



**IRICO**

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

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

**2024**

**INTERIM REPORT**

\* For identification purpose only

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## I. RESULTS HIGHLIGHTS

### 1. Operation results

*Unit: RMB0'000*

Item	January – June 2024	January – June 2023
Operating revenue	<b>203,905</b>	128,750
Including: Principal operating revenue	<b>202,751</b>	127,546
Other operating revenue	<b>1,153</b>	1,204
Total profit (loss is represented by“-”)	<b>1,386</b>	-14,404
Net profit (net loss is represented by“-”)	<b>419</b>	-14,752
Including: Net profit attributable to the shareholders of the parent company	<b>419</b>	-14,752
Minority interests		
Total comprehensive income (loss is represented by“-”)	<b>632</b>	-12,559
Including: Total comprehensive income attributable to the shareholders of the parent company	<b>632</b>	-12,559
Total comprehensive income attributable to minority interests		
<hr/>		
Basic earnings per share (RMB/share)	<b>0.0238</b>	-0.8367
Diluted earnings per share (RMB/share)	<b>0.0238</b>	-0.8367

## 2. Financial position

*Unit: RMB0'000*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Total assets	<b>918,331</b>	884,040
Including: Current assets	<b>352,217</b>	341,950
Non-current assets	<b>566,113</b>	542,090
Total liabilities	<b>737,771</b>	704,112
Including: Current liabilities	<b>486,264</b>	458,459
Non-current liabilities	<b>251,508</b>	245,653
Total shareholders' equity	<b>180,559</b>	179,928
Including: Equity attributable to the shareholders of the parent company	<b>180,559</b>	179,928
Minority interests		

## 3. Cash flows

*Unit: RMB0'000*

<b>Item</b>	<b>January – June 2024</b>	January – June 2023
Net cash flow generated from operating activities	<b>2,085</b>	2,156
Net cash flow generated from investing activities	<b>-22,092</b>	-39,574
Net cash flow generated from financing activities	<b>27,077</b>	42,620
Effect of exchange rate changes on cash and cash equivalents	<b>0.07</b>	0.35
Net increase in cash and cash equivalents	<b>7,069</b>	5,202

#### 4. Performance indicators

Name of indicators	30 June 2024	31 December 2023
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Gearing ratio	<b>80.34%</b>	79.65%
Current ratio	<b>0.72</b>	0.75

Name of indicators	January – June 2024	January – June 2023
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Trade receivable turnover (days)	<b>70</b>	89
Inventory turnover (days)	<b>32</b>	52

## II. MANAGEMENT DISCUSSION AND ANALYSIS

### (I) Industry Analysis

In the first half of 2024, the production capacity of photovoltaic glass manufacturing companies continued to expand, but the overall growth of the photovoltaic industry materially slowed down due to frequent fluctuations in the rate of commencement relating to operation and demand of component manufacturers, resulting in continuous decline in the price of photovoltaic glass.

According to the analysis issued by China Photovoltaic Industry Association (CPIA), the risk of overcapacity in the photovoltaic industry will continuously increase in the future. Technological advancements and replacements of production lines will amplify the volatility of the industry chain, and the differentiation of the photovoltaic industry in terms of capacity utilization and profitability will become more severe. Photovoltaic companies will be confronted with cost

and technology competition, coupled with a slower growth in demand for photovoltaic products, however the global market demand forecast will remain optimistic. Affected by factors such as trade protectionism, the market competition will remain fierce in the second half of 2024.

## (II) Business Review

### 1. *Operation summary*

For the six months ended 30 June 2024 (the “**Reporting Period**”), the Group focused on strategic and emerging industries, cultivated the photovoltaic glass business, paid close attention to improving quality and efficiency, accelerated scientific and technological innovations, strengthened business control, and continued to enhance its core competitiveness, so as to effectively cope with the challenges arising from the fierce competition in the photovoltaic glass industry. During the Reporting Period, the Group achieved operating revenue of RMB2,039.05 million, representing a period-on-period increase of RMB751.55 million or 58.37%; and total profit of RMB13.86 million, representing a period-on-period increase of RMB157.90 million or 109.63%.

### 2. *Business progress*

Hefei Base maintained stable operation of three photovoltaic glass furnaces and supporting deep-processing production lines, and at the same time, relying on the national high-tech enterprise development platform, accelerated scientific and technological innovation as well as product structure upgrading, and made breakthroughs in the development of 1.6mm thin photovoltaic glass technology. Currently, it has the capacity for mass production.

Yan'an Base, with thin and wide-width large-size photovoltaic glass products as orientation, carried out transformation and upgrading of photovoltaic glass furnaces and supporting deep-processing production line. During the Reporting Period, the furnaces construction and the installation of production line equipment were accelerated.

Shangrao Base, the three photovoltaic glass furnaces of Phase I and supporting deep-processing production lines have entered full-scale production and operation, and the production of 2.0mm photovoltaic glass products has achieved stable product supply to mainstream component manufacturers. The scale of the Group's photovoltaic glass production has continued to rise, and its market share has been further consolidated.

Xianyang Base completed and put into operation the five deep-processing production lines for ultra-thin, double-film, high-transmissivity and large-size photovoltaic glass by investment, while comprehensively deepened the digital transformation of the industry, accelerated the equipment renewal and product research and development, and enhanced the competitiveness of the photovoltaic glass products in the market.

In order to further enhance the competitive advantages of the four major photovoltaic glass industry bases in Hefei, Yan'an, Shangrao and Xianyang, the Group, relying on the research and development platform of its technology centre, focused on promoting the development of thin, all-steel and high-transmissivity photovoltaic glass products, as well as differentiated photovoltaic glass and other products. During the Reporting Period, new products such as 1.6mm ultra-



thin, colourless double-layer coating and black glazed products achieved mass production and sales, while the development of all-steel products advanced in an orderly manner as planned.

In addition, the Group continued to promote cost reduction and efficiency enhancement, deepened the cost quota control mechanism, and effectively reduced the production cost of photovoltaic glass through the refined operation of production lines, strategic centralised purchasing, and the transformation of production equipment; at the same time, the Group strengthened the marketing drive and accelerated the localised product marketing of Hefei Base and Shangrao Base, so as to enhance the overall scale of production and sales as well as the revenue level of the Group.

### **3. *Future prospects***

Under the global trend of low-carbon economy and energy revolution, the Group shall make full use of the resources of the central enterprise to reduce costs and enhance efficiency in all aspects, from innovation in industrial scale, innovation in product technology, innovation in production organisation as well as innovation in market management. The Group will focus on national strategic and emerging industries and continuously enhance its core competitiveness.



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

During the Reporting Period, the Group recorded operating revenue of RMB2,039.05 million, representing a period-on-period increase of RMB751.55 million or 58.37%, and recorded total profit of RMB13.86 million, representing a period-on-period increase of RMB157.90 million or 109.63%.

**2. Results***(1) Unaudited profit and loss**Unit: RMB0'000*

<b>Item</b>	<b>January – June 2024</b>	January – June 2023
Operating revenue	<b>203,905</b>	128,750
Including: Principal operating revenue	<b>202,751</b>	127,546
Other operating revenue	<b>1,153</b>	1,204
Operating costs	<b>188,505</b>	126,060
Including: Principal operating costs	<b>188,228</b>	125,809
Other operating costs	<b>277</b>	251
Taxes and surcharges	<b>1,384</b>	1,256
Selling expenses	<b>328</b>	415
Administrative expenses	<b>5,942</b>	6,476

Item	January – June 2024	January – June 2023
Research and development expenses	<b>6,643</b>	4,762
Finance costs	<b>6,759</b>	4,082
Impairment losses on assets(loss is represented by “-”)		-1,319
Credit impairment losses (loss is represented by “-”)	<b>103</b>	-194
Other income	<b>6,580</b>	993
Investment income (loss is represented by “-”)	<b>306</b>	375
Gains from changes in fair value (loss is represented by “-”)	<b>7</b>	0.43
Gains from disposal of assets (loss is represented by “-”)	<b>40</b>	99
Non-operating income	<b>7</b>	6
Non-operating expenses		62
<b>Total profit (loss is represented by “-”)</b>	<b>1,386</b>	-14,404
Income tax	<b>967</b>	349
<b>Net profit (net loss is represented by “-”)</b>	<b>419</b>	-14,752
Including: Net profit attributable to the shareholders of the parent company	<b>419</b>	-14,752
Minority interests		

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

<b>Item</b>	<b>January – June 2024</b>	January – June 2023
Operating revenue	<b>203,905</b>	128,750
Including: Photovoltaic glass	<b>202,751</b>	127,546
Others	<b>1,153</b>	1,204

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

During the Reporting Period, the Group recorded operating revenue from its principal business of RMB2,027.51 million, representing a period-on-period increase of RMB752.05 million or 58.96%, which was mainly due to the gradual production and operation of three furnaces of Jiangxi Photovoltaic Phase I, the Group's new project, resulting in the increase in income.

During the Reporting Period, the Group recorded total profit of RMB13.86 million, representing a period-on-period increase of RMB157.90 million or 109.63%, which was mainly due to the gradual production and operation of three furnaces of Jiangxi Photovoltaic Phase I, the Group's new project; the Group's further enhancement of the profitability through measures such as technological innovation, cost reduction and other measures.

(2) *Administrative expenses*

During the Reporting Period, the Group's administrative expenses were RMB59.42 million (the first half of 2023: RMB64.76 million), representing a period-on-period decrease of RMB5.34 million or 8.25%, which was mainly due to the kiln cold maintenance of Yan'an New Energy, leading to a decrease in management expenses.

(3) *Finance costs*

During the Reporting Period, the Group's finance costs included in profit and loss were RMB67.59 million (the first half of 2023: RMB40.82 million), representing a period-on-period increase of RMB26.77 million or 65.59%, which was mainly due to the following reasons: the increase in production capacity scale of photovoltaic glass, the gradual commissioning of new projects, increase in demand for operating capital and adjustment of letter of credit negotiation fees to finance costs in the current year.

(4) *Selling expenses*

During the Reporting Period, the Group's selling expenses were RMB3.28 million (the first half of 2023: RMB4.15 million), representing a period-on-period decrease of RMB0.87 million or 20.95%, which was mainly due to the decrease in certification test fees and the increase in marketing staff remuneration.

(5) *Research and development expenses*

During the Reporting Period, the Group's research and development expenses were RMB66.43 million (the first half of 2023: RMB47.62 million), representing a period-on-period increase of RMB18.81 million or 39.50%, which was mainly due to the Group's increased investment in research and development of 210 large-size, 1.6mm thin and double-layer coating high-power photovoltaic glass products in order to meet market demands.

**4. Capital structure**

As at 30 June 2024, the Group continued maintaining a suitable ratio of share capital to liabilities to ensure an effective capital structure.

As at 30 June 2024, the total assets of the Group amounted to RMB9,183.31 million (31 December 2023: RMB8,840.40 million), including cash and bank balances of RMB1,076.59 million (31 December 2023: RMB1,035.06 million).

As at 30 June 2024, the total liabilities of the Group were RMB7,377.71 million (31 December 2023: RMB7,041.12 million), including bank and other borrowings of RMB4,820.49 million (31 December 2023: RMB3,829.34 million).

As at 30 June 2024, the total owners' equity of the Group was RMB1,805.59 million (31 December 2023: RMB1,799.28 million).

As at 30 June 2024, the gearing ratio (total liabilities divided by total assets) of the Group was 80.34% (31 December 2023: 79.65%).

During the Reporting Period, the turnover days for accounts receivable of the Group were 70 days, representing a period-on-period decrease of 19 days, which was mainly attributable to: the Group has strengthened its control over accounts receivable, resulting in substantial growth in revenue.

During the Reporting Period, the inventory turnover days of the Group were 32 days, representing a period-on-period decrease of 20 days, which was mainly attributable to: in the first half of the year, the Group strengthened its inventory management and reduced the average balance of inventory period-on-period despite a relatively large increase in period-on-period revenue.

## **5. Cash flow**

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RM20.85 million (the first half of 2023: net cash inflow of RMB21.56 million); net cash inflow from financing activities was RMB270.77 million (the first half of 2023: net cash inflow of RMB426.20 million); net cash outflow from investing activities was RMB220.92 million (the first half of 2023: net cash outflow of RMB395.74 million). The Group's capital expenditures amounted to RMB229.56 million in total (the first half of 2023: RMB405.54 million).

## **6. Foreign exchange risk**

The Group's income and most of its expenses were denominated in Renminbi and US dollar. For the six months ended 30 June 2024, the net foreign exchange gain of the Group was RMB694.68 (the first half of 2023: net foreign exchange gain of RMB3,500) as a result of exchange rate fluctuations. Exchange rate fluctuations had no material effect on the Group's working capital or liquidity.

**7. Commitments**

As at 30 June 2024, the capital expenditure commitments of the Group amounted to RMB1,424.22 million (31 December 2023: RMB2,963.76 million).

**8. Contingent liabilities**

As at 30 June 2024, the Group had no material contingent liability.

**9. Pledged assets**

As at 30 June 2024, the Group had no pledged assets. As at 31 December 2023, the Group had no pledged assets either.

**10. Interim dividend**

As there was no accumulated surplus in the first half of 2024, the Board resolved not to distribute any interim dividend for the six months ended 30 June 2024.

**11. Pension scheme**

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



### III. OTHER INFORMATION

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

As of 30 June 2024, none of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) or chief executives of the Company and their respective associates held an interest and short position in shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were: (a) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Directors, Supervisors or chief executives were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

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

So far as the Directors are aware, each of the following persons, not being a Director, Supervisor or chief executive of the Company had an interest or short position in the Company's shares or underlying shares (as the case may be) as of 30 June 2024 and as recorded in the register of members to be kept pursuant to section 336 of the SFO:

China Electronics Corporation\* (中國電子信息產業集團有限公司) ("**CEC**"), through IRICO Group Corporation Limited ("**IRICO Group**") and its subsidiary, Rui Bou Electronics (HK) Limited, had interests in 53,153,400 domestic shares (representing 66.38% of the domestic share capital of the Company) and 7,553,100 H shares of the Company; CEC, through Xianyang Zhongdian IRICO Group Holdings Ltd.\* ("**Zhongdian IRICO**"), also had interests in 25,214,300 H shares of the Company; CEC, through CEC Capital Investment Holdings Company Limited\* (中電金投控股有限公司) ("**CEC Capital Investment**"), had interests in 26,920,000 domestic shares (representing 33.62% of the domestic share capital of the Company) and 19,230,000 H shares of the Company. HKSCC Nominees Limited had interests in 96,151,200 H shares of the Company (representing 99.90% of the H share capital of the Company).

Ms. Yang Hua acts as an executive Director and chairlady of the Board and concurrently acts as the chief accountant of IRICO Group.

*Notes:*

As of 30 June 2024, based on the information available to Directors and so far as the Directors are aware, HKSCC Nominees Limited held 96,151,200 H shares, among which:

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

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

Yan'an Dingyuan Investment (Group) Co., Ltd.\* (延安市鼎源投資(集團)有限公司) ("**Yan'an Dingyuan**"), in the capacity of the asset trustor, through HuaAn Funds – Dingyuan QDII Single Asset Management Scheme, had beneficial interests in 1,961,700 H shares of the Company (representing approximately 2.04% of the issued H shares of the Company).

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

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

### (III) **Corporate Governance Code**

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules. For the six months ended 30 June 2024, the Company has complied with the Code Provisions set out in part 2 of the CG Code.

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

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

**(V) Audit Committee**

The Company established an audit committee under the Board (the “**Audit Committee**”). The Board adopted all contents set out in code provision D.3.3 of the Corporate Governance Code as the terms of reference for the Audit Committee. The Audit Committee has considered and reviewed the accounting standards and methods adopted by the Company and other matters relating to auditing, risk management and internal controls as well as financial reporting, including the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024.

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

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

For the six months ended 30 June 2024, the Company has adopted a set of code of conduct for securities transactions by Directors and Supervisors which is no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors and Supervisors, the Company has confirmed that none of the Directors or Supervisors has not complied with the required standard set out in the Model Code and its code of conduct regarding the securities transactions during the Reporting Period.

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

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

## **(VIII) Employees**

As of 30 June 2024, the Group had a total of 2,693 in-service employees, of whom, approximately 223 employees were management and administrative personnel, 207 employees were technical personnel, 31 employees were financial and audit personnel, 17 employees were sales and marketing personnel and 2,215 employees were production workers.

The employment and remuneration policies of the Group remain the same as those set out in the Company's prospectus dated 8 December 2004. The Group's dedicated and enthusiastic employees are committed to ensure the high quality and reliability of products and services. As at 30 June 2024, the Company had not formulated any long-term incentive schemes.

\* Excluding service dispatch workers

## **(IX) Public Float**

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

## **(X) Material Acquisition and Disposal**

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

## (XI) Other Matters

### 1. *Changes of Supervisors*

On 13 May 2024, Mr. Chen Xiaoning resigned as the shareholder representative supervisor of the Company and the chairman of the supervisory committee of the Company as he intends to devote more time to his work commitments in IRICO Group; Mr. Zhao Lefei resigned as the employee representative supervisor of the Company due to his work adjustment. Mr. Jiang A'he and Mr. Huang Zhen continue to serve as the shareholder representative supervisors, and Ms. Zhang Li continues to serve as the employee representative supervisor.

Mr. Luo Hongwei was elected as an employee representative supervisor at the employee representative meeting of the Company in accordance with the letter issued by the labor union of the Company on 13 May 2024. The term of office of Mr. Luo commenced from 13 May 2024 until the expiry of the term of the fifth session of the supervisory committee.

