to adjust the expected loss rate. For long term receivables, the Company comprehensively considers the settlement period, payment period agreed in the contract, the financial situation of the debtor and the economic situation of the debtor's industry, and reasonably evaluates the expected credit loss after adjusting the aforesaid forward-looking information.

As of December 31, 2020, the book balance and expected credit impairment loss of related assets are as follows:

Aging	Book balance	Provision for impairment
Notes receivable	386,995,967.82	7,256,643.88
Accounts receivable	2,440,789,342.01	112,573,635.74
Receivable financing	402,174,829.70	2,622,000.00
Other receivables	12,330,990.31	1,469,960.78
Long-term receivables (receivables due within one year inclusive)	2,956,802.29	
Total	3,245,247,932.13	123,922,240.40

As at December 31, 2020 the Company did not provide financial guarantee.

The major clients of the Company have reliable and good reputation. Therefore, the Company does not believe that such customers have significant credit risks. As the Company has a wide range of customers, there is no significant credit concentration risk.

(II) Liquidity risk

Liquidity risk refers to the risk of fund shortage when the Company satisfies the obligation of settlement by delivering cash or other financial assets. Each member of company is responsible for their own cash flow forecast. Based on the cash flow forecast results of each member enterprise, the subordinate financial department of the Company continuously monitors the short-term and long-term capital demand of the Company at the Company level to ensure that sufficient cash reserves are maintained; at the same time, it continuously monitors whether it conforms to the provisions of the loan agreement and obtains the commitment of providing sufficient reserve funds from the main financial institutions to meet the short-term and long-term capital demand. In addition, the Company entered into a financing line credit agreement with major business banks to provide support for the Company to fulfill its obligations related to commercial bills. As of December 31, 2020, the Company has the bank credit line provided by many domestic banks, with the amount of RMB18,139.85 million, including: the amount of used credit line is RMB5,091.72 million.

As of December 31, 2020, the Company's financial liabilities and off balance sheet guarantee projects are listed as follows with undiscounted contract cash flow according to the remaining term of the contract:

Item	Closing balance			
	Less than 1 year	1-5 years	Over 5 years	Total

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Short-term borrowings	1,795,679,528.91			1,795,679,528.91
Notes payable	695,426,539.69			695,426,539.69
Accounts payable	471,076,518.22			471,076,518.22
Other payables	585,382,427.63			585,382,427.63
Long-term borrowings	518,849,432.68	2,666,911,132.37		3,185,760,565.05
Bonds payable	2,442,698.72		755,725,620.04	758,168,318.76
Long-term payables	4,988,932.48			4,988,932.48
Total	4,073,846,078.33	2,666,911,132.37	755,725,620.04	7,496,482,830.74

(III) Market risk

1. Exchange rate risk

The Company's main business is located in China, and its main business is settled in RMB. However, the recognized foreign currency assets and liabilities and future foreign currency transactions (the pricing currency of foreign currency assets and liabilities and foreign currency transactions are mainly in USD and JPY) still have exchange rate risk. The financial department of the Company is responsible for monitoring the scale of foreign currency transactions and foreign currency assets and liabilities of the Company to minimize the exchange rate risk faced; therefore, the Company may sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk.

(1) In the year, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

(2) As of December 31, 2020, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Company converted into RMB is listed as follows:

Item		Closing balance			
	USD	EUR	JPY	HKD	Total
Foreign currency financial assets:					
Monetary capital	54,158,688.31	184,157.06	26,924,163.03	1,100.32	81,268,108.72
Accounts receivable	298,487,959.02		43,219,369.11		341,707,328.13
Other receivables		1,441,574.46			1,441,574.46
Subtotal	352,646,647.33	1,625,731.52	70,143,532.14	1,100.32	424,417,011.31
Foreign currency financial liabilities:					
Short-term borrowings	98,414,649.11				98,414,649.11
Accounts payable	10,164,885.74		2,190,400.90		12,355,286.64
Long-term borrowings			262,796,022.85		262,796,022.85
Subtotal	108,579,534.85		264,986,423.75		373,565,958.60

(3) Sensitivity analysis:

As of December 31, 2020, for all kinds of USD, EUR, JPY and HKD financial assets and USD, EUR, JPY and HKD financial liabilities of the Company, if RMB appreciates or depreciates 10% against USD, EUR, JPY and HKD, and other factors remain unchanged, the Company will reduce or increase its net profit by about RMB4.3223 million (about -RMB9.8780 million in 2019).