On 13 May 2024, Mr. Zhao Lefei was nominated as the shareholder representative supervisor of the Company by IRICO Group. On 6 June 2024, the resolution on the appointment of Mr. Zhao Lefei as the shareholder representative supervisor of the Company was considered and approved by the shareholders of the Company at the 2023 annual general meeting (the “**AGM**”). The term of office of Mr. Zhao commenced from the conclusion of the AGM until the expiry of the term of the fifth session of the supervisory committee. At the second extraordinary meeting of the fifth session of the supervisory committee of the Company held on the same date, Mr. Zhao Lefei was elected as the chairman of the supervisory committee of the Company.



For details, please refer to the announcements of the Company dated 13 May 2024 and 6 June 2024 and the notice dated 16 May 2024, respectively.

## **2. *Appointment of Deputy General Manager***

On 19 March 2024, Mr. Gao Feng'an was appointed as the deputy general manager of the Company. For details, please refer to the announcement of the Company dated 19 March 2024.

## **3. *Change of Secretary to the Board***

On 13 May 2024, Mr. Niu Xinchun was appointed as the secretary to the Board of the Company for a term until the expiry of the term of the Company's fifth session of the Board. Mr. Huang Weihong ceased to act as the secretary to the Board of the Company as he intends to devote more time to his other work commitments in the Company.

For details, please refer to the announcement of the Company dated 13 May 2024.

## **4. *Change of Auditor***

BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) (“**BDO**”) has provided audit services for the Company for five consecutive years. In accordance with the relevant regulations of the Notice on the Issuance of Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms (Cai Kuai [2023] No. 4) (《關於印發〈國有企業、上市公司選聘會計師事務所管理辦法〉的通知》(財會[2023]4號)) issued by the Ministry of Finance, the State-owned

Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission of the PRC, BDO ceased to be the auditor of the Company since the conclusion of the AGM as a result that BDO has reached the maximum number of years for which the Company has continuously employed an auditor to carry out audit work and to ensure the independence and objectivity of the audit work in conjunction with the actual operational needs.

On 6 June 2024, the resolution on the appointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for the year 2024 and the authorization to the Board to determine its remuneration was considered and approved by the shareholders of the Company at the AGM. The term of WUYIGE commenced from the conclusion of the AGM and shall end on the date of the conclusion of the 2024 annual general meeting.

For details, please refer to the announcements of the Company dated 13 May 2024 and 6 June 2024 and the notice dated 16 May 2024, respectively.

## **(XII) Events after the Reporting Period**

Save as disclosed herein, there have been no other events occurring after 30 June 2024 and up to the date of this report that may have a material impact on the Group.

## IV. CORPORATE PROFILE

### **Executive Directors**

Yang Hua

Ma Zhibin

### **Non-executive Directors**

Fang Zhongxi

Wang Dong

### **Independent Non-executive Directors**

Su Kun

Li Yong

Hao Meiping

### **Audit Committee**

Su Kun

Li Yong

Hao Meiping

### **Chief Financial Officer**

Huang Weihong

### **Secretary to the Board**

Niu Xinchun      *Appointed on 13 May 2024*

Huang Weihong      *Ceased to serve on 13 May 2024*

### **Company Secretary**

Ni Huadong

### **Authorized Representatives**

Wang Dong      *Appointed on 16 May 2024*

Huang Weihong      *Ceased to serve on 16 May 2024*

Ni Huadong

**Legal Address in the PRC**

C6, No. 3 Xinghuo Avenue,  
High-Tech Industrial Development Zone,  
Xianyang, Shaanxi Province  
Postal code: 712000

**Place of Business in Hong Kong**

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

**Company Website**

<http://www.irico.com.cn>

**Legal Adviser**

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

**Auditor**

WUYIGE Certified Public Accountants LLP, a Non-Hong Kong  
Accounting Firm accredited by the Stock Exchange  
Room 2206, 22/F, No. 1 Zhichun Road, Haidian District, Beijing

**Registrar of H Shares in Hong Kong**

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

**Investor and Media Relations**

Zhixin Investor Relations Consultant Limited  
Whole floor of 23/F, Effectual Building, 16 Hennessy Road, Wanchai,  
Hong Kong

## REVIEW REPORT

Da Xin Yue Zi [2024] No. 1–00010

### **TO THE SHAREHOLDERS OF IRICO GROUP NEW ENERGY COMPANY LIMITED,**

We have reviewed the accompanying financial statements of IRICO Group New Energy Company Limited (the “**Company**”), which comprise the consolidated balance sheet of the Company as at 30 June 2024, the consolidated income statement, the consolidated statement of cash flows, consolidated statement of changes in shareholders’ equity, as well as the notes to the financial statements from January to June 2024. The management of the Company is responsible for the preparation of the financial statements. Our responsibility is to issue a review report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the consolidated financial positions of the reviewed unit as at 30 June 2024, the operating performance and cash flows from January to June 2024.

WUYIGE Certified Public  
Accountants LLP

Chinese Certified Public Accountant:  
Zhang Wei

Chinese Certified Public Accountant:  
Han Yanpeng

Beijing • China

28 August 2024

**CONSOLIDATED BALANCE SHEET (UNAUDITED)***As at 30 June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	30 June 2024 (unaudited)	31 December 2023 (unaudited)
<b>Current Assets:</b>			
Monetary funds	V(I)	<b>1,076,586,300.20</b>	1,035,062,400.56
Held-for-trading financial assets	V(II)	<b>362,218.10</b>	294,392.40
Derivative financial assets			
Bills receivable	V(III)	<b>811,186,934.32</b>	887,634,064.33
Accounts receivable	V(IV)	<b>828,736,685.09</b>	753,679,637.45
Receivables financing	V(V)	<b>343,686,566.11</b>	347,371,486.41
Prepayments	V(VI)	<b>93,680,764.68</b>	52,169,024.49
Other receivables	V(VII)	<b>48,427,333.07</b>	37,087,079.15
Including: Interests receivable			
Dividends receivable			
Inventories	V(VIII)	<b>277,880,365.45</b>	228,883,514.58
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V(IX)	<b>41,623,474.37</b>	77,319,312.51
<b>Total current assets</b>		<b><u><u>3,522,170,641.39</u></u></b>	<b><u><u>3,419,500,911.88</u></u></b>

**CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)***As at 30 June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	30 June 2024 (unaudited)	31 December 2023 (unaudited)
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments			
Other investments in equity instruments	V(X)	<b>352,033,098.08</b>	349,910,557.70
Other non-current financial assets			
Investment properties			
Fixed assets	V(XI)	<b>3,719,813,421.23</b>	3,080,500,840.33
Construction in progress	V(XII)	<b>820,367,956.41</b>	1,240,994,875.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V(XIII)	<b>306,859,167.39</b>	322,501,078.01
Intangible assets	V(XIV)	<b>164,734,226.20</b>	166,870,118.08
Development expenditures			
Goodwill			
Long-term deferred expenses	V(XV)	<b>18,975,607.52</b>	19,803,768.42
Deferred income tax assets	V(XVI)	<b>11,435,861.59</b>	11,700,964.90
Other non-current assets	V(XVII)	<b>266,915,217.35</b>	228,613,195.97
<b>Total non-current assets</b>		<b><u><u>5,661,134,555.77</u></u></b>	<b><u><u>5,420,895,398.41</u></u></b>
<b>Total assets</b>		<b><u><u>9,183,305,197.16</u></u></b>	<b><u><u>8,840,396,310.29</u></u></b>



**CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)***As at 30 June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	30 June 2024 (unaudited)	31 December 2023 (unaudited)
<b>Current liabilities:</b>			
Short-term borrowings	V(XIX)	<b>2,101,743,870.91</b>	1,381,369,888.91
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	V(XX)	<b>544,579,258.79</b>	1,142,449,150.74
Accounts payable	V(XXI)	<b>986,420,166.11</b>	1,012,264,210.04
Receipts in advance	V(XXII)	<b>31,079.82</b>	5,046.64
Contract liabilities	V(XXIII)	<b>13,981,729.76</b>	4,103,706.49
Employee benefits payable	V(XXIV)	<b>12,861,970.83</b>	24,969,833.86
Taxes payable	V(XXV)	<b>20,323,254.99</b>	9,972,155.95
Other payables	V(XXVI)	<b>93,637,387.44</b>	97,663,667.19
Including: Interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due			
within one year	V(XXVII)	<b>620,096,090.07</b>	427,840,936.82
Other current liabilities	V(XXVIII)	<b>468,963,808.60</b>	483,948,617.24
<b>Total current liabilities</b>		<b><u>4,862,638,617.32</u></b>	<b><u>4,584,587,213.88</u></b>

**CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)***As at 30 June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	30 June 2024 (unaudited)	31 December 2023 (unaudited)
<b>Non-current liabilities:</b>			
Long-term borrowings	V(XXIX)	<b>2,143,675,998.28</b>	2,015,471,141.03
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V(XXX)	<b>259,149,075.77</b>	273,222,781.95
Long-term payables	V(XXXI)		50,000,000.00
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	V(XXXII)	<b>110,651,538.70</b>	116,034,432.98
Deferred income tax liabilities	V(XVI)	<b>1,599,228.29</b>	1,805,481.72
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b><u>2,515,075,841.04</u></b>	<b><u>2,456,533,837.68</u></b>
<b>Total Liabilities</b>		<b><u>7,377,714,458.36</u></b>	<b><u>7,041,121,051.56</u></b>

**CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)***As at 30 June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	30 June 2024 (unaudited)	31 December 2023 (unaudited)
<b>Shareholders' equity:</b>			
Share capital	V(XXXIII)	176,322,070.00	176,322,070.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	V(XXXIV)	4,281,160,374.64	4,281,160,374.64
Less: Treasury shares			
Other comprehensive income	V(XXXV)	-131,344,646.05	-133,467,186.43
Special reserve			
Surplus reserve	V(XXXVI)	22,477,267.06	22,477,267.06
Undistributed profits	V(XXXVII)	-2,543,024,326.85	-2,547,217,266.54
<b>Total equity attributable to shareholders of the parent company</b>		<b><u>1,805,590,738.80</u></b>	<b><u>1,799,275,258.73</u></b>
<b>Minority interests</b>			
<b>Total shareholders' equity</b>		<b><u>1,805,590,738.80</u></b>	<b><u>1,799,275,258.73</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>9,183,305,197.16</u></b>	<b><u>8,840,396,310.29</u></b>

Legal representative of  
the enterprise:  
Ma Zhibin

Person in charge of  
accounting:  
Huang Weihong

Head of accounting  
department:  
Luo Hongwei

**CONSOLIDATED INCOME STATEMENT (UNAUDITED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
<b>I. Operating revenue</b>	V(XXXVIII)	<b>2,039,047,469.40</b>	1,287,500,241.21
Less: Operating costs	V(XXXVIII)	<b>1,885,049,802.03</b>	1,260,602,963.38
Taxes and surcharges	V(XXXIX)	<b>13,837,706.35</b>	12,562,177.70
Selling expenses	V(XL)	<b>3,282,795.23</b>	4,152,758.73
Administrative expenses	V(XLI)	<b>59,416,627.24</b>	64,759,825.13
Research and development expenses	V(XLII)	<b>66,432,483.93</b>	47,621,327.11
Finance costs	V(XLIII)	<b>67,592,531.69</b>	40,820,133.04
Including: Interest expense		<b>80,122,872.89</b>	45,720,018.36
Interest income		<b>13,864,065.64</b>	6,015,373.60
Add: Other income	V(XLIV)	<b>65,803,040.72</b>	9,925,329.74
Investment income (loss is represented by "-")	V(XLV)	<b>3,063,389.46</b>	3,754,180.63
Including: Gains from investment in associates and joint ventures			
Income from derecognition of financial asset at the amortized cost			
Gains from net exposure hedges (loss is represented by "-")			
Gains from changes in fair value (loss is represented by "-")	V(XLVI)	<b>67,825.70</b>	4,329.30
Credit impairment losses (loss is represented by "-")	V(XLVII)	<b>1,028,417.79</b>	-1,943,188.51
Asset impairment losses (loss is represented by "-")	(XLVIII)		-13,189,154.35
Gains from disposal of assets (loss is represented by "-")	(XLIX)	<b>395,907.99</b>	992,224.12

**CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
<b>II. Operating profit (loss is represented by “-”)</b>		<b>13,794,104.59</b>	-143,475,222.95
Add: Non-operating income	V(L)	<b>69,595.88</b>	57,532.66
Less: Non-operating expenses	V(LI)		620,309.85
<b>III. Total profit (total loss is represented by “-”)</b>		<b>13,863,700.47</b>	-144,038,000.14
Less: Income tax expenses	V(LII)	<b>9,670,760.78</b>	3,485,935.81
<b>IV. Net profit (net loss is represented by “-”)</b>		<b>4,192,939.69</b>	-147,523,935.95
(I) Classified by continuity of operations:			
1. Net profit from continuing operations (net loss is represented by “-”)		<b>4,192,939.69</b>	-147,523,935.95
2. Net profit from discontinued operations (net loss is represented by “-”)			
(II) Classified by ownership of equity:			
1. Net profit attributable to the shareholders of the Company (net loss is represented by “-”)		<b>4,192,939.69</b>	-147,523,935.95
2. Minority interests (net loss is represented by “-”)			

**CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
<b>V. Other comprehensive income, net of tax</b>		<b>2,122,540.38</b>	21,932,917.26
(I) Other comprehensive income (net of tax) attributable to the owners of the parent company		<b>2,122,540.38</b>	21,932,917.26
1. Other comprehensive income that cannot be reclassified to profit or loss		<b>2,122,540.38</b>	21,932,917.26
(1) Re-measurement of changes in defined benefit plan			
(2) Other comprehensive income that cannot be reclassified to profit or loss under equity method			
(3) Change in fair value of other equity instrument investments		<b>2,122,540.38</b>	21,932,917.26
(4) Change in fair value of enterprise's own credit risk			

**CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

<b>Item</b>	<i>Note</i>	<b>From January to June 2024 (unaudited)</b>	From January to June 2023 (unaudited)
2. Other comprehensive income that will be reclassified to profit or loss			
(1) Other comprehensive income that may be reclassified to profit or loss under equity method			
(2) Change in fair value of other debt investment			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Other debt investment credit impairment provision			
(5) Cash flow hedging reserve			
(6) Exchange differences from translation of foreign currency financial statements			
(7) Others			
(II) Other comprehensive income (net of tax) attributable to minority shareholders			



**CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)**

From January to June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
<b>VI. Total comprehensive income</b>		<b>6,315,480.07</b>	-125,591,018.69
(I) Total comprehensive income attributable to the owners of the parent company		<b>6,315,480.07</b>	-125,591,018.69
(II) Total comprehensive income attributable to minority shareholders			
<b>VII. Earnings per share</b>			
(I) Basic earnings per share (RMB/share)	V(LIII)	<b>0.0238</b>	-0.8367
(II) Diluted earnings per share (RMB/share)	V(LIII)	<b>0.0238</b>	-0.8367
Legal representative of the enterprise: Ma Zhibin	Person in charge of accounting: Huang Weihong	Head of accounting department: Luo Hongwei	

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods or rendering of services		<b>1,683,976,419.36</b>	1,248,195,207.24
Receipts of tax refunds		<b>45,852,511.13</b>	51,305,870.61
Cash received relating to other operating activities	V(LV)	<b>66,142,064.62</b>	160,084,877.50
Subtotal of cash inflows from operating activities		<b>1,795,970,995.11</b>	1,459,585,955.35
Cash paid for purchasing goods and receiving services		<b>1,583,317,208.26</b>	1,251,799,016.24
Cash paid to and for employees		<b>127,182,276.50</b>	86,344,501.05
Cash paid for taxes and surcharges		<b>34,637,094.86</b>	38,111,551.01
Cash paid relating to other operating activities	V(LV)	<b>29,988,468.25</b>	61,771,459.31
Subtotal of cash outflows from operating activities		<b>1,775,125,047.87</b>	1,438,026,527.61
Net cash flows from operating activities		<b>20,845,947.24</b>	21,559,427.74
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments			67,231.45
Cash received from returns on investments		<b>5,020,816.64</b>	9,798,439.85

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>3,806,000.00</b>	
Net cash received from disposal of subsidiaries and other business entities			
Cash received from other investing activities	V(LV)	<b>275,000.00</b>	
Subtotal of cash inflows from investing activities		<b>9,101,816.64</b>	9,865,671.30
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>229,562,759.84</b>	405,541,044.90
Cash paid for investment			67,231.45
Net cash paid for acquisition of subsidiaries and other business entities			
Cash paid relating to other investing activities	V(LV)	<b>457,667.90</b>	
Subtotal of cash outflows from investing activities		<b>230,020,427.74</b>	405,608,276.35
Net cash flows from investing activities		<b>-220,918,611.10</b>	-395,742,605.05

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	Note	From January to June 2024 (unaudited)	From January to June 2023 (unaudited)
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investments:			
Including: Cash received by subsidiaries from minority shareholders' investment			
Cash received from borrowings		<b>1,735,253,970.89</b>	1,693,824,977.50
Cash received relating to other financing activities			
Subtotal of cash inflows from financing activities		<b>1,735,253,970.89</b>	1,693,824,977.50
Cash paid for repayment of borrowings		<b>1,315,335,676.52</b>	1,205,253,856.38
Cash paid for distribution of dividends and profits or for interest expenses		<b>71,816,675.86</b>	52,931,606.58
Including: Dividends or profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	V(LV)	<b>77,336,615.91</b>	9,436,539.68
Subtotal of cash outflows from financing activities		<b>1,464,488,968.29</b>	1,267,622,002.64
Net cash flows from financing activities		<b>270,765,002.60</b>	426,202,974.86

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)***From January to June 2024**(All amounts in RMB Yuan unless otherwise stated)*

Item	<i>Note</i>	<b>From January to June 2024 (unaudited)</b>	From January to June 2023 (unaudited)
<b>IV. Effect of changes in exchange rate on cash and cash equivalents</b>		<b>694.68</b>	3,483.40
<b>V. Net increase in cash and cash equivalents</b>		<b>70,693,033.42</b>	52,023,280.95
Add: Cash and cash equivalents at the beginning of the period		<b>950,634,372.10</b>	408,832,090.42
<b>VI. Cash and cash equivalents at the end of the period</b>		<b>1,021,327,405.52</b>	460,855,371.37

Legal representative of  
the enterprise:  
Ma Zhibin

Person in charge of  
accounting:  
Huang Weihong

Head of accounting  
department:  
Luo Hongwei

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

From January to June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	From January to June 2024 (unaudited)												Total shareholders' equity
	Equity attributable to parent company											Minority interests	
	Other equity instruments				Capital reserve	Less: Treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
Share capital	Preference shares	Perpetual bonds	Others										
<b>I. Balance at the end of last year</b>	176,322,070.00				4,281,160,374.64		-133,467,186.43		22,477,267.06	-2,547,217,266.54	1,799,275,258.73		1,799,275,258.73
Add: Changes in accounting policies													
Correction for error in previous period													
Others													
<b>II. Balance at the beginning of current year</b>	176,322,070.00				4,281,160,374.64		-133,467,186.43		22,477,267.06	-2,547,217,266.54	1,799,275,258.73		1,799,275,258.73
<b>III. Movements in the period (decrease is represented by "-")</b>													
(I) Total comprehensive income							2,122,540.38			4,192,938.69	6,315,480.07		6,315,480.07
(II) Capital contribution and reduction from shareholders							2,122,540.38			4,192,938.69	6,315,480.07		6,315,480.07
1. Ordinary shares contribution from shareholders													
2. Capital contribution from owners of other equity instruments													
3. Amount of share-based payment included in shareholders' equity													
4. Others													
(III) Profit distribution													
1. Appropriations of surplus reserve													
2. Distribution to shareholders													
3. Others													
(IV) Transfer of shareholders' equity													
1. Transfer to share capital from capital reserve													
2. Transfer to share capital from surplus reserve													
3. Surplus reserves for making up losses													
4. Changes in defined benefit plans transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriations in the period													
2. Utilization in the period													
(VI) Others													
<b>IV. Closing balance for the period</b>	176,322,070.00				4,281,160,374.64		-131,344,646.05		22,477,267.06	-2,543,024,326.85	1,805,590,738.80		1,805,590,738.80

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) (CONTINUED)

From January to June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	From January to June 2023 (unaudited)										Total shareholders' equity	
	Equity attributable to parent company											
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Subtotal
Share capital	Preference shares	Perpetual bonds	Others									
<b>I. Balance at the end of last year</b>	176,322,070.00			4,281,160,374.64		-241,731,435.66		22,477,267.06	-2,316,261,778.74	1,921,966,497.30		1,921,966,497.30
Add: Changes in accounting policies												
Correction for error in previous period												
Others												
<b>II. Balance at the beginning of current year</b>	176,322,070.00			4,281,160,374.64		-241,731,435.66		22,477,267.06	-2,316,261,778.74	1,921,966,497.30		1,921,966,497.30
<b>III. Movements in the period (decrease is represented by "-")</b>						21,932,917.26			-147,523,935.95	-125,581,018.69		-125,581,018.69
(I) Total comprehensive income						21,932,917.26			-147,523,935.95	-125,581,018.69		-125,581,018.69
(II) Capital contribution and reduction from shareholders												
1. Ordinary shares contribution from shareholders												
2. Capital contribution from owners of other equity instruments												
3. Amount of share-based payment included in shareholders' equity												
4. Others												
(III) Profit distribution												
1. Appropriations of surplus reserve												
2. Distribution to shareholders												
3. Others												
(IV) Transfer of shareholders' equity												
1. Transfer to share capital from capital reserve												
2. Transfer to share capital from surplus reserve												
3. Surplus reserves for making up losses												
4. Changes in defined benefit plans transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriations in the period												
2. Utilization in the period												
(VI) Others												
<b>IV. Closing balance for the period</b>	176,322,070.00			4,281,160,374.64		-219,798,518.40		22,477,267.06	-2,463,785,714.69	1,796,375,478.61		1,796,375,478.61

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

Legal representative of  
the enterprise:  
Ma Zhibin

Person in charge of  
accounting:  
Huang Weihong

Head of accounting  
department:  
Luo Hongwei

## NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2024*

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

### I. COMPANY PROFILE

#### **(I) Company Profile**

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

After the initial issue of overseas-listed foreign shares, the Company’s registered capital was RMB1,941,174,000, with the total number of shares being 1,941,174,000 shares, of which 1,455,880,000 shares were domestic shares, accounting for 75% thereof, and 485,294,000 shares were foreign shares, accounting for 25%. As decided by the extraordinary general meeting of the Company on 28 January 2010, with the capitalization of the capital reserve by 1 share for every 10 shares, the Company’s registered capital was changed to RMB2,135,291,400, and the total number of shares was changed to 2,135,291,400 shares, of which 1,601,468,000 shares were domestic shares, accounting for 75%, and 533,823,400 shares were foreign shares, accounting for 25%. In accordance with the general mandate granted to the Board by the 2009 Annual General Meeting, the Company completed the placing of 97,058,000 shares of H shares, with the registered capital being changed to RMB2,232,349,400, and the total number of shares being changed to 2,232,349,400 shares, of which 1,601,468,000 shares were domestic shares, accounting for 71.74%, and 630,881,400 shares were foreign shares, accounting for 28.26%.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### I. COMPANY PROFILE (CONTINUED)

#### ***(I) Company Profile (Continued)***

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***I. COMPANY PROFILE (CONTINUED)****(I) Company Profile (Continued)**

On 8 November 2021, the Board was informed by China Electronics Corporation\* (中國電子信息產業集團有限公司) (“**CEC**”), the ultimate controlling shareholder of the Company that, IRICO Group Corporation Limited\* (彩虹集團有限公司) (“**IRICO Group**”) and Xianyang Zhongdian IRICO Group Holdings Ltd.\* (咸陽中電彩虹集團控股有限公司) (“**Zhongdian IRICO**”) entered into a share transfer agreement with CEC Capital Investment Holdings Company Limited\* (中電金投控股有限公司) (“**CEC Capital Investment**”), respectively, pursuant to which, IRICO Group agreed to transfer 26,920,000 domestic shares of the Company it held to CEC Capital Investment, representing 15.27% of the total issued shares of the Company as at the date of this report; and Zhongdian IRICO agreed to transfer 19,230,000 H shares of the Company it held to CEC Capital Investment, representing 10.91% of the total issued shares of the Company as at the date of this report, each at the consideration of RMB26 per share. As of 30 June 2024, the total accumulated share capital of the Company was 176,322,070 shares and the registered capital was RMB176,322,070.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

### I. COMPANY PROFILE (CONTINUED)

#### (I) Company Profile (Continued)

The unified social credit code of the Company is 916100007663066019. The place of registration is C6, No. 3, Xinghuo Avenue, Hi-Tech Industrial Development Zone, Xianyang, Shaanxi Province; its legal representative is Ma Zhibin.

#### (II) Scope of the consolidated financial statements

During the Reporting Period, subsidiaries included in the scope of consolidation are set out as below:

No.	Name of subsidiaries	Short name	Level
1	IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司)	Hefei Photovoltaic	2
2	IRICO Yan'an New Energy Co., Ltd.* (彩虹(延安)新能源有限公司)	Yan'an New Energy	2
3	Xianyang IRICO Photovoltaic Glass Co., Ltd. (咸陽彩虹光伏玻璃有限公司)	Xianyang Photovoltaic	2
4	Jiangxi IRICO Photovoltaic Co., Ltd. (江西彩虹光伏有限公司)	Jiangxi Photovoltaic	2

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS****(I) Basis of preparation**

The financial statements of the Company have been prepared on a going concern basis in respect of actual transactions and matters in accordance with the Accounting Standards for Business Enterprises-Basic Standards and its relevant specific accounting standards and other relevant requirements (together referred to as the “**Accounting Standards for Business Enterprises**”) promulgated by the Ministry of Finance of the PRC, and based on the accounting policies and accounting estimates set out below.

**(II) Going concern**

During the period from January to June 2024, the Company recorded net profit attributable to the shareholders of the parent company of RMB4.1929 million and net cash flows from operating activities of the Company of RMB20.8459 million. As of 30 June 2024, the Company had current liabilities of RMB4,862.6386 million, current assets of RMB3,522.1706 million, and net current liabilities of RMB1,340.4680 million. In this regard, the Company will take the following measures to ensure the safety of its funds and improve its business results:

1. Along with the commencement of production of the Jiangxi Photovoltaic project, the sales income and operating profit of the Company in the future will increase, and cash flow will be improved;

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(II) Going concern (Continued)**

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

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

The management of the Company has prepared consolidated cash flow forecast covering a period of 12 months from 1 July 2024, and is of the view that the Company will have sufficient working capital and sources of financing to ensure that the Company is able to settle its debt due in the next 12 months and continue as a going concern without scaling back its current operations.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES*****(I) Statement on compliance with the Accounting Standards for Business Enterprises***

The financial statements prepared by the Company are in compliance with the requirements of the Accounting Standards for Business Enterprises, reflecting information related to the Company’s financial position as at 30 June 2024, operating results and cash flows for January to June 2024 on a true and complete basis.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(II) Accounting period**

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

#### **(III) Functional currency**

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

#### **(IV) Basis of accounting and principle of measurement**

The accounting of the Company is measured on an accrual accounting basis, and except for held-for-trading financial assets/liabilities, derivative financial instruments, other debt investments, other investments in equity instruments and cash-settled share-based payments are measured at fair value, others are measured based on historical cost. In case of asset impairment, impairment provisions shall be made accordingly under relevant regulations.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(V) Accounting treatment of business combinations under common control and not under common control***

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

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

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

#### ***(VI) Criteria of control and preparation method of consolidated financial statements***

##### *1. Criteria of control*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) *Criteria of control and preparation method of consolidated financial statements (Continued)*****2. *Consolidation procedures***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(VI) Criteria of control and preparation method of consolidated financial statements (Continued)***

##### *2. Consolidation procedures (Continued)*

##### *(1) Addition of subsidiary or business*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) *Criteria of control and preparation method of consolidated financial statements (Continued)*****2. *Consolidation procedures (Continued)*****(1) *Addition of subsidiary or business (Continued)***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(VI) Criteria of control and preparation method of consolidated financial statements (Continued)***

##### *2. Consolidation procedures (Continued)*

##### *(1) Addition of subsidiary or business (Continued)*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) *Criteria of control and preparation method of consolidated financial statements (Continued)****2. Consolidation procedures (Continued)**(2) Disposal of subsidiary*

## ① General treatment for disposal

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(VI) Criteria of control and preparation method of consolidated financial statements (Continued)***

##### *2. Consolidation procedures (Continued)*

##### *(2) Disposal of subsidiary (Continued)*

##### ② Stepwise disposal of subsidiary

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

- 1) These transactions are entered into simultaneously or after considering the effects of each other;
- 2) These transactions constitute a complete commercial result as a whole;

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) *Criteria of control and preparation method of consolidated financial statements (Continued)*****2. *Consolidation procedures (Continued)*****(2) *Disposal of subsidiary (Continued)*****② Stepwise disposal of subsidiary (Continued)**

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (VI) *Criteria of control and preparation method of consolidated financial statements (Continued)*

##### 2. *Consolidation procedures (Continued)*

##### (2) *Disposal of subsidiary (Continued)*

##### ② Stepwise disposal of subsidiary (Continued)

##### 4) (Continued)

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

##### (3) *Purchase of minority interests in subsidiary*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(VI) *Criteria of control and preparation method of consolidated financial statements (Continued)*****2. *Consolidation procedures (Continued)*****(4) *Partial disposal of equity investment in subsidiary without loss of control***

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

**(VII) *Classification of joint arrangements and accounting treatment***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(VII) Classification of joint arrangements and accounting treatment (Continued)***

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(VIII) Recognition standard for cash and cash equivalents***

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

***(IX) Foreign currency transactions and translation of financial statements denominated in foreign currency******1. Foreign currency transactions***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

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

##### *2. Translation of financial statements denominated in foreign currency*

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

*1. Classification of financial instruments*

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

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

The objective of the business model is to collect contractual cash flows;

The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

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

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

The objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;

The contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)***1. Classification of financial instruments (Continued)*

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

(1) Financial assets measured at amortized cost

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

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

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

- (6) Financial liabilities measured at amortized cost

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

#### 3. *Derecognition of financial assets and recognition basis and measurement method for financial asset transfers*

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

- The contractual rights to receive the cash flows from the financial asset expire;

The financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;

The financial asset has been transferred, and the Company neither transferred nor retained substantially all risks and rewards related to the ownership of the financial asset, but did not retain its control over the said financial asset.

If the Company revises or renegotiates the contract with the counterparty and the modification constitutes substantial modification, the original financial assets is derecognised and the new financial assets is recognised in accordance with the revised terms.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

3. *Derecognition of financial assets and recognition basis and measurement method for financial asset transfers (Continued)*

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

3. *Derecognition of financial assets and recognition basis and measurement method for financial asset transfers (Continued)*

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)****4. Derecognition of financial liabilities**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### **(X) Financial Instruments (Continued)**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

The Company performs impairment accounting on the basis of the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contracts, etc.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### **(X) Financial Instruments (Continued)**

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

For lease receivables formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 21 – Lease, the Company chooses to always measure the loss provisions at the amount equal to the lifetime expected credit loss.

For other financial instruments, the Company assesses at each balance sheet date the changes in the credit risk of the relevant financial instrument since initial recognition.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(X) Financial Instruments (Continued)****6. Test and accounting methods for impairment of financial instruments (Continued)**

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

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Company measures the loss provisions according to the amount of the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss provisions at an amount equal to the next 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment losses or gains shall be included in current profit or loss, without reducing the book value of the financial asset as stated in the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XI) Impairment of receivables***

##### *1. Bills receivable and accounts receivable*

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of receivables (Continued)****1. Bills receivable and accounts receivable (Continued)*

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XI) Impairment of receivables (Continued)

##### 1. Bills receivable and accounts receivable (Continued)

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XI) Impairment of receivables (Continued)***1. Bills receivable and accounts receivable (Continued)*

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XI) Impairment of receivables (Continued)

##### 1. Bills receivable and accounts receivable (Continued)

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of receivables (Continued)******1. Bills receivable and accounts receivable (Continued)***

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

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

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

***2. Receivables financing***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XI) Impairment of receivables (Continued)***

##### *2. Receivables financing (Continued)*

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XI) Impairment of receivables (Continued)

##### 2. Receivables financing (Continued)

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XI) Impairment of receivables (Continued)

##### 3. Other receivables

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XI) Impairment of receivables (Continued)******4. Others***

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

***(XII) Inventories******1. Classification and costs for inventories***

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

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

***2. Measurement for inventories delivered***

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XII) Inventories (Continued)***

3. *Inventory system*

The Company adopts perpetual inventory system.

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

(1) Low-value consumables are amortized using one-off write-off method;

(2) Packaging materials are amortized using one-off write-off method.

5. *Recognition criteria and provision methods for the provision for impairment of inventories*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XII) Inventories (Continued)******5. Recognition criteria and provision methods for the provision for impairment of inventories (Continued)***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XIII) Contract assets***

1. *Recognition and standard of contract assets*

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XIV) Assets classified as held-for-sale******1. Assets classified as held-for-sale***

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XIV) Assets classified as held-for-sale (Continued)***

##### *1. Assets classified as held-for-sale (Continued)*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments******1. Joint control or significant influence criterion***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### ***(XV) Long-term equity investments (Continued)***

##### *2. Determination of initial investment cost*

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### ***(XV) Long-term equity investments (Continued)***

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)***

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XV) Long-term equity investments (Continued)***

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)*****3. *Subsequent measurement and recognition of profit or loss (Continued)***

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

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

- (3) Disposal of long-term equity investments

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XV) Long-term equity investments (Continued)***

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XV) Long-term equity investments (Continued)*****3. *Subsequent measurement and recognition of profit or loss (Continued)*****(3) Disposal of long-term equity investments (Continued)**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XV) Long-term equity investments (Continued)***

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVI) Investment property***

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

Subsequent expenses related to the investment property shall be included in the cost of the investment property, if the related economic benefits are likely to flow into the enterprise, and the cost can be reliably measured. Otherwise, they should be included in the current profit and loss upon occurrence.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XVII) Fixed assets***

##### *1. Recognition and initial measurement of fixed assets*

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVII) Fixed assets (Continued)******2. Methods for depreciation***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XVII) Fixed assets (Continued)

##### 2. Methods for depreciation (Continued)

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

Category	Depreciation methods	Useful life (Years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	Straight-line method	30	3	3.23
Machinery and equipment	Straight-line method	6-18	3	5.39-16.17
Transportation tools	Straight-line method	5	3	19.40
Office equipment and others	Straight-line method	5	3	19.40

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XVII) Fixed assets (Continued)******3. Disposal of fixed assets***

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

***(XVIII) Construction in progress***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XIX) Borrowing costs***

##### *1. Criteria for recognition of capitalised borrowing costs*

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

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

##### *2. Capitalisation period of borrowing costs*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XIX) Borrowing costs (Continued)***

##### *3. Suspension of capitalisation period*

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XIX) Borrowing costs (Continued)*****4. *Capitalisation rate and calculation of capitalization amount of borrowing costs (Continued)***

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XX) Intangible assets***

##### *1. Measurement of intangible assets*

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

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

- (2) Subsequent measurement

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****(XX) Intangible assets (Continued)**

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### **(XX) Intangible assets (Continued)**

#### 4. *Scope of the expenditure for research and development*

Expenditures incurred in the process of research and development of the Company include relevant compensation of employees engaged in research and development activities, materials consumed, and relevant depreciation and amortization expenses.