2. Interest rate risk

The interest rate risk of the Company mainly comes from bank loans, etc. Financial liabilities with floating interest rate expose the Company to the interest rate risk of cash flow, and financial liabilities with fixed interest rate expose the Company to the interest rate risk of fair value. The company determines the relative proportion of fixed rate and floating rate contracts according to the market environment at that time.

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The financial department of the Company continuously monitors the interest rate level of company. The rising interest rate will increase the cost of new interest bearing debt and the interest expense of the outstanding interest bearing debt with floating interest rate, and have a significant adverse impact on the financial performance of company. The management will make timely adjustments according to the latest market conditions, which may be interest rate swap arrangements to reduce interest rate risk.

(1) The company has no significant interest rate swap arrangement in this year.

(2) As of December 31, 2020, the Company's long-term interest-bearing liabilities were the floating interest rate contract priced in RMB, with the amount of RMB3.1818916 billion, see "45. Long-term loans" in "VII. Notes to consolidated financial statement items" of this section for more.

(3) Sensitivity analysis:

As of December 31, 2020, if the loan interest rate based on the floating interest rate rises or falls by 50 basis points, while other factors remain unchanged, the Company's net profit will decrease or increase by about RMB2,122.19 (about RMB559.76 in 2019). The above sensitivity analysis assumes that the interest rate has changed on the balance sheet date and has been applied to all borrowings obtained by the Company at a floating interest rate.

3. Price risk

Price risk refers to the risk of fluctuation due to the change of market price other than exchange rate risk and interest rate risk, which mainly comes from the change of commodity price, stock market index, equity instrument price and other risk variables.

XI. Disclosure of Fair Value

1. Final fair value of assets and liabilities measured at fair value

2. Determination basis of the market price of the item measured using the first-level continuous and noncontinuous fair value measurement

3. Valuation techniques and qualitative and quantitative information on important parameters adopted for the second-level continuous and noncontinuous fair value measurement

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for the third-level continuous and noncontinuous fair value measurement

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

6. For the continuous fair value measurement items, if there is a conversion between all levels in the current period, describe the reason for the conversion and the policy for determining the time point of the conversion

7. Changes in valuation techniques and the cause of changes in the current period

8. Fair value of financial assets and financial liabilities that are not measured at fair value

Financial assets and liabilities not measured at fair value mainly include receivables, short term loans, payables, non-current liabilities maturing within one year and long term loans.

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The difference between book value and fair value of the above financial assets and liabilities not measured at fair value is very small

9. Others

As of December 31, 2020, the Company had no financial instruments measured at fair value except receivable financing. The book value of the receivable financing is similar to the fair value, and its fair value is conducted as the book value

XII. Related Parties and Related Party Transactions

PAUL XIAOMING LEE	Main members of the ultimate controller family
Li Xiaohua	Main members of the ultimate controller family
YAN MA	Main members of the ultimate controller family
Yanyang Hui	Main members of the ultimate controller family
Industrial and Commercial Bank of China Limited	The spouse of the independent director of the Company serves as its non-executive director

Other explanations

5. Related party transactions

(1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Statement of purchase of goods/acceptance of services

Unit: RMB

Related party	Particulars of related party transaction	Amount for current period	Approved transaction limit	Whether exceeding the transaction limited	Amount for previous period
Yuxi Kunshasi Plastic Color Masterbatch Co., Ltd.	Purchase additives	32,405,011.05	40,000,000.00	None	31,505,422.58

Statement of sales of goods/rendering of services

Unit: RMB

Related party	Particulars of related party transaction	Amount for current period	Amount for previous period
Yuxi Kunshasi Plastic Color Masterbatch Co., Ltd.	Sale raw materials	12,510,578.39	17,108,807.77