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XX) Intangible assets (Continued)******6. Specific conditions for capitalisation of expenditure incurred in development phase***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### ***(XX) Intangible assets (Continued)***

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

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

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

#### ***(XXI) Impairment of long-term assets***

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXI) Impairment of long-term assets (Continued)***

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XXI) Impairment of long-term assets (Continued)***

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

#### ***(XXII) Long-term deferred expenses***

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

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

#### ***(XXIII) Contract liabilities***

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits******1. Accounting treatment methods of short-term benefits***

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXIV) Employee benefits (Continued)*

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

##### (1) Defined contribution scheme

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

##### (2) Defined benefit scheme

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits (Continued)*****2. *Accounting treatment methods of post-employment benefits (Continued)*****(2) Defined benefit scheme (Continued)**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXIV) Employee benefits (Continued)*

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

##### (2) Defined benefit scheme (Continued)

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIV) Employee benefits (Continued)******3. Accounting treatment of termination benefits***

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

***(XXV) Estimated liabilities***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XXV) Estimated liabilities (Continued)***

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

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

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

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

Where the contingency is related to individual item, the best estimate should be determined as the most likely amount.

Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXV) Estimated liabilities (Continued)***

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVI) Share-based payments (Continued)******1. Equity-settled share-based payment and equity instrument (Continued)***

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVI) Share-based payments (Continued)******2. Cash-settled share-based payments and equity instrument (Continued)***

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

***(XXVIII) Revenue***

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXVIII) Revenue (Continued)*

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

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

At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.

The customers can control the goods under construction in the course of the Company's performance.

Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXVIII) Revenue (Continued)*

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXVIII) Revenue (Continued)***

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

The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.

The Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.

The Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.

The customer has accepted the goods.

The Company assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Company is a principal or an agent. If the Company controls the specified good or service before that good or service is transferred to a customer, the Company is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Company is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### ***(XXVIII) Revenue (Continued)***

##### *2. Specific methods for revenue recognition*

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

#### ***(XXIX) Contract costs***

Contract costs comprise contract performance costs and contract acquisition costs.

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

This cost is directly related to a current or expected contract.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXIX) Contract costs (Continued)***

This cost increases the resources of the Company to fulfill its performance obligations in the future.

The cost is expected to be recovered.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

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

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

#### *(XXX) Government grants*

##### *1. Types*

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXX) Government grants (Continued)******2. Timing for recognition***

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

***3. Accounting treatment***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

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

#### 3. *Accounting treatment (Continued)*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXX) Government grants (Continued)******3. Accounting treatment (Continued)***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)***

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

The initial recognition of the goodwill;

Transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and the initial recognition of assets and liabilities does not result in an equal amount of taxable temporary differences and deductible temporary differences.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

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

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

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

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

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

When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXI) Deferred income tax assets and deferred income tax liabilities (Continued)***

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

***(XXXII) Lease***

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXII) Lease (Continued)*

#### 1. *The Company as a lessee*

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

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

The amount of the initial measurement of lease liability;

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

Initial direct costs incurred by the Company;

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)******1. The Company as a lessee (Continued)*****(1) Right-of-use assets (Continued)**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXII) Lease (Continued)*

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

##### (2) Lease liabilities

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

Fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);

Variable lease payments that are based on an index or a rate;

Amounts expected to be payable under the guaranteed residual value provided by the Company;

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(2) Lease liabilities (Continued)**

The exercise price of a purchase option if the Company is reasonably certain to exercise that option;

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXII) Lease (Continued)*

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

##### (2) Lease liabilities (Continued)

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****1. The Company as a lessee (Continued)****(2) Lease liabilities (Continued)**

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXII) Lease (Continued)*

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

##### (4) Lease change

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)******1. The Company as a lessee (Continued)******(4) Lease change (Continued)***

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

***2. The Company as a lessor***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXII) Lease (Continued)*

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

##### (1) Accounting treatment of operating leases

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****2. *The Company as a lessor (Continued)*****(2) Accounting treatment of financing leases**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XXXII) Lease (Continued)

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

##### (2) Accounting treatment of financing leases (Continued)

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

The change expands the scope of lease by adding the right to use one or more leased assets;

The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

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

In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

In case where the lease would have been classified as a financing lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this Note “III. (X) – Financial instruments”.

***3. After-sale and leaseback transactions***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXII) Lease (Continued)*

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

##### (1) As a lessee

If the asset transfer in the after-sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the after-sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor.

If the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see Note “III. (X) Financial instruments”.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXII) Lease (Continued)*****3. *After-sale and leaseback transactions (Continued)*****(2) As a lessor**

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### *(XXXIII) Asset backed securities*

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

#### *(XXXIV) Discontinued operation*

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

1. represents a separate major line of business or geographical area of operations;
2. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXIV) Discontinued operation (Continued)***

3. is a subsidiary acquired exclusively with a view to resale.

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

***(XXXV) Segment reporting***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### *(XXXV) Segment reporting (Continued)*

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

#### *(XXXVI) Main Accounting Estimates and Judgments*

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVI) Main Accounting Estimates and Judgments (Continued)***

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

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

2. *Net realizable value of the inventory*

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXVI) Main Accounting Estimates and Judgments (Continued)*

##### *3. Current period and deferred income tax*

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVI) Main Accounting Estimates and Judgments (Continued)******4. Impairment of financial assets***

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

***5. Impairment of non-financial assets***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

*(XXXVII) Determination method and selection basis for materiality criteria*

Item	Materiality criteria
Significant recovery of allowance for bad debts of receivables	Single amount recovered or reversed of more than 10% of the total assets of various types of receivables
Significant construction in progress	Single project with a budget more than RMB100 million
Significant accounts payable and other payables	Single accounts payable/other payables aged more than 1 year account for more than 10% of the total accounts payable/other payables

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)*****(XXXVIII) Changes in significant accounting policies and accounting estimates***

None.

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### IV. TAXATION (CONTINUED)

#### ***(II) Important tax incentives and approvals***

1. Pursuant to the “Notice on Tax Policies in relation to Further Implementation of the Western Development Strategy” (Cai Shui [2011] No. 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》(財稅[2011]58號)) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, from 1 January 2011 to 31 December 2020, enterprise income tax imposed upon any enterprises established in western regions which are engaging in the encouraged industries shall be subject to a reduced rate at 15%, with effect from 1 January 2011. On 23 April 2020, the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission jointly issued the Announcement on the Continuation of the Corporate Income Tax Policy for Western Development (Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission of [2020] No. 23), which specifies that “from 1 January 2021 to 31 December 2030, enterprises in the encouraged industries located in the western regions shall be subject to a reduced corporate income tax rate of 15%. For the purpose of this article, enterprise in an encouraged industry means an enterprise whose main business is within the scope of industry projects set out in the Catalogue of Encouraged Industries in western regions and whose revenue from its main business accounts for 60% or more of its gross

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Important tax incentives and approvals (Continued)**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### IV. TAXATION (CONTINUED)

#### ***(II) Important tax incentives and approvals (Continued)***

2. On 18 September 2021, Hefei Photovoltaic, a subsidiary of the Company, was once again accredited as a High and New Technology Enterprise (Certificate No. GR202134001668) as approved by the Science and Technology Department of Anhui Province, and the Department of Finance of Anhui Province, Anhui Provincial Tax Service of the State Taxation Administration, and has been entitled to a 15% preferential tax treatment for EIT, with a certificate valid for three years.
  
3. Xianyang Photovoltaic, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR202261000379) as approved by the Science and Technology Department of Shaanxi Province, the Department of Finance of Shaanxi Province and Shaanxi Provincial Tax Service of the State Taxation Administration on 12 October 2022, and has been entitled to a 15% preferential tax treatment for EIT and the validity period of the certificate is three years.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Important tax incentives and approvals (Continued)**

4. Yan'an New Energy, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR202261004763) as approved by the Science and Technology Department of Shaanxi Province, the Department of Finance of Shaanxi Province and Shaanxi Provincial Tax Service of the State Taxation Administration on 14 December 2022, and has been entitled to a 15% preferential tax treatment for EIT and the validity period of the certificate is three years.
5. Jiangxi Photovoltaic, a subsidiary of the Company, was accredited as a High and New Technology Enterprise (Certificate No. GR202336000178) as approved by the Science and Technology Department of Jiangxi Province, the Department of Finance of Jiangxi Province and Jiangxi Provincial Tax Service of the State Taxation Administration on 12 November 2023, and has been entitled to a 15% preferential tax treatment for EIT and the validity period of the certificate is three years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### IV. TAXATION (CONTINUED)

#### ***(II) Important tax incentives and approvals (Continued)***

6. Hefei Photovoltaic, Yan'an New Energy, Xianyang Photovoltaic and Jiangxi Photovoltaic, subsidiaries of the Company, pursuant to the Notice on Further Improvement of the Policy of Weighted Pretax Deduction on Research and Development Expenses (Announcement of Ministry of Finance and the State Taxation Administration No. 7 of 2023), is required to deduct 100% of the amount actually incurred which shall be deducted before tax payment, in addition to the deduction as prescribed to the extent of the amount actually incurred since 1 January 2023, where the research and development expenses incurred by an enterprise in research and development activities do not form intangible assets and are included in the current period's profit or loss; and make pre-tax amortisation based on 200% of the costs of the intangible assets since 1 January 2023 where intangible assets are formed.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***IV. TAXATION (CONTINUED)****(II) Important tax incentives and approvals (Continued)**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS****(I) Monetary funds**

Item	30 June 2024	31 December 2023
Cash on hand		
Bank deposit	<b>1,020,785,574.50</b>	950,241,506.41
Other monetary funds	<b>55,258,894.68</b>	84,428,028.46
Deposits with finance company	<b>541,831.02</b>	392,865.69
Total	<b><u>1,076,586,300.20</u></b>	<b><u>1,035,062,400.56</u></b>

Of which: Total deposits in  
overseas banks

Restrictions on the use of monetary funds at the end of the period

Item	30 June 2024	31 December 2023
Security deposit for bills and letter of credit	<b>55,258,894.68</b>	34,328,028.46
Pledged certificates of deposit		50,100,000.00
Total	<b><u>55,258,894.68</u></b>	<b><u>84,428,028.46</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(I) Monetary funds (Continued)**

*Note:* At the end of the period, except for the above-mentioned restrictions on the use of monetary funds, there are no other restrictions on the use and potential recovery risks due to mortgage, pledge or freezing.

**(II) Held-for-trading financial assets**

Item	30 June 2024	31 December 2023
Financial assets at fair value		
through current profit or loss	<b>362,218.10</b>	294,392.40
Including: investment in equity instruments	<b>362,218.10</b>	294,392.40
Total	<b>362,218.10</b>	294,392.40

*Note:* Investments in equity instruments are publicly issued shares.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (III) Bills receivable

##### 1. Bills receivables by category

Item	30 June 2024	31 December 2023
Bank acceptance bills	<b>811,186,934.32</b>	883,852,601.09
Finance company acceptance bills		3,781,463.24
Subtotal	<b><u>811,186,934.32</u></b>	<b><u>887,634,064.33</u></b>
Less: provision for bad debts		
Total	<b><u>811,186,934.32</u></b>	<b><u>887,634,064.33</u></b>

##### 2. Bills receivable pledged at the end of the period

Item	Amount pledged at the end of the period
Bank acceptance bills	225,415,518.75
Total	<b><u>225,415,518.75</u></b>

*Note:* The bill pledged is a guarantee for the issuance of a bank acceptance bill to the bill pool.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

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

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		468,260,401.82
Total		468,260,401.82

4. *Classified disclosure by provision for bad debt method*

Category	30 June 2024					31 December 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Book value	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Book value
Bills receivables for which provision for bad debts by portfolio	811,186,934.32	100.00			811,186,934.32	887,634,064.33	100.00			887,634,064.33
Including: Bank acceptance bills portfolio	811,186,934.32	100.00			811,186,934.32	883,852,601.09	99.57			883,852,601.09
Finance company acceptance bills portfolio						3,781,463.24	0.43			3,781,463.24
Total	811,186,934.32	100.00			811,186,934.32	887,634,064.33	100.00			887,634,064.33

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(III) Bills receivable (Continued)**4. *Classified disclosure by provision for bad debt method (Continued)*

(2) Bills receivables for which provision for bad debts by portfolio

Portfolio	Book balance	30 June 2024		31 December 2023		
		Provision for bad debts	Appropriation proportion (%)	Book balance	Provision for bad debts	Appropriation proportion (%)
Bank acceptance bills portfolio	811,186,934.32			883,852,601.09		
Finance company acceptance bills portfolio				3,781,463.24		
Total	<b>811,186,934.32</b>			<b>887,634,064.33</b>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable***1. Accounts receivable shown by aging*

<b>Aging</b>	<b>30 June 2024</b>	31 December 2023
Within 1 year	<b>813,413,962.68</b>	736,171,764.51
Including: 0–6 months		
(inclusive)	<b>795,784,746.74</b>	733,205,891.68
7–12 months		
(inclusive)	<b>17,629,215.94</b>	2,965,872.83
1–2 years (inclusive)	<b>5,745,174.52</b>	13,649,514.29
2–3 years (inclusive)	<b>4,713,072.00</b>	5,022,914.04
Over 3 years	<b>11,632,476.03</b>	6,631,862.54
Subtotal	<b><u>835,504,685.23</u></b>	<u>761,476,055.38</u>
Less: provision for bad debts	<b>6,768,000.14</b>	7,796,417.93
Total	<b><u>828,736,685.09</u></b>	<u>753,679,637.45</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (IV) Accounts receivable (Continued)

##### 2. Accounts receivables disclosed according to provision for bad debts

Category	Book balance		30 June 2024			Book balance		31 December 2023		
	Amount	Proportion (%)	Allowance for bad debts		Carrying amount	Amount	Proportion (%)	Allowance for bad debts		Carrying amount
			Amount	Appropriation proportion (%)				Amount	Appropriation proportion (%)	
Accounts receivables that are subject to allowance for bad debts on individual basis	496,731.45	0.06	496,731.45	100.00		519,032.00	0.07	519,032.00	100.00	
Accounts receivables that are subject to allowance for bad debts group basis	835,007,953.78	99.94	6,271,268.69	0.75	828,736,685.09	760,957,023.38	99.93	7,277,385.93	0.96	753,679,637.45
Including: By aging	817,225,350.64	97.81	6,271,268.69	0.77	810,954,081.95	745,336,357.24	97.88	7,277,385.93	0.98	738,058,971.31
Low credit risk portfolio	17,782,603.14	2.13			17,782,603.14	15,620,666.14	2.05			15,620,666.14
Total	835,504,685.23	100.00	6,768,000.14	0.81	828,736,685.09	761,476,055.38	100.00	7,796,417.93	1.02	753,679,637.45

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(IV) Accounts receivable (Continued)**

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

(1) Accounts receivables that are subject to allowance for bad debts estimated at the end of the period on individual basis:

Name	Book balance	Allowance for bad debts	Appropriation proportion (%)	Reasons
Zhejiang Yuhui Sunshine Energy Co., Ltd. (浙江昱輝 陽光能源有限 公司)	<b>496,731.45</b>	496,731.45	100.00	Expected to be irrecoverable
Total	<b><u>496,731.45</u></b>	<b><u>496,731.45</u></b>	<b><u>100.00</u></b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

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

(2) Accounts receivables that are subject to provision for bad debts on credit risk characteristics

① Group 1: by aging

Aging	30 June 2024			31 December 2023		
	Book balance	Allowance for bad debts	Appropriation proportion (%)	Book balance	Allowance for bad debts	Appropriation proportion (%)
0-6 months (inclusive)	793,622,809.74			730,541,194.25		
7-12 months (inclusive)	14,964,518.51	149,645.19	1.00	813,335.67	8,133.35	1.00
1-2 years (inclusive)	3,594,855.56	1,078,456.67	30.00	8,938,660.49	2,681,598.16	30.00
2-3 years (inclusive)				911,024.83	455,512.42	50.00
Over 3 years	5,043,166.83	5,043,166.83	100.00	4,132,142.00	4,132,142.00	100.00
Total	<u>817,225,350.64</u>	<u>6,271,268.69</u>	<u>0.77</u>	<u>745,336,357.24</u>	<u>7,277,385.93</u>	<u>0.98</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

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

(2) Accounts receivables that are subject to provision for bad debts on credit risk characteristics (Continued)

② Group 2: low credit risk portfolio

Portfolio	30 June 2024			31 December 2023		
	Book balance	Allowance for bad debts	Appropriation proportion (%)	Book balance	Allowance for bad debts	Appropriation proportion (%)
Low credit risk portfolio	17,782,603.14			15,620,666.14		
Total	<u>17,782,603.14</u>	<u></u>	<u></u>	<u>15,620,666.14</u>	<u></u>	<u></u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

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

## 3. Allowances for bad debts

Category	31 December 2023	Changes during the period			30 June 2024
		Provision	Recovered or reversed	Written off	
Accounts receivables that are subject to allowance for bad debts estimated on individual basis	519,032.00		22,300.55		496,731.45
Accounts receivables that are subject to provision for bad debts on group basis	7,277,385.93	-1,006,117.24			6,271,268.69
Including: By aging	7,277,385.93	-1,006,117.24			6,271,268.69
Total	<u>7,796,417.93</u>	<u>-1,006,117.24</u>	<u>22,300.55</u>		<u>6,768,000.14</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (IV) Accounts receivable (Continued)

##### 4. Top five accounts receivable and contract assets according to closing balance of debtors

Name of unit	Balance as at 30 June 2024	Percentage of total closing balance of accounts receivable (%)	Closing balance of allowance for bad debt
Hefei GCL System Integration Solar Technology Co., Ltd. (合肥協鑫集 成光能科技有限公司)	97,599,642.90	11.68	
Haining Jinko Energy Intelligent Manufacturing Co., Ltd.* (海甯晶科 能源智造有限公司)	94,683,000.58	11.33	
Hefei Pinneng Photovoltaic Technology Co., Ltd.* (合肥品能光 伏科技有限公司)	74,256,304.50	8.89	
Xianyang LONGi Solar Technology Co., Ltd. (咸陽隆基樂葉光伏科技有 限公司)	65,468,206.33	7.84	69,225.74
Hefei JA Solar Technology Co., Ltd. (合肥晶澳太陽能科技有限公司)	58,582,658.16	7.01	
<b>Total</b>	<b>390,589,812.47</b>	<b>46.75</b>	<b>69,225.74</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

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

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

<b>Item</b>	<b>30 June 2024</b>
Accounts receivable not overdue and not impaired	<b>772,934,077.06</b>
Accounts receivable overdue and not impaired	
Accounts receivable overdue and impaired	<b>62,570,608.17</b>
Total	<b><u>835,504,685.23</u></b>

As of 30 June 2024, the information on the impairment of accounts receivable and the Company's exposure to credit risk and foreign currency risk is set out in Note VIII.