(4) Related party guarantees

The Company as the guarantor

Unit: RMB

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled
Hongta Plastic	44,000,000.00	November 04, 2020	November 04, 2021	No
Hongta Plastic	78,000,000.00	October 19, 2018	October 19, 2021	No
Hongta Plastic	30,000,000.00	March 13, 2020	December 18, 2020	No
Hongta Plastic	40,000,000.00	August 23, 2019	August 23, 2020	No
Hongta Plastic	40,000,000.00	November 02, 2020	November 02, 2022	No
Hongta Plastic	210,000,000.00	November 10, 2020	December 31, 2025	No
Hongta Plastic	40,000,000.00	November 09, 2020	October 23, 2025	No
Hongta Plastic	40,000,000.00	October 23, 2020	October 13, 2021	No
Chengdu Hongta Plastic	20,000,000.00	December 28, 2020	March 30, 2021	No
Hongchuang Packaging	20,000,000.00	March 10, 2020	February 28, 2022	No
Hongchuang Packaging	30,000,000.00	June 23, 2020	June 22, 2021	No
Hongchuang Packaging	66,000,000.00	November 04, 2020	November 04, 2021	No
Hongchuang Packaging	30,000,000.00	October 23, 2020	September 28, 2021	No
Dexin Paper	22,300,000.00	November 13, 2019	November 13, 2022	No
Dexin Paper	5,000,000.00	June 16, 2020	June 11, 2021	No
Dexin Paper	10,000,000.00	October 23, 2020	October 13, 2021	No
Shanghai Energy	300,000,000.00	October 23, 2020	October 23, 2023	No
Shanghai Energy	100,000,000.00	July 25, 2019	July 24, 2025	No
Shanghai Energy	300,000,000.00	July 20, 2020	July 19, 2023	No
Shanghai Energy	150,000,000.00	July 02, 2020	July 02, 2021	No
Shanghai Energy	510,000,000.00	April 27, 2020	April 26, 2025	No
Shanghai Energy	100,000,000.00	August 06, 2020	July 08, 2021	No
Shanghai Energy	110,000,000.00	September 22, 2020	September 22, 2021	No
Shanghai Energy	210,000,000.00	June 23, 2020	June 15, 2021	No
Shanghai Energy	90,000,000.00	December 06, 2019	November 12, 2022	No
Shanghai Energy	100,000,000.00	November 19, 2019	November 18, 2024	No
Shanghai Energy	220,000,000.00	December 13, 2019	November 18, 2020	No
Shanghai Energy	110,000,000.00	November 14, 2020	November 14, 2021	No
Shanghai Energy	550,000,000.00	December 17, 2019	December 17, 2022	No
Shanghai Energy	100,000,000.00	October 30, 2019	December 31, 2021	No
Shanghai Energy	150,000,000.00	January 15, 2020	January 14, 2021	No
Shanghai Energy	856,000,000.00	September 30, 2020	September 27, 2027	No
Shanghai Energy	80,000,000.00	September 27, 2020	March 26, 2022	No
Shanghai Energy	100,000,000.00	October 29, 2020	October 28, 2021	No
Wuxi Energy	1,300,000,000.00	May 17, 2019	June 21, 2026	No

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Wuxi Energy	100,000,000.00

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a total amount of RMB20,000,000.00;

The Company has provided the guarantees for the comprehensive line of credit for its subsidiary Hongta Plastic (Chengdu) Co., Ltd., including acceptance draft, in a total amount of RMB20,000,000.00;

The Company has provided the guarantees for the comprehensive line of credit for its subsidiary Shanghai Energy New Material Technology Co., Ltd., including line of credit, loan, acceptance draft, payment agency and bill advance, in a total amount of RMB4,136,000,000.00;

The Company has provided the guarantees for the comprehensive line of credit for its tier-2 subsidiary Zhuhai Energy New Material Technology Co., Ltd., including loan,letter of credit, acceptance draft, payment agency and bill advance, in a total amount of RMB565,000,000.00;

The Company and its subsidiary Shanghai Energy New Material Technology Co., Ltd. Have jointly provided the guarantees for the comprehensive line of credit for Zhuhai Energy New Material Technology Co., Ltd., loan, acceptance draft, trade financing and letter of guarantee, in a total amount of RMB2,370,000,000.00;

The Company has provided the guarantees for the comprehensive line of credit for its tier-2 subsidiary Wuxi Energy New Material Technology Co., Ltd., including acceptance draft and loan, in a total amount of RMB100,000,000.00;

The Company aand its subsidiary Shanghai Energy New Material Technology Co., Ltd. Have jointly provided a guarantee for the comprehensive line of credit for Wuxi Energy New Material Technology Co., Ltd., including acceptancce draft, loan, letter of credit, import and export bill financing and non-financing guarantee, in a total amount of RMB1,330,000,000.00;

The Company has provided the guarantees for the comprehensive line of credit for its tier-2 subsidiary Jiangxi Tonry New Energy Technology Development Co., Ltd., including acceptance draft and loan, in a total amount of RMB427,500,000.00;

The Company and its subsidiary Shanghai Energy New Material Technology Co., Ltd. Have jointly provided the guarantees for the comprehensive line of credit for Jiangxi Tonry New Energy Technology Development Co., Ltd., including line of credit,in a total amount of RMB1,500,000,000.00;

The Company has provided the guarantees for the comprehensive line of credit for its subsidiary Suzhou Green Power New Energy Materials Co., Ltd., including acceptance draft, in a total amount of RMB250,000,000.00;

The subsidiary Yunnan Hongta Plastic Co., Ltd. has provided the guarantee for the comprehensive line of credit of the Company, including line of credit, loan and acceptance draft, in a total amount of RMB100,000,000.00;

The subsidiary Yunnan Dexin Paper Co., Ltd. has provided the guarantee for the comprehensive line of credit of the Company, including line of credit, loan and acceptance draft, in a total amount of RMB46,000,000.00;

The subsidiary Shanghai Energy New Material Technology Co., Ltd. has provided the guarantee for the comprehensive line of credit of the Company, including line of credit, loan and acceptance draft, in a total amount of RMB20,000,000.00;

(2) Acceptance of related party guarantees

The details of the guarantee provided by the shareholders of the Company for the subsidiary Shanghai Energy are as follows:

Guarantor	Amount guaranteed	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled
PAUL XIAOMING LEE	1,000,000,000.00	August 14, 2017	August 13, 2025	No
Li Xiaohua	1,000,000,000.00	August 14, 2017	August 13, 2025	No
PAUL XIAOMING LEE	50,000,000.00	September 20, 2017	September 20, 2022	No
Li Xiaohua				
PAUL XIAOMING LEE, YAN MA	200,000,000.00	October 1, 2017	June 30, 2021	No
Li Xiaohua, HUI YANYANG	200,000,000.00	October 1, 2017	June 30, 2021	No
PAUL XIAOMING LEE YAN MA	50,000,000.00	August 18, 2017	August 18, 2024	No

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Li Xiaohua, YANYANG HUI	50,000,000.00	August 18, 2017	August 18, 2024	No
PAUL XIAOMING LEE	120,000,000.00	July 13, 2018	July 13, 2021	No
Total	2,670,000,000.00	—	—	

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			Period
Accounts payable	Yuxi Kunshasi Plastic Color Masterbatch Co., Ltd.	2,204,149.24	8,511,205.44

7. Commitments in relation to related parties

8. Others

XIII. Share-based Payment

1. General information about share-based payment

√Applicable □N/A

Unit: RMB

Total amount of equity instruments granted by the Company in the current period	0.00
Total amount of equity instruments exercised by the Company in the current period	3,404,080.00
Total amount of equity instruments expired in the current period	23,120.00

Other explanations

On April 20, 2017, the Company convened the resolution of the 2016 annual general meeting of shareholders and approved the Company's 2017 restricted stock incentive plan (Draft). On June 1, 2017, the fourth meeting of the third board of directors was held to deliberate and approve the proposal on granting restricted shares to incentive objects of 2017 restricted stock incentive plan of the Company. According to the above provisions, the Company granted 2.57 million shares of restricted shares to 84 directors, senior managers, middle-level managers, core technical and business backbones. The restricted stock award date is June 1, 2017, and the price is

The cash dividends obtained from the restricted shares granted to the incentive objects shall be managed by the Company on behalf of the incentive objects and paid to the incentive objects when the restricted shares are lifted; if the restricted shares cannot be lifted under the plan, they shall be recovered by the Company. The restricted shares granted to the incentive objects due to the conversion of capital reserve fund to share capital, stock dividend and stock split shall be restricted for sale at the same time, and shall not be sold in the secondary market or transferred in other ways. The period of lifting the restriction on sale of such shares is the same as that of lifting the restriction on sale of restricted shares.