As at 30 June 2024, the carrying amounts of accounts receivable equalled their fair values.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(V) Receivables financing***1. Receivables financing by category*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Bills receivable	<b>343,686,566.11</b>	347,371,486.41
Total	<b><u><u>343,686,566.11</u></u></b>	<b><u><u>347,371,486.41</u></u></b>

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

<b>Item</b>	<b>Amount pledged at the end of the period</b>
Bank acceptance bills	66,676,088.60
Total	<b><u><u>66,676,088.60</u></u></b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (V) Receivables financing (Continued)

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

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	1,851,377,625.78	
Total	1,851,377,625.78	

4. *Changes in receivables financing for the period and changes in fair value*

Item	31 December 2023	New grants for the period	Derecognition for the period	Other changes	30 June 2024	Accumulated allowance for losses recognized in other comprehensive income
Bills receivable	347,371,486.41	2,157,984,246.76	2,161,669,167.06		343,686,566.11	
Total	347,371,486.41	2,157,984,246.76	2,161,669,167.06		343,686,566.11	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VI) Prepayments***1. Prepayments stated according to aging analysis*

Aging	30 June 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	<b>86,840,626.80</b>	<b>92.70</b>	52,011,985.60	99.70
1-2 years (inclusive)	<b>6,683,640.84</b>	<b>7.13</b>	20,366.82	0.04
2-3 years (inclusive)	<b>19,825.00</b>	<b>0.02</b>	49,292.00	0.09
Over 3 years	<b>136,672.04</b>	<b>0.15</b>	87,380.07	0.17
Total	<b><u>93,680,764.68</u></b>	<b><u>100.00</u></b>	<u>52,169,024.49</u>	<u>100.00</u>

## Significant prepayments aged over 1 year

Creditor	Debtor	Balance as at 30 June 2024	Aging	Reason for unsettlement
Hefei Photovoltaic	Hefei Xincheng Holding Group Co., Ltd.* (合肥鑫城控股集团有限公司)	<b>3,250,000.00</b>	Between 1-2 years	Not settled
Yan'an New Energy	Yan'an Gas Co., Ltd.* (延安燃气有限公司)	<b>2,635,739.39</b>	Between 1-2 years	Not settled
Total		<b><u>5,885,739.39</u></b>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

## 2. Top five entities in terms of prepayments

Name of unit	Balance as at 30 June 2024	Percentage of closing balance of total prepayments (%)
Henan Jindadi Chemical Co., Ltd. (河南金大地化工有限責任公司)	48,018,860.07	51.26
Qinghai Development Investment Soda Industry Co., Ltd.* (青海發投鹼業有限公司)	15,342,891.89	16.38
CNSG Anhui Hong Sifang Co., Ltd. (中鹽安徽紅四方股份有限公司)	13,368,390.98	14.27
CNSG Qinghai Kunlun Soda Industry Co., Ltd.* (中鹽青海昆侖鹼業有限公司)	6,093,354.68	6.50
Hefei Xincheng Holding Group Co., Ltd.* (合肥鑫城控股集團有限公司)	3,250,000.00	3.47
Total	<u>86,073,497.62</u>	<u>91.88</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables**

Item	30 June 2024	31 December 2023
Interests receivable		
Dividends receivable		
Other receivables	<b>48,427,333.07</b>	37,087,079.15
Total	<b>48,427,333.07</b>	37,087,079.15

**1. Other receivables****(1) Other receivables disclosed by aging**

Aging	30 June 2024	31 December 2023
Within 1 year	<b>31,596,458.61</b>	20,235,204.69
Including: 0–6 months (inclusive)	<b>11,576,458.61</b>	20,235,204.69
7–12 months (inclusive)	<b>20,020,000.00</b>	
1–2 years (inclusive)	<b>19,360.00</b>	19,360.00
2–3 years (inclusive)		10,103,633.30
Over 3 years	<b>16,821,431.46</b>	6,738,798.16
Subtotal	<b>48,437,250.07</b>	37,096,996.15
Less: provision for bad debts	<b>9,917.00</b>	9,917.00
Total	<b>48,427,333.07</b>	37,087,079.15



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

## (2) Disclosure by nature of amount

<b>Nature of amount</b>	<b>30 June 2024</b>	31 December 2023
By deposits, margins and reserves	<b>47,643,759.77</b>	37,017,016.30
By trading receivables and other receivables	<b>793,490.30</b>	79,979.85
Subtotal	<b><u>48,437,250.07</u></b>	<u>37,096,996.15</u>
Less: provision for bad debts	<b>9,917.00</b>	9,917.00
Total	<b><u>48,427,333.07</u></b>	<u>37,087,079.15</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

## (3) Disclosure by provision for bad debt method

Category	30 June 2024					31 December 2023				
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts		
	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Carrying amount	Amount	Proportion (%)	Amount	Appropriation proportion (%)	Carrying amount
Other receivables with provision for bad debts made on group basis	48,437,250.07	100	9,917.00	0.02	48,427,333.07	37,096,996.15	100	9,917.00	0.03	37,087,079.15
Including: By aging	793,490.30	1.64	9,917.00	1.25	783,573.30	79,979.85	0.22	9,917.00	12.40	70,062.85
By deposits, margins and reserves	47,643,759.77	98.36			47,643,759.77	37,017,016.30	99.78			37,017,016.30
Total	48,437,250.07	100.00	9,917.00	0.02	48,427,333.07	37,096,996.15	100.00	9,917.00	0.03	37,087,079.15

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (VII) Other receivables (Continued)

##### 1. Other receivables (Continued)

- (3) Disclosure by provision for bad debt method (Continued)

Other receivables for which provision for bad debts is made according to the combination of credit risk characteristics

##### ① Group 1: by aging

Aging	30 June 2024			31 December 2023		
	Book balance	Provision for bad debts	Appropriation proportion (%)	Book balance	Provision for bad debts	Appropriation proportion (%)
0–6 months (inclusive)	783,573.30			70,062.85		
Over 3 years	9,917.00	9,917.00	100.00	9,917.00	9,917.00	100.00
Total	<b>793,490.30</b>	<b>9,917.00</b>	<b>1.25</b>	<b>79,979.85</b>	<b>9,917.00</b>	<b>12.40</b>

##### ② Group 2: by deposits, margins and reserves

Portfolio	30 June 2024			31 December 2023		
	Book balance	Provision for bad debts	Appropriation proportion (%)	Book balance	Provision for bad debts	Appropriation proportion (%)
By deposits, margins and reserves	47,643,759.77			37,017,016.30		
Total	<b>47,643,759.77</b>			<b>37,017,016.30</b>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VII) Other receivables (Continued)**1. *Other receivables (Continued)*

## (4) Allowances for bad debts

<b>Allowances for bad debts</b>	<b>Stage I ECL for the following 12 months</b>	<b>Stage II Lifetime ECL (without credit impairment)</b>	<b>Stage III Lifetime ECL (with credit impairment)</b>	<b>Total</b>
Balance as at 31 December 2023	9,917.00			9,917.00
Balance as at 31 December 2023 during the period				
– Transferred to Stage II	-9,917.00	9,917.00		
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Made in the period				
Reversed in the period				
Charged off in the period				
Written off in the period				
Other changes				
Balance as at 30 June 2024		<b>9,917.00</b>		<b>9,917.00</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

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

## 1. Other receivables (Continued)

## (5) Change in book balance

<b>Book balance</b>	<b>Stage I ECL for the following 12 months</b>	<b>Stage II Lifetime ECL (without credit impairment)</b>	<b>Stage III Lifetime ECL (with credit impairment)</b>	<b>Total</b>
Balance as at 31 December 2023	37,096,996.15			37,096,996.15
Balance as at 31 December 2023 during the period				
– Transferred to Stage II	-9,917.00	9,917.00		
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Addition in the period	11,576,458.61			11,576,458.61
Derecognition in the period	236,204.69			236,204.69
Other changes				
Balance as at 30 June 2024	<b>48,427,333.07</b>	<b>9,917.00</b>		<b>48,437,250.07</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

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

Name of unit	Nature of payment	Balance as at 30 June 2024	Aging	Percentage of total closing balance of other receivables (%)	Balance of allowance for bad debts
Ningbo Chengji Energy Trading Co., Ltd. (寧波城際能源貿易有限公司)	Deposits	30,000,000.00	Within 1 year	61.94	
Xianyang City Qindu District State-owned Investment Company* (咸陽市秦都區國有投資公司)	Deposits	10,000,000.00	Over 3 years	20.65	
Yan'an Gas Co., Ltd.* (延安燃氣有限公司)	Deposits	5,000,000.00	Over 3 years	10.32	
Anhui Technology Import & Export Company Limited (安徽省技術進出口股份有限公司)	Current accounts	619,779.80	Within 1 year	1.28	
Hefei Xincheng Holding Group Co., Ltd.* (合肥鑫城控股集團有限公司)	Deposits	267,000.00	Over 3 years	0.55	
<b>Total</b>		<b>45,886,779.80</b>		<b>94.74</b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

Item	30 June 2024			31 December 2023		
	Book balance	Provision for impairment/provision for contract performance costs	Carrying amount	Book balance	Provision for impairment/provision for contract performance costs	Carrying amount
Raw materials	74,345,162.30	462,476.52	73,882,685.78	49,340,844.17	462,476.52	48,878,367.65
Revolving materials and others	9,688,691.24	3,473,227.18	6,215,464.06	20,487,567.67	3,473,227.18	17,014,340.49
Semi-finished goods and work in-process	5,871,117.56	1,302,684.57	4,568,432.99	3,121,854.80	1,302,684.57	1,819,170.23
Goods in stock	238,815,274.33	73,138,615.01	165,676,659.32	224,500,350.97	75,402,956.77	149,097,394.20
Goods in transit	27,856,410.29	319,286.99	27,537,123.30	12,393,529.00	319,286.99	12,074,242.01
<b>Total</b>	<b>356,576,655.72</b>	<b>78,696,290.27</b>	<b>277,880,365.45</b>	<b>309,844,146.61</b>	<b>80,960,632.03</b>	<b>228,883,514.58</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(VIII) Inventories (Continued)***2. Changes in provision for impairment of inventories and provision for contract performance costs*

Item	31 December 2023	Increase for the period		Decrease for the period		30 June 2024
		Accrue	Others	Reversal or Write-off	Others	
Raw materials	462,476.52					462,476.52
Revolving materials and others	3,473,227.18					3,473,227.18
Semi-finished goods and work in-process	1,302,684.57					1,302,684.57
Goods in stock	75,402,956.77			2,264,341.76		73,138,615.01
Goods in transit	319,286.99					319,286.99
<b>Total</b>	<b>80,960,632.03</b>			<b>2,264,341.76</b>		<b>78,696,290.27</b>

*Note:* The decrease in the provision for depreciation of goods in stock for the period is written off.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (IX) Other current assets

Item	30 June 2024	31 December 2023
Input VAT deductible	<b>33,231,674.65</b>	69,900,514.35
Deferred expenses	<b>6,729,911.49</b>	5,756,909.93
Prepaid EIT	<b>1,661,888.23</b>	1,661,888.23
Total	<b>41,623,474.37</b>	77,319,312.51

#### (X) Other investment in equity instruments

Details of other investment in equity instruments

Item	31 December 2023	Addition of investment	Reduction of investment	Changes in the period		Others	30 June 2024
				Gain recognized in other comprehensive income for the period	Loss recognized in other comprehensive income for the period		
Shaanxi IRICO Electronics Glass Co., Ltd. (陕西彩虹电子玻璃有限公司)	111,124,764.95						111,124,764.95
IRICO Display Devices Co., Ltd. (彩虹显示器件股份有限公司)	238,785,792.75			2,122,540.38			240,908,333.13
Total	349,910,557.70			2,122,540.38			352,033,098.08

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(X) Other investment in equity instruments (continued)***Details of other investment in equity instruments (continued)*

Item	Dividend income recognized in the current period	Accumulated gains recognized in other comprehensive income	Accumulated loss recognized in other comprehensive income	Reasons for designating as financial assets at fair value through other comprehensive income
Shaanxi IRICO Electronics Glass Co., Ltd. (陕西彩虹电子 玻璃有限公司)		8,108,507.14		Investment in equity instrument not held for trading purposes
IRICO Display Devices Co., Ltd. (彩虹顯示器件股份有限公司)			139,453,153.19	Investment in equity instrument not held for trading purposes
Total		<u>8,108,507.14</u>	<u>139,453,153.19</u>	

*Note 1:* As at 30 June 2024, the Company held a total of 35,375,673 shares of IRICO Display Devices Co., Ltd., and the share price was RMB6.81 per share.

*Note 2:* As at 30 June 2024, the Company held a shareholding of 7.2953% in Shaanxi IRICO Electronics Glass Co., Ltd..

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets**

Category	30 June 2024	31 December 2023
Fixed assets	<b>3,719,527,214.02</b>	3,080,180,470.30
Disposal of fixed assets	<b>286,207.21</b>	320,370.03
Total	<b><u>3,719,813,421.23</u></b>	<b><u>3,080,500,840.33</u></b>

## 1. Fixed assets

## (1) Details of fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
<b>I. Original carrying amount</b>					
1. 31 December 2023	978,736,357.82	2,567,467,089.56	22,152,075.73	6,923,642.57	3,575,279,165.68
2. Increase for the period		791,442,124.52		68,895.58	791,511,020.10
(1) Purchase		1,001,872.83		68,895.58	1,070,768.41
(2) Transferred from construction in progress		790,440,251.69			790,440,251.69
(3) Increase in business combination					
(4) Other increases					

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

## 1. Fixed assets (Continued)

## (1) Details of fixed assets (Continued)

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
3. Decrease for the period	6,468,355.80	22,214,295.50			28,682,651.30
(1) Disposal or retirement					
(2) Transfer to other asset items	6,468,355.80	22,214,295.50			28,682,651.30
(3) Decrease in business disposal					
(4) Other decreases					
4. 30 June 2024	972,268,002.02	3,336,694,918.58	22,152,075.73	6,992,538.15	4,338,107,534.48
<b>II. Accumulated depreciation</b>					
1. 31 December 2023	166,903,619.05	318,592,810.92	6,488,589.69	2,122,574.39	494,107,594.05
2. Increase for the period	15,904,511.20	112,149,354.86	695,662.50	359,483.26	129,109,011.82
(1) Provision	15,904,511.20	112,149,354.86	695,662.50	359,483.26	129,109,011.82
(2) Increase in business combination					

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)**

## 1. Fixed assets (Continued)

## (1) Details of fixed assets (Continued)

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
(3) Transfer from other items					
(4) Other increases					
3. Decrease for the period	809,840.03	4,817,546.71			5,627,386.74
(1) Disposal or retirement					
(2) Transfer to other asset items	809,840.03	4,817,546.71			5,627,386.74
(3) Decrease in business disposal					
(4) Other decreases					
4. 30 June 2024	181,998,290.22	425,924,619.07	7,184,252.19	2,482,057.65	617,589,219.13
<b>III. Provision for impairment</b>					
1. 31 December 2023			991,101.33		991,101.33
2. Increase for the period					
(1) Provision					
(2) Increase in business combination					

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)**1. *Fixed assets (Continued)*

## (1) Details of fixed assets (Continued)

Item	Buildings and structures	Machinery and equipment	Transportation tools	Office equipment and others	Total
(3) Transfer from other items					
(4) Other increases					
3. Decrease for the period					
(1) Disposal or retirement					
(2) Decrease in business combination					
(3) Decrease in business disposal					
(4) Other decreases					
4. 30 June 2024			991,101.33		991,101.33
<b>IV. Carrying amount</b>					
1. 30 June 2024	790,269,711.80	2,910,770,299.51	13,976,722.21	4,510,480.50	3,719,527,214.02
2. 31 December 2023	811,832,738.77	2,248,874,278.64	14,672,384.71	4,801,068.18	3,080,180,470.30

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)**

## 1. Fixed assets (Continued)

- (3) Fixed assets leased out through operating leases as at 30 June 2024

Category	30 June 2024
Buildings and structures	33,630,619.29
Total	33,630,619.29

- (4) Details of fixed assets of which title of certificates had not been obtained as at 30 June 2024

Item	30 June 2024	Reasons for having not obtained the title of certificates
Buildings and structures	251,731,388.18	The title of certificate of Hefei Photovoltaic is in progress
Total	251,731,388.18	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XI) Fixed assets (Continued)***2. Disposal of fixed assets*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Machinery and equipment	<b>248,337.67</b>	282,500.49
Transportation equipment	<b>33,936.47</b>	33,936.47
Office equipment	<b>3,933.07</b>	3,933.07
Total	<b>286,207.21</b>	320,370.03

*3. Other explanation*

<b>Located in Mainland China</b>	<b>30 June 2024</b>	31 December 2023
Medium-term (10–50 years)	<b>3,035,629,027.45</b>	2,662,218,533.38
Short-term (within 10 years)	<b>683,898,186.57</b>	417,961,936.92
Total	<b>3,719,527,214.02</b>	3,080,180,470.30



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XII) Construction in progress

Item	30 June 2024	31 December 2023
Construction in progress	820,367,956.41	1,240,994,875.00
Construction materials		
Total	820,367,956.41	1,240,994,875.00

#### 1. Construction in progress

##### (1) Construction in progress

Item	30 June 2024			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Cold repair and remodeling project in Yan'an New Energy (延安新能源冷修改項目)	746,729,958.79		746,729,958.79	640,449,133.95		640,449,133.95
IRICO Xianyang ultra-thin high-transparency photovoltaic glass production line construction project (彩虹威陽超薄高透光電玻璃生產線建設項目)	66,931,166.93		66,931,166.93	65,413,848.35		65,413,848.35

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

## 1. Construction in progress (Continued)

## (1) Construction in progress (Continued)

Item	30 June 2024		31 December 2023			
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Emergency Security System for Combustion Furnace of Yan'an New Energy (延安新能源窯爐應急安保燃燒系統)	2,748,958.92		2,748,958.92	2,748,958.92		2,748,958.92
Jiangxi Photovoltaic Shangrao ultra-thin high-transparency photovoltaic glass project (phase I) (江西光伏上饒超薄高透光光伏玻璃一期項目)				529,182,354.52		529,182,354.52
Cold end 5-line large-size silkscreen perforated backsheets transformation project of Hefei Photovoltaic (合肥光伏冷端5線大尺寸絲印打孔背板改造項目)				1,584,060.98		1,584,060.98

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XII) Construction in progress (Continued)**

## 1. Construction in progress (Continued)

## (1) Construction in progress (Continued)

Item	30 June 2024			31 December 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Digitalization construction phase I project of Hefei Photovoltaic (合肥光伏數字化建設一期項目)	1,973,777.98		1,973,777.98	1,323,008.85		1,323,008.85
Construction project for specialized industrial natural gas pipeline in Yan'an New Energy (延安新能源產業專用天然氣管線建設項目)	683,781.89		683,781.89	293,509.43		293,509.43
Project for Yan'an New Energy Kiln Flue Gas Control (延安新能源窯爐煙氣治理項目)	61,320.75		61,320.75			
Other projects	1,238,991.15		1,238,991.15			
<b>Total</b>	<b>820,367,956.41</b>		<b>820,367,956.41</b>	<b>1,240,994,875.00</b>		<b>1,240,994,875.00</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

## (XII) Construction in progress (Continued)

## 2. Movements of significant construction in progress

Name of project	Budgeted amount	31 December 2023	Increase for the period	Amount transferred in		30 June 2024	Accumulated investment in project as a percentage of total budget	Project progress	Accumulated amount of interest capitalized	Of which:		Sources of fund
				fixed assets for the period	Other decreases for the period					interest capitalized for the period	Interest capitalized rate for the period	
							(%)	(%)		(%)	(%)	
Cold repair and remodeling project in Yan'an New Energy (延安新能源冷修改造项目)	941,220,000.00	640,449,133.95	106,280,824.84			746,729,958.79	79.34	79.34	303,382.64	303,382.64	3.45	Self-raised funds and loans from financing institution
IRICO Xiayang ultra-thin high-transparency photovoltaic glass production line construction project (彩虹玻璃超薄高透光太阳能电池生产线建设项目)	197,150,000.00	65,413,846.35	1,517,318.58			66,931,166.93	82.44	82.44	1,644,789.14		3.65-3.75	Self-raised funds and loans from financing institution
Jiangxi Photovoltaic Shangrao ultra-thin high-transparency photovoltaic glass project (phase I) (江西光伏上饶超薄高透光光伏玻璃一期项目)	3,032,890,000.00	529,182,354.52	258,112,787.68	785,403,374.68	1,891,767.52		60.59	100.00	25,244,312.10	4,479,455.40	3.55-4.25	Self-raised funds and loans from financing institution
Total		1,235,045,336.82	365,910,931.10	785,403,374.68	1,891,767.52	813,661,125.72			27,192,483.88	4,782,838.04		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XIII) Right-of-use assets**

Item	Buildings and structures	Total
<b>I. Original carrying amount</b>		
1. 31 December 2023	339,110,342.46	339,110,342.46
2. Increase for the period	7,408,140.28	7,408,140.28
(1) Additional lease	7,408,140.28	7,408,140.28
(2) Increase in business combination		
(3) Revaluation and adjustment		
(4) Other increases		
3. Decrease for the period		
(1) Disposal		
(2) Decrease in business disposal		
(3) Other decreases		
4. Balance as at 30 June 2024	346,518,482.74	346,518,482.74
<b>II. Accumulated depreciation</b>		
1. 31 December 2023	16,609,264.45	16,609,264.45
2. Increase for the period	23,050,050.90	23,050,050.90
(1) Provision	23,050,050.90	23,050,050.90
(2) Increase in business combination		
(3) Other increases		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XIII) Right-of-use assets (Continued)**

Item	Buildings and structures	Total
3. Decrease for the period		
(1) Disposal		
(2) Decrease in business disposal		
(3) Other decreases		
4. Balance as at 30 June 2024	39,659,315.35	39,659,315.35
<b>III. Provision for impairment</b>		
1. 31 December 2023		
2. Increase for the period		
(1) Provision		
(2) Increase in business combination		
(3) Other increases		
3. Decrease for the period		
(1) Disposal		
(2) Decrease in business disposal		
(3) Other decreases		
4. Balance as at 30 June 2024		
<b>IV. Carrying amount</b>		
1. 30 June 2024	306,859,167.39	306,859,167.39
2. 31 December 2023	322,501,078.01	322,501,078.01

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XIV) Intangible assets**

Item	Land use rights	Software	Total
<b>I. Original carrying amount</b>			
1. 31 December 2023	210,324,156.20	3,955,848.25	214,280,004.45
2. Increase for the period			
(1) Purchase			
(2) Internal research and development			
(3) Increase in business combination			
(4) Other increases			
3. Decrease for the period			
(1) Disposal			
(2) Invalid and derecognised			
(3) Decrease in business disposal			
(4) Other decreases			
4. 30 June 2024	210,324,156.20	3,955,848.25	214,280,004.45
<b>II. Accumulated amortization</b>			
1. 31 December 2023	43,484,790.21	3,925,096.16	47,409,886.37
2. Increase for the period	2,112,145.68	23,746.20	2,135,891.88
(1) Provision	2,112,145.68	23,746.20	2,135,891.88
(2) Increase in combination			
(3) Transfer from other items			
(4) Other increases			

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XIV) Intangible assets (Continued)**

Item	Land use rights	Software	Total
3. Decrease for the period			
(1) Disposal			
(2) Invalid and derecognised			
(3) Decrease in business disposal			
(4) Other decreases			
4. 30 June 2024	45,596,935.89	3,948,842.36	49,545,778.25
<b>III. Provision for impairment</b>			
1. 31 December 2023			
2. Increase for the period			
(1) Provision			
(2) Increase in combination			
(3) Transfer from other items			
(4) Other increases			
3. Decrease for the period			
(1) Disposal			
(2) Invalid and derecognised			
(3) Decrease in business disposal			
(4) Other decreases			
4. 30 June 2024			
<b>IV. Carrying amount</b>			
1. 30 June 2024	164,727,220.31	7,005.89	164,734,226.20
2. 31 December 2023	166,839,365.99	30,752.09	166,870,118.08



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XV) Long-term deferred expenses***

<b>Category</b>	31 December 2023	Increase for the period	Amortization for the period	Other decreases	<b>30 June 2024</b>
Building and other renovation projects	14,420,262.05	1,891,767.52	1,155,078.16		<b>15,156,951.41</b>
Equipment modification projects	3,319,827.08		429,826.70		<b>2,890,000.38</b>
High reliability backup power supply for 10 kV power supply	2,063,679.29		1,135,023.56		<b>928,655.73</b>
Total	19,803,768.42	1,891,767.52	2,719,928.42		<b>18,975,607.52</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XVI) Deferred income tax assets and deferred income tax liabilities***1. Deferred income tax assets and deferred income tax liabilities which are not offset*

Item	30 June 2024		31 December 2023	
	Deferred income tax assets/liabilities	Deductible/Taxable temporary differences	Deferred income tax assets/liabilities	Deductible/Taxable temporary differences
Deferred income tax assets:				
Recognition of deferred income tax assets for leases	44,947,219.20	299,648,128.02	49,819,918.03	332,132,786.88
Deductible losses	8,875,177.22	59,167,848.14	9,084,251.53	60,561,676.90
Provision for asset impairment	2,043,111.99	13,620,746.62	2,286,928.29	15,246,188.65
Subtotal	<u>55,865,508.41</u>	<u>372,436,722.78</u>	<u>61,191,097.85</u>	<u>407,940,652.43</u>
Deferred income tax liabilities:				
Recognition of deferred income tax liabilities for leases	46,028,875.11	306,859,167.39	51,295,614.68	341,970,764.51
Subtotal	<u>46,028,875.11</u>	<u>306,859,167.39</u>	<u>51,295,614.68</u>	<u>341,970,764.51</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

2. *Deferred income tax assets and liabilities stated on a net basis after offsetting*

Item	30 June 2024		31 December 2023	
	Offset amount of deferred income tax assets and liabilities at the end of the period	Balance of deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities at the beginning of the year	Balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	44,429,646.82	517,572.38	49,490,132.95	11,700,964.90
Deferred income tax liabilities	44,429,646.82	1,599,228.29	49,490,132.96	1,805,481.72

3. *Breakdown of unrecognised deferred income tax assets*

Item	30 June 2024	31 December 2023
Deductible temporary differences	212,229,889.61	74,511,879.64
Deductible losses	471,273,608.64	417,499,864.09
Total	<b>683,503,498.25</b>	<b>492,011,743.73</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XVI) Deferred income tax assets and deferred income tax liabilities (Continued)**

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

Year	30 June 2024	31 December 2023	Remark
2026	<b>188,930,958.39</b>	188,930,958.39	
2027	<b>228,568,905.70</b>	228,568,905.70	
2028 and subsequent years	<b>53,773,744.55</b>		
Total	<b><u>471,273,608.64</u></b>	<b><u>417,499,864.09</u></b>	

**(XVII) Other non-current assets**

Item	30 June 2024		31 December 2023	
	Book balance	Provision for impairment	Carrying amount	Carrying amount
Fixed deposit receipt	250,277,777.78	250,277,777.78	200,177,777.78	200,177,777.78
Prepayment for equipment	16,637,439.57	16,637,439.57	28,435,418.19	28,435,418.19
Total	<b><u>266,915,217.35</u></b>	<b><u>266,915,217.35</u></b>	<b><u>228,613,195.97</u></b>	<b><u>228,613,195.97</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XVIII) Assets with restricted ownership or right to use**

Item	30 June 2024				31 December 2023			
	Book balance	Book value	Restricted type	Restrictions	Book balance	Book value	Restricted type	Restrictions
Monetary funds	55,258,894.68	55,258,894.68	Notes and margins	Be restricted	84,428,028.46	84,428,028.46	Notes and margins, pledged time deposit	Be restricted
Bills receivable	693,675,920.57	693,675,920.57	Pledged notes, endorsed but not matured	Be restricted	651,640,128.80	651,640,128.80	Pledged notes, endorsed but not matured	Be restricted
Receivables financing	66,676,088.60	66,676,088.60	Pledged notes	Be restricted	195,306,433.96	195,306,433.96	Pledged notes	Be restricted
Other non-current assets	250,277,777.78	250,277,777.78	Pledged time deposit	Be restricted	200,177,777.78	200,177,777.78	Pledged time deposit	Be restricted
Total	<u>1,065,888,681.63</u>	<u>1,065,888,681.63</u>			<u>1,131,552,369.00</u>	<u>1,131,552,369.00</u>		

**(XIX) Short-term borrowings**

## 1. Categories of short-term borrowings

Conditions of borrowing	30 June 2024	31 December 2023
Credit borrowings	<b>2,101,743,870.91</b>	1,381,369,888.91
Total	<b><u>2,101,743,870.91</u></b>	<u>1,381,369,888.91</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XX) Bills payable***

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Bank acceptance bills	<b>544,579,258.79</b>	1,142,449,150.74
Total	<b>544,579,258.79</b>	1,142,449,150.74

***(XXI) Accounts payable****1. Accounts payable shown by aging*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Within 1 year (inclusive)	<b>533,298,737.65</b>	858,078,861.09
1 to 2 years (inclusive)	<b>369,298,116.94</b>	127,785,497.38
2 to 3 years (inclusive)	<b>58,985,467.86</b>	2,480,146.05
Over 3 years	<b>24,837,843.66</b>	23,919,705.52
Total	<b>986,420,166.11</b>	1,012,264,210.04

*Note:* Accounts payable are showed by aging based on the recording date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XXI) Accounts payable (Continued)

##### 2. Significant accounts payable aged over 1 year

Creditors	Balance as at 30 June 2024	Reasons for outstanding or non-carried forward
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.* (陝西彩虹工業智能科技有限公司)	41,049,523.34	Not settled
Xindi Energy Engineering Technology Co., Ltd. (新地能源工程技術有限公司)	23,133,043.76	Not settled
Anhui Yinrui Intelligent Technology Co., Ltd. (安徽銀銳智能科技股份有限公司)	19,789,854.15	Not settled
Qinhuangdao Glass Industry Research & Design Institute Company Limited* (秦皇島玻璃工業研究設計院有限公司)	16,916,392.38	Not settled
Bengbu Triumph Engineering and Technology Co., Ltd. (蚌埠凱盛工程技術有限公司)	16,096,011.55	Not settled
Qinhuangdao Tucheng Glass Technology Co., Ltd. (秦皇島圖成玻璃技術有限公司)	15,453,256.62	Not settled
CNBM Triumph Robotics (Shanghai) Co., Ltd. (中建材凱盛機器人(上海)有限公司)	13,755,603.55	Not settled
Hangzhou Jinggong Machinery Co., Ltd. (杭州精工機械有限公司)	12,787,610.65	Not settled
Luoyang Mountain Intelligent Equipment Co., Ltd. (洛陽名特智能設備股份有限公司)	12,632,743.36	Not settled

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXI) Accounts payable (Continued)***2. Significant accounts payable aged over 1 year (Continued)*

<b>Creditors</b>	<b>Balance as at 30 June 2024</b>	<b>Reasons for outstanding or non-carried forward</b>
Shanghai Mingshuo Automation Technology Co., Ltd. (上海明碩自動化科技有限公司)	<b>11,425,951.34</b>	Not settled
Henan Province Installation Group Co., Ltd. (河南省安裝集團有限責任公司)	<b>10,898,479.88</b>	Not settled
Zhejiang Demai Machinery Co., Ltd. (浙江德邁機械有限公司)	<b>10,301,275.61</b>	Not settled
Fives Stein Metallurgical Technology (Shanghai) Co., Ltd. (法孚斯坦因冶金技術(上海)有限公司)	<b>8,725,663.74</b>	Not settled
Guangdong Shi Jing New Materials Co., Ltd. (廣東石井新材料有限公司)	<b>8,685,923.78</b>	Not settled
Qingdao Yuanding Special Machinery Manufacturing Co., Ltd. (青島元鼎特種機械製造股份有限公司)	<b>8,508,848.69</b>	Not settled
Shaanxi Shizhuo Metal Products Co., Ltd. (陝西仕卓金屬製品有限公司)	<b>8,322,823.01</b>	Not settled
Ruitai Materials Technology Co., Ltd. (瑞泰科技股份有限公司)	<b>6,180,353.96</b>	Not settled
Zibo Boshan Welfare Aluminum Magnesium Refractory Material Factory Co., Ltd.* (淄博市博山福利鋁鎂耐火材料廠有限公司)	<b>5,671,601.80</b>	Not settled
<b>Total</b>	<b>250,334,961.17</b>	



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXI) Accounts payable (Continued)***3. *Accounts payable by nature*

Item	30 June 2024	31 December 2023
Payable for equipment	<b>583,597,319.85</b>	609,726,834.39
Payable for materials	<b>305,821,518.60</b>	284,107,188.57
Payable for construction	<b>41,845,285.68</b>	46,601,830.40
Payable for transportation	<b>39,697,611.90</b>	32,151,127.68
Payable for services	<b>15,211,432.08</b>	39,277,935.56
Others	<b>246,998.00</b>	399,293.44
Total	<b>986,420,166.11</b>	1,012,264,210.04

***(XXII) Receipts in advance***1. *Receipts in advance shown by aging*

Item	30 June 2024	31 December 2023
Within 1 year (inclusive)	<b>31,079.82</b>	5,046.64
Total	<b>31,079.82</b>	5,046.64

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXIII) Contract liabilities**1. *Categories of contract liabilities*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Payment for goods	<b>13,981,729.76</b>	4,103,706.49
Total	<b><u>13,981,729.76</u></b>	<b><u>4,103,706.49</u></b>

*Note:* The Company accounts for the receipts in advance from customers for goods based on goods sales contracts as contract liabilities, and the related contract liabilities are recognised as sales revenue when the control of the goods is transferred to the customer. 95.14% of the receipts in advance from customers for goods at the beginning of the year have been recognised as revenue in the current year, and the contract liabilities at the end of the period are expected to be recognised as revenue from July to December 2024.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXIV) Employee benefits payable***

1. *Categories of employee benefits payable is shown as follows*

<b>Item</b>	31 December 2023	Increase for the period	Decrease for the period	<b>30 June 2024</b>
Short-term benefits	24,274,068.88	124,099,512.08	135,850,831.59	<b>12,522,749.37</b>
Post-employment benefits				
– defined contribution scheme	356,543.52	13,487,538.35	13,844,081.87	
Termination benefits	339,221.46			<b>339,221.46</b>
<b>Total</b>	<b>24,969,833.86</b>	<b>137,587,050.43</b>	<b>149,694,913.46</b>	<b>12,861,970.83</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXIV) Employee benefits payable (Continued)**2. *Short-term benefits is shown as follows*