During the agreed period, the restricted stock that was not applied for lifting the restricted sale or restricted stock that could not be applied for releasing the restricted sale because of the condition that the sale limit had not been met, the Company will buy back and cancel the restricted stock that the incentive object has not yet lifted.

The release of restricted shares granted shall meet both the Company's performance assessment requirements and individual assessment requirements, as follows:

Company performance assessment requirements

Index of financial performance assessment: net profit growth rate.

For the restricted stocks granted in the plan, in each fiscal year of the period of lifting the sales restriction, the performance appraisal shall be carried out by year and the sales restriction shall be lifted, and the conditions for lifting the sales restriction as the incentive object have been met.

During the validity period of this incentive plan, the financial performance assessment objectives of each year are as follows:

Unlock period	Performance assessment indicators
1st unlock period	Based on the net profit attributable to the parent company in 2016, the growth rate of the net profit attributable to the parent company in 2017 is not less than 5%;
2nd unlock period	Based on the net profit attributable to the parent company in 2016, the growth rate of the net profit attributable to the parent company in 2018 is not less than 7%;
3rd unlock period	Based on the net profit attributable to the parent company in 2016, the growth rate of the net profit attributable to the parent company in 2019 is not less than 9%.

The above "net profit" index refers to the net profit before the incentive cost is deducted.

Personal performance assessment requirements

The incentive object can be unlocked only if it meets the requirements of the Company's performance assessment requirements and personal performance assessment requirements in the previous year, and the specific unlocking percentage is determined according to the individual performance assessment result of the incentive object. The results of individual performance assessment of incentive objects are classified according to four assessment levels: excellent, good, qualified and unqualified. The corresponding scores and the unlocking ratios of each assessment level are as follows:

Score	Score≥90	90 Score≥80	80 Score≥70	Score 70
Level	Excellent	Good	Pass	Unqualified
Unlocking ratios	100%	80%	50%	0

2. Information on equity-settled share-based payment

√Applicable □N/A

Unit: RMB

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Determination method of fair value of equity instruments on the date of grant	For the senior managers, the international Black-Scholes model is adopted, except the other incentive objects of senior managers, the fair value is granted by the closing price of the grant day.
Basis for determining the number of vesting equity instruments	The number of shares transferred in the contract
Reasons for significant difference between current and previous estimate	None
Equity settled equity payments are included in the cumulative amount of Capital reserve	70,458,636.09
Total cost of equity-settled confirmed by equity settlement	3,736,935.26

Other explanations

3. Information on cash-settled share-based payment

□ Applicable √ N/A

4. Modification and termination of share payment

5. Others

The share based payment of Shanghai Energy, a subsidiary of the Company, is as follows:

(I). General information about share-based payment

Item	2020	2019	2018	2017
The total amount of equity instruments granted by the Company during this period (10,000 shares)				1,002.00

(II). Information on equity-settled share-based payment

Item	2020	2019	2018	2017
Determination method of fair value of equity instruments on the date of grant	Confirm according to the evaluation value	Confirm according to the evaluation value	Confirm according to the evaluation value	Confirm according to the evaluation value
Equity settled equity payments are included in the cumulative amount of Capital reserve	69,296,210.55	50,817,221.07	32,338,231.59	13,859,242.11
Total cost of equity-settled confirmed by equity settlement	18,478,989.48	18,478,989.48	18,478,989.48	13,859,242.11

On April 14, 2017, the 2016 annual general meeting of shareholders of Shanghai Energy, a subsidiary of the Company, deliberated and passed the proposal on confirming the equity incentive plan and the list of equity incentive objects, and agreed that a total of 40 employees from Zhuhai Hengjie Enterprise Management Office (limited partnership) (as "Zhuhai Hengjie") could indirectly hold the Company at the price of RMB5.50/ share, 10.02 million shares in exchange for services provided by employees. According to the relevant provisions of "accounting standards for Enterprises No. eleventh - share payment", the equity incentive is a share settlement based on equity settlement. According to the appraisal report (2017) No. 3233 issued by Beijing Zhongqihua Appraisal Co., Ltd., the transaction price of the Company's purchase of the corresponding equity of Shanghai Energy is RMB5.180 billion, RMB14.26/share as the fair value of the share based payment. Therefore, according to the difference between the number of shares subscribed by employees multiplied by the fair value of RMB14.26/share and the subscription value of RMB5.50/share, the Company recognized it as general and administrative expenses and capital reserve, RMB87,775,200.00 in total. Meanwhile, the terms and conditions of the contract and the exit mechanism should be signed with the object being encouraged: 5 years from the effective date of the labor

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contract (to December 31, 2021). It is not allowed to resign unilaterally or leave the Company in other ways or use the existing technology and newly created technology for any third party. Otherwise, it will not have the right to enjoy the partner rights and interests obtained in Zhuhai Hengjie. All partner rights and interests will be owned by Zhuhai Hengjie, which is deemed as the agreed service period. Therefore, the above equity incentive will be confirmed by stages from April 2017 to December 2021. To sum up, during January-December 2017, the Company confirmed the share based payment fee of RMB13,859,242.11, the Company confirmed the share based payment fee of RMB18,478,989.48 in 2018, and the Company confirmed the share based payment fee of 8,472y

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(2) Where the Company has no significant contingencies to disclose, description is also required:

The Company has no significant contingencies to disclose.

(3) Other information required by the guidelines for information disclosure of automobile manufacturing related industries

Amount of sales adopting mortgage sales, finance lease and other models accounts for more than 10% of operating income

□ Applicable N/A

Guarantees provided by the Company to distributors

□ Applicable N/A

3. Others

XV. Events Subsequent to the Balance Sheet Date

1. Important non-adjusting events

Unit: RMB

Item	Content	Effects on financial conditions and operating results	Reasons for inestimable effects
Important external investments	(1) Under the 21st meeting of the 4th Board of Directors of the Company and the 2021 2nd Extraordinary General Meeting of the Company, the Company was approved to make and enter into the Agreement on the Investment in Projects of Changshou Economic and Technological Development Zone with the administrative committee of Changshou Economic and Technological Development Zone. Under the Agreement, the Company's level 2 subsidiary Shanghai Energy planned to invest in the 16 high-performance lithium ion battery micropore separator film production lines and 39 spray wiring lines in Changshou Economic and Technological Development Zone, Chongqing. The investments for the projects were RMB5.8 billion, which would be its own funds and self-raised funds. As of the issue date of the report, the Company had not yet made actual investments. (2) Under the Proposal on the Cooperation of Subsidiaries with Polypore approved in the 23rd meeting of the 4th Fourth Board of Directors of the Company, the Company's level 2 subsidiary Shanghai Energy was approved to make and enter into the Agreement on Subscription For Capital Increase and Joint Venture Agreement with Polypore Hong Kong Limited (Polypore Hong Kong), a subsidiary of Polypore International, LP ("Polypore"). Under the Proposal, when meeting the premises stipulated in the agreements, Shanghai Energy and Polypore Hong Kong shall, within the required time limited, make a capital		

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increase of RMB22.84 million and RMB41.16 million to Jiangxi Mingyang New Material Technology Co., Ltd. (Jiangxi Mingyang), which was a wholly-owned subsidiary of Shanghai Energy incorporated on January 20, 2021. Following the capital increase, Jiangxi Mingyang would be a joint venture company, 51% equity of which would be held by Shanghai Energy and 49% held by Polypore Hong Kong. The total investments to Jiangxi Mingyang made by the two parties would increase to RMB250 million. Upon the first capital increase, Shanghai Energy and Polypore Hong Kong made another capital increase to Jiangxi Mingyang. After that, the registered capital of Jiangxi Mingyang would increase to RMB454 million, with the total investment up to RMB1.36 billion. The source for the Company's capital increase is self-raised. On February 24, 2021, Shanghai Energy, Jiangxi Mingyang made and entered into the Novation Agreement with Polypore Hong Kong, PPO Energy Storage Materials HK, Ltd. Under the Agreement, Polypore Hong Kong shall irrecoverably transfer all the rights, ownership, interests, obligations and liabilities under the original agreement to PPO Energy Storage Materials HK, Ltd. Accordingly, PPO Energy Storage Materials HK, Ltd. Shall undertake all related matters of Polypore Hong Kong as one party of the original agreement instead of Polypore Hong Kong. As of the issue date of the report, Shanghai Energy had not made contributions to Jiangxi Mingyang.