Item	31 December 2023	Increase for the period	Decrease for the period	30 June 2024
Salaries, bonuses, allowance and subsidies	21,868,041.78	97,147,658.27	108,830,091.44	<b>10,185,608.61</b>
Staff welfare	477,726.85	5,340,172.86	5,099,965.52	<b>717,934.19</b>
Social insurance		6,062,288.47	6,062,288.47	
Including: Medical				
insurance		5,126,695.58	5,126,695.58	
Work-related injury insurance		773,729.46	773,729.46	
Maternity insurance		161,863.43	161,863.43	
Housing provident fund		7,920,074.72	7,920,074.72	
Labour union expenses and employee education expenses	1,763,318.46	2,138,329.51	2,447,152.98	<b>1,454,494.99</b>
Other short-term benefits	164,981.79	5,490,988.25	5,491,258.46	<b>164,711.58</b>
Total	<b>24,274,068.88</b>	<b>124,099,512.08</b>	<b>135,850,831.59</b>	<b>12,522,749.37</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXIV) Employee benefits payable (Continued)**

## 3. Defined contribution scheme

Item	31 December 2023	Increase for the period	Decrease for the period	30 June 2024
Basic pension insurance	356,543.52	13,022,637.53	13,379,181.05	
Unemployment insurance		464,900.82	464,900.82	
Total	356,543.52	13,487,538.35	13,844,081.87	

**(XXV) Taxes payable**

Item	30 June 2024	31 December 2023
Value-added tax	<b>11,197,024.96</b>	1,707,218.11
Enterprise income tax	<b>2,284,095.01</b>	2,201,245.82
Real estate tax	<b>2,264,835.60</b>	2,239,180.58
Urban maintenance and construction tax	<b>1,303,437.32</b>	779,938.46
Land use tax	<b>819,627.81</b>	819,627.00
Stamp duty	<b>625,697.68</b>	604,966.02
Individual income tax	<b>574,162.79</b>	769,644.56
Education surcharge	<b>413,677.24</b>	19,787.36
Water conservancy construction funds	<b>393,668.86</b>	404,713.88
Others	<b>447,027.72</b>	425,834.16
Total	<b>20,323,254.99</b>	9,972,155.95

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVI) Other payables***

<b>Item</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Interest payable		
Dividends payable		
Other payables	<b>93,637,387.44</b>	97,663,667.19
<b>Total</b>	<b>93,637,387.44</b>	<b>97,663,667.19</b>

***1. Other payables*****(1) Payables stated by nature**

<b>Item</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Retention money and deposits	<b>34,793,681.85</b>	34,185,832.12
Interest on borrowings from non-financial institutions	<b>31,092,733.24</b>	31,092,733.24
Subsidies payable	<b>7,724,487.64</b>	7,525,000.00
Property lease fee	<b>5,809,145.39</b>	11,321,799.19
Current accounts	<b>3,991,943.45</b>	1,515,821.08
Advances on behalf	<b>3,076,177.76</b>	5,947,063.08
Others	<b>7,149,218.11</b>	6,075,418.48
<b>Total</b>	<b>93,637,387.44</b>	<b>97,663,667.19</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

## 1. Other payables (Continued)

## (2) Other major payables aged more than one year

<b>Name of unit</b>	<b>Balance as at 30 June 2024</b>	Reasons for outstanding or non-carried forward
Zhangjiagang Economic Development Zone Holding Group Co., Ltd. (張家港經開區控股集團有 限公司)	<b>31,092,733.24</b>	Not settled
Total	<b>31,092,733.24</b>	–

**(XXVII) Non-current liabilities due within one year**

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Long-term borrowings due within one year	<b>578,620,614.20</b>	386,308,882.36
Long-term payables due within one year	<b>976,423.62</b>	2,091,736.11
Lease liabilities due within one year	<b>40,499,052.25</b>	39,440,318.35
Total	<b>620,096,090.07</b>	427,840,936.82

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVII) Non-current liabilities due within one year (Continued)***

Explanations on long-term borrowings due within one year:

Guaranteed borrowings:

<b>Lender</b>	<b>30 June 2024</b>	<b>Guarantor</b>
China Construction Bank Corporation Xianyang Branch (中國建設銀行股份有限公司咸陽分行)	<b>20,563,382.89</b>	IRICO Group New Energy Company Limited
Shanghai Pudong Development Bank Co., Ltd. Xianyang Branch (上海浦東發展銀行股份有限公司咸陽分行)	<b>95,898,758.74</b>	IRICO Group New Energy Company Limited
China Construction Bank Corporation Hefei Chengdong Sub-branch (中國建設銀行股份有限公司合肥城東支行)	<b>9,605,071.34</b>	IRICO Group New Energy Company Limited
China Construction Bank Corporation Shangrao Branch (中國建設銀行股份有限公司上饒市分行)	<b>57,115,725.00</b>	IRICO Group New Energy Company Limited
Shanghai Pudong Development Bank Co., Ltd. Shangrao Branch (上海浦東發展銀行股份有限公司上饒分行)	<b>20,782,244.38</b>	IRICO Group New Energy Company Limited
<b>Total</b>	<b><u>203,965,182.35</u></b>	

*Note 1:* The remaining long-term borrowings due within one year of RMB374,655,400 are credit borrowings.

*Note 2:* The guarantor is the Company, which guarantees for its subsidiaries.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXVIII) Other current liabilities***

Item	30 June 2024	31 December 2023
Bills endorsement	<b>467,146,183.73</b>	483,415,135.38
Pending VAT output	<b>1,817,624.87</b>	533,481.86
Total	<b>468,963,808.60</b>	483,948,617.24

***(XXIX) Long-term borrowings***

Item	30 June 2024	31 December 2023	Interest rate range
Guaranteed borrowings	<b>1,319,141,180.63</b>	1,350,693,262.27	3.20%-3.98%
Credit borrowings	<b>1,403,155,431.85</b>	1,051,086,761.12	3.00%-3.85%
Subtotal	<b>2,722,296,612.48</b>	2,401,780,023.39	
Less: Long-term borrowings due within one year	<b>578,620,614.20</b>	386,308,882.36	
Total	<b>2,143,675,998.28</b>	2,015,471,141.03	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXIX) Long-term borrowings (Continued)**

Explanations on classification of long-term borrowings:

Guaranteed borrowings:

Lender	30 June 2024	Guarantor
China Construction Bank Corporation Xianyang Branch (中國建設銀行股份有限公司咸陽分行)	46,611,291.70	IRICO Group New Energy Company Limited
Shanghai Pudong Development Bank Co., Ltd. Xianyang Branch (上海浦東發展銀行股份有限公司咸陽分行)	131,992,993.00	IRICO Group New Energy Company Limited
China Construction Bank Corporation Hefei Chengdong Sub-branch (中國建設銀行股份有限公司合肥城東支行)	114,695,713.58	IRICO Group New Energy Company Limited
China Construction Bank Corporation Shangrao Branch (中國建設銀行股份有限公司上饒市分行)	425,300,000.00	IRICO Group New Energy Company Limited
Shanghai Pudong Development Bank Co., Ltd. Shangrao Branch (上海浦東發展銀行股份有限公司上饒分行)	396,576,000.00	IRICO Group New Energy Company Limited
Total	<u>1,115,175,998.28</u>	

*Note:* The guarantor is the Company, which guarantees for its subsidiaries.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXX) Lease liabilities***

Item	30 June 2024	31 December 2023
Lease payments	<b>337,618,775.06</b>	361,862,190.33
Less: Unrecognized financing expenses	<b>37,970,647.04</b>	49,199,090.03
Less: Lease liabilities due within one year	<b>40,499,052.25</b>	39,440,318.35
Total	<b><u>259,149,075.77</u></b>	<b><u>273,222,781.95</u></b>

***(XXXI) Long-term payables***

Item	30 June 2024	31 December 2023
Long-term payables		50,000,000.00
Total		<b><u>50,000,000.00</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXXI) Long-term payables (Continued)**1. *Classification of long-term payables*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Borrowings	<b>976,423.62</b>	52,091,736.11
Subtotal	<b>976,423.62</b>	52,091,736.11
Less: Long-term payables due within one year	<b>976,423.62</b>	2,091,736.11
Total	<b>50,000,000.00</b>	50,000,000.00

**(XXXII) Deferred income**

<b>Item</b>	31 December 2023	Increase for the period	Decrease for the period	<b>30 June 2024</b>	Source
Government grants	116,034,432.98	138,000.00	5,520,894.28	<b>110,651,538.70</b>	Appropriation
Total	<b>116,034,432.98</b>	<b>138,000.00</b>	<b>5,520,894.28</b>	<b>110,651,538.70</b>	

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XXXII) Deferred income (Continued)

Projects involving government grants:

Item	31 December	New grants	Amount included	30 June	Related to assets/Related to income
	2023	during the period	in other income during the period		
Local incentives fund (地方性獎勵資金)	57,814,921.20		775,348.92	<b>57,039,572.28</b>	Related to assets
First batch of equipment subsidies for IRICO Shangrao project (彩虹上饒項目第一批設備補貼款)	37,020,416.66		3,219,166.68	<b>33,801,249.98</b>	Related to assets
Upgrading project of the first phase glass kiln waste gas treatment system (一期玻璃窯爐廢氣處理系統升級改造項目)	10,650,000.00		489,341.64	<b>10,160,658.36</b>	Related to assets
Technology transformation project for large-size ultra-thin photovoltaic glass production (大尺寸超薄光伏玻璃生產性技術改造項目)	5,790,543.06		900,000.00	<b>4,890,543.06</b>	Related to assets
Construction project of a smart plant for solar photovoltaic glass manufacture (太陽能光伏玻璃製造智能化工廠建設項目)	2,153,846.14			<b>2,153,846.14</b>	Related to assets
Special project (fund) for guiding technological innovation in Shaanxi Province for 2023 allocated by Science and Technology Department of Shaanxi Province (陝西省科學技術廳撥付2023年陝西省技術創新引導專項(基金))	1,000,000.00		37,037.04	<b>962,962.96</b>	Related to assets

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

Projects involving government grants: (Continued)

Item	31 December	New grants during the period	Amount included		30 June 2024	Related to assets/Related to income
	2023		in other income during the period	Other changes		
Construction of solar photovoltaic glass and coated tempered glass production line (太陽能光伏玻璃及鍍膜鋼化玻璃生產線政府補助)	840,000.00		100,000.00		<b>740,000.00</b>	Related to assets
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X (寬幅高透超薄光伏玻璃18X設備提升改造項目)	764,705.92				<b>764,705.92</b>	Related to assets
Fund subsidy for hazardous and waste intelligent equipment from the Management Committee of Xianyang City Introduction of Equipment Intelligent Manufacturing Industrial Park (咸陽市裝備製造產業園管委會危險廢能設備資金補貼)		138,000.00			<b>138,000.00</b>	Related to assets
<b>Total</b>	<b>116,034,432.98</b>	<b>138,000.00</b>	<b>5,520,894.28</b>		<b>110,651,538.70</b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXXIII) Share capital**

Item	31 December 2023	Issue of new shares	Increase/(decrease) (+, -) for the period			Subtotal	30 June 2024
			Bonus issue	Shares transferred from reserve	Other		
Total shares	176,322,070.00					<b>176,322,070.00</b>	

**(XXXIV) Capital reserve**

Item	31 December 2023	Increase for the period	Decrease for the period	30 June 2024
Capital premium (Share premium)	546,968,390.11			546,968,390.11
Other capital reserve	3,734,191,984.53			3,734,191,984.53
Total	4,281,160,374.64			<b>4,281,160,374.64</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

*(XXXV) Other comprehensive income*

Item	31 December 2023	Amount before income tax for the period	Amount for the period		Less: Income tax	Attributable to the Company after tax	Attributable to minority interests after tax	30 June 2024
			Less: Amount transferred to profit or loss for the period for those previously included in other comprehensive income	Less: Amount transferred to retained profit for the period for those previously included in other comprehensive income				
1. Other comprehensive income that will not be reclassified to profit or loss	-133,467,186.43	2,122,540.38				2,122,540.38		-131,344,646.05
Including: Changes in fair value of investments in other equity instruments	-133,467,186.43	2,122,540.38				2,122,540.38		-131,344,646.05
Total other comprehensive income	-133,467,186.43	2,122,540.38				2,122,540.38		-131,344,646.05



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XXXVI) Surplus reserve**

Item	31 December 2023	Increase for the period	Decrease for the period	30 June 2024
Statutory surplus reserve	22,477,267.06			<b>22,477,267.06</b>
Total	22,477,267.06			<b>22,477,267.06</b>

**(XXXVII) Undistributed profits**

Item	From January to June 2024	From January to June 2023
Undistributed profits at the previous period before adjustment	<b>-2,547,217,266.54</b>	-2,316,261,778.74
Adjustment for undistributed profits at beginning of period ("+" for plus; "-" for less)		
Undistributed profits at beginning of period after adjustment	<b>-2,547,217,266.54</b>	-2,316,261,778.74
Add: Net profit attributable to owners of the Company during the period	<b>4,192,939.69</b>	-147,523,935.95
Less: Withdrawal of statutory surplus reserves		
Undistributed profits at end of period	<b>-2,543,024,326.85</b>	-2,463,785,714.69

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVIII) Operating revenue and operating costs****1. Information on operating revenue and operating costs*

Item	From January to June 2024		From January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal businesses	<b>2,027,513,323.68</b>	<b>1,882,281,716.79</b>	1,275,463,419.11	1,258,093,186.78
Other businesses	<b>11,534,145.72</b>	<b>2,768,085.24</b>	12,036,822.10	2,509,776.60
Total	<b><u>2,039,047,469.40</u></b>	<b><u>1,885,049,802.03</u></b>	<b><u>1,287,500,241.21</u></b>	<b><u>1,260,602,963.38</u></b>

Details of operating revenue:

Item	From January to June 2024	From January to June 2023
1. Subtotal of revenue from principal businesses	<b>2,027,513,323.68</b>	1,275,463,419.11
Including: Photovoltaic glass	<b>2,027,513,323.68</b>	1,275,463,419.11
2. Subtotal of revenue from other businesses	<b>11,534,145.72</b>	12,036,822.10
Including: Revenue from		
hydropower	<b>4,084,537.93</b>	4,276,810.35
Sales of scrap	<b>3,596,930.03</b>	4,034,716.98
Others	<b>3,852,677.76</b>	3,725,294.77
Total	<b><u>2,039,047,469.40</u></b>	<b><u>1,287,500,241.21</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (XXXVIII) Operating revenue and operating costs (Continued)

##### 2. Revenue from contract

Category	Solar photovoltaic and module business		Others		Intersegment eliminations		Total	
	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating
	revenue	costs	revenue	costs	revenue	costs	revenue	costs
Types of business:								
Revenue from principal businesses	2,027,513,323.68	1,882,281,716.79					2,027,513,323.68	1,882,281,716.79
Revenue from other businesses			11,534,145.72	2,768,085.24			11,534,145.72	2,768,085.24
Total	<u>2,027,513,323.68</u>	<u>1,882,281,716.79</u>	<u>11,534,145.72</u>	<u>2,768,085.24</u>	<u></u>	<u></u>	<u>2,039,047,469.40</u>	<u>1,885,049,802.03</u>
Categorized by transfer time of commodities:								
Recognized by a certain point of time	2,027,513,323.68	1,882,281,716.79	7,661,467.96	1,209,283.71			2,035,194,791.64	1,883,491,000.50
Recognized during a certain period			3,852,677.76	1,558,801.53			3,852,677.76	1,558,801.53
Total	<u>2,027,513,323.68</u>	<u>1,882,281,716.79</u>	<u>11,534,145.72</u>	<u>2,768,085.24</u>	<u></u>	<u></u>	<u>2,039,047,469.40</u>	<u>1,885,049,802.03</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVIII) Operating revenue and operating costs (Continued)****3. Revenue from geographical information*

	<b>From January to June 2024</b>	From January to June 2023
The PRC (excluding Hong Kong)	<b>2,038,289,101.52</b>	1,287,500,241.21
Other countries or regions	<b>758,367.88</b>	
Total	<b><u>2,039,047,469.40</u></b>	<b><u>1,287,500,241.21</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVIII) Operating revenue and operating costs (Continued)*****4. Information about major customers**

From January to June 2024, the Company has two customers (From January to June 2023: two customers) which represented over 10% of the Company's total external sales.