(3) Under the 23rd meeting of the 4th Fourth Board of Directors of the Company, Jiangxi Mingyang New Material Technology Co., Ltd., a wholly-owned subsidiary by the Company's level 2 subsidiary Shanghai Energy, was approved to make and enter into the Contract on Building the Lithium Battery Separator (r)13g [(C60003004F006(O E)] TJ ET Q EMC /P ‹

2. Profit distribution

3. Sales return

4. Other events subsequent to the balance sheet date

XVI. Other Significant Events

1. Correction of previous accounting errors: None

2. Debt restructuring: None

3. Assets exchange: None

4. Annuity plan: None

5. Discontinuation of operation: None

6. Segment information

(1) Determination basis and accounting policy of reporting segments

The Company determines the business segment based on its internal organizational structure, management requirements and internal reporting system. The operating segments of the Company refer to the components meeting the following conditions at the same time:

The component can generate income and expenses in daily activities;

The management can regularly evaluate the operation results of the component to decide to allocate resources to it and evaluate its performance;

The relevant accounting information can be obtained from the financial status, operating results and cash flow of the component.

The Company determines the reporting segment based on the operating segment, and the operating segment meeting one of the following conditions is determined as the reporting segment:

The segment revenue of the business segment accounts for 10% or more of the total revenue of all segments.

The absolute profit (loss) of the division accounts for 10% or more of the absolute sum of the total profits of all profit segments or the total amount of all deficit segment losses.

According to the accounting policy, the proportion of the total revenue from the external revenue of the business segment of the reporting division determined by the above accounting policy does not reach 75% of the total revenue, increasing the number of reporting segments, and bringing the other non reporting divisions into the reporting segment according to the following provisions, reaching the proportion of 75%:

The management considers the disclosure of the business segment information to be a useful reporting segment for the accounting information users.

The business segment is merged with one or more other business segments which have similar economic characteristics and meet the merger conditions of the business segment as a reporting division.

The transfer price between segments is determined by referring to the market price, and the assets and related expenses used together with each segment are distributed among different segments according to the income

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proportion.

The report segments of the Company are all business units providing different products and services. As various businesses require different technologies and market strategies, the Company independently manages the production and operation activities of each reporting segment, and separately evaluates its operating results to determine its allocation of resources and evaluate its performance.

The Company has 2 reporting segments: the lithium battery separator film business segment and the BOPP film business segment. The lithium battery separator film business segment is responsible for the production of lithium battery separator film, which is mainly used for the production of power car batteries and 3C product batteries; the BOPP film business segment is responsible for the production of BOPP film, which is mainly used for the outer packaging of cigarette boxes, food and other products.

(2) Financial information of reporting segments

Unit: RMB

Item	Lithium battery separation film business segment	

(3) If the Company has no reporting segment or the total assets and total liabilities of the reporting segments cannot be disclosed, please explain the reason

(4) Other explanations

-making

8. Others

XVII. Notes to Major Items of Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure of accounts receivable by type

Unit: RMB

Type	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Book value	Book balance		

	14,082,469.16
	14,082,469.16

e Reporting Period

Unit: RMB

nt for the period			Closing balance
erse	Write-offs	Other	
			581,605.98
			581,605.98

llected by arrear party

Unit: RMB

al of closing ccounts ole	Closing balance of bad debt provision
47.35%	275,404.02
31.61%	183,830.72
13.74%	79,906.33
5.16%	29,983.80
1.08%	6,298.66

receivable: None

ls receivable

s receivable by type

Unit: RMB

oject (or investee)	Closing balance	Opening balance
n Paper Co., Ltd.	137,500,000.00	157,500,000.00
ergy New Material Co., Ltd.	103,040,000.00	45,040,000.00
gta Plastic Co., Ltd.	500,000.00	70,000,000.00
	241,040,000.00	272,540,000.00

vidend receivable aged over one year: None

for bad debts

√ N/A

ions:

ceivables

ceivables by nature

Unit: RMB

Nature of amount	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
sition		820,000,000.00
ng	3,903,081,382.31	6,166,450.43
nses of convertible bonds		1,084,905.66
guarantees	1,406,560.77	943,466.50
rrowings and advances	229,241.50	561,775.36
	28,428.80	25,058.80
Total	3,904,745,613.38	828,781,656.75

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	

Balance of January 1,

Total	--	3,903,417,211.98	--	99.97%	14,608.59

6) Accounts receivable related to government grants None

7) Other receivables derecognized due to the transfer of financial assets None

8) Amount of assets and liabilities generated by transferring other receivables and continuing to be involved None

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidies	4,662,093,871.62		4,662,093,871.62	4,167,834,622.62		4,167,834,622.62
Total	4,662,093,871.62		4,662,093,871.62	4,167,834,622.62		4,167,834,622.62

(1) Investments in subsidiaries

Unit: RMB

Name of investees	Opening balance (book value)	Increase/Decrease for the period				Closing balance (book value)	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Provision for impairment	Other		
Yunnan Dexin Paper Co., Ltd.	162,135,598.40					162,135,598.40	
Yunnan Hongta Plastic Co., Ltd.	418,898,313.03					418,898,313.03	
Shanghai Energy New Material Technology Co., Ltd.	3,144,981,789.76	490,557,252.00				3,635,539,041.76	
Yunnan Hongchuang Packaging Co., Ltd.	441,809,808.43					441,809,808.43	
Innovative New Materials (Hong Kong) Co., Ltd.	9,113.00	3,701,997.00				3,711,110.00	
Suzhou Green Power New Energy Materials Co., Ltd.		739,219,511.67	739,219,511.67				
Total	4,167,834,622.62	1,233,478,760.67	739,219,511.67			4,662,093,871.62	

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(2) Investments in associates and joint ventures: None

(3) Other explanations

4. Operating income and operating cost

Unit: RMB

Item	Amount for current period		Amount for previous period	
	Income	Cost	Income	Cost
Main businesses	215,805,133.19	151,401,585.18	363,757,839.43	259,160,659.85
Other businesses	18,818,801.97	16,821,297.47	71,738,130.71	67,682,220.14
Total	234,623,935.16	168,222,882.65	435,495,970.14	326,842,879.99

Information related to performance obligations:

The Company has transferred the main risks and rewards of ownership of the goods to the buyer; the Company does not retain the right of continuous management related to the ownership, nor effectively control the sold goods; the amount of revenue can be reliably measured; the relevant economic benefits are likely to flow into the enterprise; when the relevant costs incurred or to be incurred can be reliably measured, the revenue from commodity sales is recognized.

The timing of revenue recognition of the Company for major products is as follows. When the products are delivered to the locations designated by the customers, and the delivery is completed and the evidence of transfer of ownership and risks is obtained from the customers.

Information related to the transaction price allocated to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been contracted but not yet performed or not yet completed at the end of the Reporting Period is RMB0.00.

Other explanations:

5. Investment income

Unit: RMB

Government subsidies recognized in current gains or losses (except for those closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	139,305,009.71	Due to increase in investment in the production line of lithium-ion battery separator film, the local government gave policy support.
Profit generated for the costs of the Company in the acquisition of subsidiaries, associates or joint ventures are lower than the fair value of the Company’s share in the identifiable net assets of the investees	673,727.72	
Gains or losses on entrusted investments or assets management	7,111,089.67	
Gains or losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, excluding the effective hedging business related to the Company’s normal business operations	10,951,914.18	
Other non-operating income/expenses other than items above-mentioned	-4,201,996.76	
Other items within the definition of non-recurring gains or losses	357,802.66	
Less: amount affected by the income tax	23,107,901.22	
Influences on minority equity	5,847,930.29	
Total	125,096,843.39	--

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

□ Applicable √ N/A

2. Return on equity and earnings per share

Profit during the Reporting Period

(2) Differences between the net profit and the net assets in the financial statements disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards at the same time

□ Applicable √ N/A

(3) Descriptions of reasons for accounting data differences occurring under domestic and foreign accounting standards; if adjustment is made for data audited by an overseas audit institution, the name of the institution shall be provided

4. Others

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Section 13 Documents Available for Inspection

I. Financial statements signed and sealed by the legal representative, the person in charge of finance and the person in charge of the accounting department of the Company.

II. The original copy of audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.

III. The original copies of all documents and announcements of the Company which have been publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the Reporting Period.

IV. The original text of the 2020 annual report signed by the chairman of the Board of Directors.

V. The place where the above documents are maintained: the Company’s Securities Department.

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