The external sales to the major customer during the year are as follows:

Customer	<b>From January to June 2024</b>	From January to June 2023
Customer A		140,748,763.57
Customer B		135,519,637.86
Customer C	<b>240,548,443.66</b>	
Customer D	<b>206,513,398.31</b>	
Total	<b><u>447,061,841.97</u></b>	<u>276,268,401.43</u>

*Note:* The revenue from Customer A, Customer B, Customer C and Customer D was all from products of photovoltaic glass industry.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XXXVIII) Operating revenue and operating costs (Continued)*****5. Description on performance obligation**

The Company shall recognize revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer who obtains control of that asset. Whether performance obligations satisfied over time or at a point in time is based on the provisions stated in contracts and related law regulations. The Company satisfies a performance obligation if one of the following criteria is met:

- (1) the customer simultaneously receives and consumes the economic benefits when the Company perform its obligations.
- (2) the customer gains control of an asset as the asset is created or enhanced by the Company in the course of performance.
- (3) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

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

#### *(XXXVIII) Operating revenue and operating costs (Continued)*

##### 5. *Description on performance obligation (Continued)*

If the performance obligation is satisfied over time, the Company will recognize revenue via contract performance schedule, otherwise the Company satisfies the performance obligation at a point in time. Contract performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***(XXXIX) Taxes and surcharges*

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Real estate tax	<b>4,529,671.20</b>	4,262,104.50
Water conservancy construction funds	<b>2,053,731.54</b>	1,551,856.32
Land use tax	<b>1,639,254.81</b>	1,639,254.00
Urban maintenance and construction tax	<b>1,380,596.46</b>	1,013,750.74
Education surcharge	<b>1,006,102.47</b>	719,042.93
Stamp duty and others	<b>3,228,349.87</b>	3,376,169.21
Total	<b>13,837,706.35</b>	12,562,177.70



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XL) Selling expenses***

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Payroll	<b>1,721,246.70</b>	1,172,064.19
Traveling expenses	<b>1,132,350.29</b>	937,100.67
Entertainment expenses	<b>205,880.13</b>	158,039.26
Certification test fees	<b>198,113.21</b>	1,718,073.61
Others	<b>25,204.90</b>	167,481.00
Total	<b>3,282,795.23</b>	4,152,758.73

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLI) Administrative expenses***

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Repair maintenance expenses	<b>22,108,755.82</b>	17,599,690.01
Payroll	<b>19,192,715.34</b>	17,750,933.89
Depreciation and amortization expense	<b>4,567,157.41</b>	17,712,606.64
Agency expenses	<b>3,463,563.51</b>	3,172,703.05
Property rental expenses	<b>2,093,797.19</b>	2,278,071.16
Disabled security fund	<b>1,807,275.14</b>	1,313,906.14
Cleaning expenses	<b>1,182,287.37</b>	884,607.54
Office expenses	<b>949,034.63</b>	632,304.14
Traveling expenses	<b>694,145.33</b>	846,333.30
Energy charge	<b>679,589.38</b>	355,621.90
Entertainment expenses	<b>434,155.55</b>	298,540.25
Insurance	<b>395,632.51</b>	160,440.21
Others	<b>1,848,518.06</b>	1,754,066.90
<b>Total</b>	<b>59,416,627.24</b>	64,759,825.13

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLII) Research and development expenses***

Item	From January to June 2024	From January to June 2023
Materials costs	<b>34,807,163.66</b>	18,816,840.66
Power expenses	<b>16,944,046.77</b>	13,714,431.78
Payroll	<b>9,897,048.53</b>	13,449,148.81
Depreciation	<b>4,370,376.88</b>	905,946.84
Others	<b>413,848.09</b>	734,959.02
Total	<b>66,432,483.93</b>	47,621,327.11

***(XLIII) Finance costs***

Item	From January to June 2024	From January to June 2023
Interest expenses	<b>80,122,872.89</b>	45,720,018.36
Including: Interest expenses for lease liabilities	<b>5,457,289.90</b>	1,977,444.16
Less: Interest income	<b>13,864,065.64</b>	6,015,373.60
Exchange losses or gains	<b>-694.68</b>	-3,483.40
Other expenses	<b>1,334,419.12</b>	1,118,971.68
Total	<b>67,592,531.69</b>	40,820,133.04

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIV) Other income***

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Government grants	<b>60,112,076.52</b>	9,883,755.73
VAT input tax deduction	<b>5,648,858.56</b>	
Handling fee for withholding individual income tax	<b>42,105.64</b>	41,574.01
Total	<b>65,803,040.72</b>	9,925,329.74

Government grants included in other income:

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Related to assets/ Related to income
Subsidy for utilities of Jiangxi Photovoltaic Economic Development Zone (江西光 伏經開區電費補貼)	<b>21,331,000.00</b>		Related to income
Rent subsidy for factory of Jiangxi Photovoltaic Economic Development Zone (江西光伏經開區廠房租 金補貼)	<b>20,657,000.00</b>		Related to income
Rent subsidy for Xianyang Photovoltaic (咸陽光伏租金 補助)	<b>6,106,789.20</b>	6,106,789.20	Related to income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XLIV) Other income (Continued)**

Government grants included in other income: (Continued)

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Related to assets/ Related to income
Awards for 2022 financial incremental contribution of technical improvement from the High-tech Economic Development Bureau (Science and Technology Bureau) of Xinzhan District of Hefei (Municipal level) (合肥新站高新經濟發展局(科學技術局)2022年技術改造財政增量貢獻獎勵資金(市級))	<b>4,970,300.00</b>		Related to income
First batch of equipment subsidies for IRICO Shangrao project (彩虹上饒項目第一批設備補貼款)	<b>3,219,166.68</b>		Related to assets
Technology transformation project for large-size ultra-thin photovoltaic glass production (大尺寸超薄光伏玻璃生產性技術改造項目)	<b>900,000.00</b>		Related to assets

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

Government grants included in other income: (Continued)

Item	From January to June 2024	From January to June 2023	Related to assets/ Related to income
VAT refund (增值稅退稅)	<b>887,737.54</b>		Related to income
Local incentives fund (地方性 獎勵資金)	<b>775,348.92</b>	775,348.92	Related to assets
Phase I glass kiln waste gas treatment system upgrade and renovation project (一期 玻璃窯爐廢氣處理系統升級改 造項目)	<b>489,341.64</b>		Related to assets
Subsidy for stabilizing employment (穩崗補貼)	<b>385,855.50</b>	1,500.00	Related to income
Construction of solar photovoltaic glass and coated tempered glass production line (太陽能光伏 玻璃及鍍膜鋼化玻璃生產線建 設)	<b>100,000.00</b>	100,000.00	Related to assets
Rewards for 2022 high- tech enterprises of Qinchuangyuan (Xianyang) Innovation Promotion Center Co. Ltd. (秦創原(咸陽)創新 促進中心有限公司轉22年高企 獎補)	<b>100,000.00</b>		Related to income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

Government grants included in other income: (Continued)

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Related to assets/ Related to income
Awards and grants of 2023 Specialised, Refined, Differentiated and Innovative Project at the municipal level from the Industry and Information Bureau of Qindu District, Xianyang (咸陽市秦都區工信局23年市級專精特新項目獎補資金)	<b>100,000.00</b>		Related to income
One-off employment expansion grant at Employment and Entrepreneurship Service Center in Shangrao (上饒市就業創業服務中心一次性擴崗補助)	<b>52,500.00</b>		Related to income
Special project (fund) for guiding technological innovation in Shaanxi Province for 2023 allocated by Science and Technology Department of Shaanxi Province (陝西省科學技術廳撥付2023年陝西省技術創新引導專項(基金))	<b>37,037.04</b>		Related to assets

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIV) Other income (Continued)***

Government grants included in other income: (Continued)

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Related to assets/ Related to income
Incentives grants of manufacturing strong province, private economic policy from the Economic and Trade Development Bureau of Xinzhan District of Hefei (合肥新站經貿發展局製造強省、民營經濟政策獎勵資金)		1,000,000.00	Related to income
Jiangxi plant subsidy (江西廠房補貼)		666,666.64	Related to assets
Solar photovoltaic glass manufacturing intelligent factory construction project (太陽能光伏玻璃製造智能化工廠建設項目)		646,153.86	Related to assets
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X (寬幅高透超薄光伏玻璃18X設備提升改造項目)		229,411.74	Related to assets



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

Government grants included in other income: (Continued)

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Related to assets/ Related to income
Government subsidy for the “scientist + engineer” team construction project for Qinchuangyuan in Shaanxi Province (陝西省秦創原“科學家+工程師”隊伍建設項目政府補助)		180,000.00	Related to income
Award for quality benchmarking enterprises in Shaanxi Province for 2022 allocated by Finance Bureau of Xianyang High-tech Zone (咸陽市高新區財政局撥付的2022年陝西省質量標桿企業獎勵)		100,000.00	Related to income
Special incentive funds for technical transformation of small and medium-sized enterprises (中小企業技術改造專項獎勵資金)		40,885.37	Related to assets

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(XLIV) Other income (Continued)**

Government grants included in other income: (Continued)

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Related to assets/ Related to income
Employment subsidies for recruitment of college and university graduates allocated by Human Resources and Social Security Bureau of Qindu District, Xianyang (咸陽市秦都區人力資源和社會保障局轉吸納高校畢業生就業補貼款)		10,000.00	Related to income
Unemployment insurance fund expenditure account to one-time post expansion subsidies allocated by Xianyang Unemployment and Work Injury Insurance Center (咸陽市失業和工傷保險經辦中心失業保險基金支出專戶轉一次性擴崗補助)		3,000.00	Related to income
Other small sums (其他小額匯總)		24,000.00	Related to income
<b>Total</b>	<b><u>60,112,076.52</u></b>	<b><u>9,883,755.73</u></b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLV) Investment income***

Item	From January to June 2024	From January to June 2023
Interest income from certificates of deposit	<b>4,999,999.92</b>	9,726,999.90
Investment income from the period holding held-for-trading financial assets	<b>20,816.72</b>	19,582.87
Bills discounted interest	<b>-1,957,427.18</b>	-6,044,259.22
Investment income from disposal of financial assets at fair value through current profit or loss		51,857.08
Total	<b>3,063,389.46</b>	3,754,180.63

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLVI) Gains from changes in fair value***

<b>Source of gains from changes in fair value</b>	<b>From January to June 2024</b>	From January to June 2023
Held-for-trading financial assets	<b>67,825.70</b>	4,329.30
Including: financial assets at fair value through current profit or loss	<b>67,825.70</b>	4,329.30
Total	<b>67,825.70</b>	4,329.30

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLVII) Credit impairment losses***

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Credit impairment losses of accounts receivable	<b>1,028,417.79</b>	-1,942,161.31
Credit impairment losses of other receivables		-1,027.20
Total	<b>1,028,417.79</b>	-1,943,188.51

***(XLVIII) Asset impairment losses***

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Losses on impairment of inventories and losses on impairment of contract performance cost		-13,189,154.35
Total	<b></b>	-13,189,154.35

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(XLIX) Gains from disposal of assets***

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Amount included in non-recurring profit or loss for the period
Gains from disposal of non-current assets	<b>395,907.99</b>	992,224.12	395,907.99
Total	<b><u>395,907.99</u></b>	<b><u>992,224.12</u></b>	<b><u>395,907.99</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(L) Non-operating income**

## 1. List of non-operating income

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Amount included in non-recurring profit or loss for the period
Forfeiture and penalty income	<b>41,129.73</b>	3,000.00	41,129.73
Gains from liquidated damages	<b>25,400.00</b>	20,469.66	25,400.00
Others	<b>3,066.15</b>	34,063.00	3,066.15
<b>Total</b>	<b><u>69,595.88</u></b>	<u>57,532.66</u>	<u>69,595.88</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LI) Non-operating expenses**

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023	Amount included in non-recurring profit or loss for the period
Losses on destroy or scrap of non-current assets		557,203.05	
Others		63,106.80	
Total		620,309.85	



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Income tax expenses***1. Breakdown of income tax expenses*

Item	From January to June 2024	From January to June 2023
Income tax expenses for the current period calculated according to tax law and related regulations	<b>9,611,910.90</b>	-16,484.20
Deferred income tax expenses	<b>58,849.88</b>	3,502,420.01
Total	<b>9,670,760.78</b>	3,485,935.81

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LII) Income tax expenses (Continued)**

2. *Adjustment of accounting profit and income tax expenses for the current period*

<b>Item</b>	<b>Amount</b>
Total profit	<b>13,863,700.47</b>
Income tax expenses calculated based on the statutory or applicable tax rate	<b>2,079,555.07</b>
Impact of different applicable tax rates to subsidiaries	
Impact of income tax for the period before adjustment	<b>5,011,312.34</b>
Tax effect of non-taxable income	
Impact of cost, expenses and losses not deductible for tax	<b>24,237.58</b>
Impact of utilization of deductible loss or deductible temporary differences of deferred income tax assets not recognized for the previous period	
Tax effect of deductible temporary differences or deductible loss of unrecognized deferred income tax assets in the current period	<b>11,924,789.38</b>
Others	<b>-9,369,133.59</b>
Income tax expenses	<b><u>9,670,760.78</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LIII) Earnings per share**1. *Basic earnings per share*

Basic earnings per share is calculated by dividing consolidated net profit attributable to the shareholders of the parent company by weighted average number of ordinary shares in issue of the Company:

Item	From January to June 2024	From January to June 2023
Consolidated net profit attributable to the shareholders of the parent company	<b>4,192,939.69</b>	-147,523,935.95
Weighted average number of ordinary shares in issue of the Company	<b>176,322,070.00</b>	176,322,070.00
Basic earnings per share <i>(RMB/share)</i>	<b>0.0238</b>	-0.8367
Including: Basic earnings per share relating to continuing operations <i>(RMB/share)</i>	<b>0.0238</b>	-0.8367
Basic earnings per share relating to discontinued operations <i>(RMB/share)</i>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIII) Earnings per share (Continued)****2. Diluted earnings per share*

Diluted earnings per share is calculated by consolidated net profit attributable to the shareholders of the parent company (diluted) by the weighted average number of ordinary shares in issue of the Company (diluted):

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Consolidated net profit attributable to the shareholders of the parent company (diluted)	<b>4,192,939.69</b>	-147,523,935.95
Weighted average number of ordinary shares in issue of the Company (diluted)	<b>176,322,070.00</b>	176,322,070.00
Diluted earnings per share <i>(RMB/share)</i>	<b>0.0238</b>	-0.8367
Including: Diluted earnings per share relating to continuing operations <i>(RMB/share)</i>	<b>0.0238</b>	-0.8367
Diluted earnings per share relating to discontinued operations <i>(RMB/share)</i>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LIV) Supplementary information of income statement classification of expenses by nature***

Operating costs, selling expenses, administrative expenses, research and development expenses and finance costs in income statement classified by nature were set out as follows:

Item	From January to June 2024	From January to June 2023
Materials, fuel, power costs, etc.	<b>1,638,586,615.18</b>	1,129,162,030.66
Depreciation and amortization	<b>157,014,883.02</b>	94,410,328.86
Payroll	<b>137,587,050.43</b>	87,999,975.14
Transportation expenses	<b>55,420,840.47</b>	44,167,731.79
Finance expenses	<b>67,592,531.69</b>	40,820,133.04
Repair maintenance expenses	<b>22,108,755.82</b>	17,599,690.01
Agency expenses	<b>3,463,563.51</b>	3,172,703.05
Loss on shutdown		624,414.84
Total	<b>2,081,774,240.12</b>	1,417,957,007.39

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Items in statement of cash flows***1. Cash relating to operating activities*

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Cash received relating to other operating activities	<b>66,142,064.62</b>	160,084,877.50
Including: Recovery of accounts receivable, deposits and others	<b>4,574,949.54</b>	113,266,388.86
Government subsidies and income tax handling fee refunds received	<b>47,849,431.01</b>	40,990,074.01
Interest income received	<b>13,717,684.07</b>	5,828,414.63

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LV) Items in statement of cash flows (Continued)****1. Cash relating to operating activities (Continued)*

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Cash paid relating to other operating activities	<b>29,988,468.25</b>	61,771,459.31
Including: Payment of accounts payable, deposits and others	<b>21,618,863.37</b>	54,152,919.46
Agency expenses	<b>4,144,303.32</b>	3,647,270.64
Traveling expenses	<b>2,305,123.97</b>	2,208,773.75
Lease and property management fees	<b>690,622.13</b>	341,020.55
Office expenses	<b>399,643.64</b>	433,817.77
Commission and handling fees	<b>580,366.29</b>	776,077.38
Insurance	<b>202,745.53</b>	1,949.64
Advertisement fees	<b>46,800.00</b>	209,630.12

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LV) Items in statement of cash flows (Continued)***2. Cash relating to investing activities*

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Cash received relating to other investing activities	<b>275,000.00</b>	
Including: Long-term asset margins received	<b>275,000.00</b>	
Cash paid relating to other investing activities	<b>457,667.90</b>	
Including: Long-term asset margins paid	<b>457,667.90</b>	



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LV) Items in statement of cash flows (Continued)*****3. Cash received or paid relating to other financing activities**

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Cash paid relating to other financing activities	<b>77,336,615.91</b>	9,436,539.68
Including: Payment of loan from Shangrao Binjiang Investment Co., Ltd.	<b>50,000,000.00</b>	
Payment of lease liabilities and interest	<b>27,336,615.91</b>	582,095.23
Bill discount		7,104,444.45
Payment of listing intermediary fees		1,750,000.00

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows***1. Supplementary information on statement of cash flows*

Item	From January to June 2024	From January to June 2023
<b>1. Reconciliation of net profit as cash flows from operating activities:</b>		
Net profit	<b>4,192,939.69</b>	-147,523,935.95
Add: Provision for assets impairment		1,943,188.51
Credit impairment losses	<b>-1,028,417.79</b>	13,189,154.35
Depreciation of investment property, depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	<b>129,109,011.82</b>	85,556,361.85
Depreciation of right-of-use assets	<b>23,050,050.90</b>	5,519,676.18

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows (Continued)***1. Supplementary information on statement of cash flows (Continued)*

Item	From January to June 2024	From January to June 2023
Amortization of intangible assets	<b>2,135,891.88</b>	2,156,835.94
Amortization of long-term deferred expenses	<b>2,719,928.42</b>	1,177,454.89
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" denotes gain)	<b>-395,907.99</b>	-992,224.12
Loss on retirement of fixed assets ("-" denotes gain)		557,203.05
Losses from net exposure hedges ("-" denotes gain)		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows (Continued)***1. Supplementary information on statement of cash flows (Continued)*

Item	From January to June 2024	From January to June 2023
Loss on changes in fair value (“-” denotes gain)	<b>-67,825.70</b>	-4,329.30
Finance expenses (“-” denotes gain)	<b>80,122,872.89</b>	45,716,534.96
Investment losses (“-” denotes gain)	<b>-3,063,389.46</b>	-3,754,180.63
Decrease in deferred income tax assets (“-” denotes increase)	<b>265,103.31</b>	3,502,420.01
Increase in deferred income tax liabilities (“-” denotes decrease)	<b>-206,253.43</b>	
Decrease in inventories (“-” denotes increase)	<b>-46,732,509.11</b>	2,080,957.69

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows (Continued)***1. Supplementary information on statement of cash flows (Continued)*

Item	From January to June 2024	From January to June 2023
Decrease in operating receivables ("-" denotes increase)	<b>-11,052,735.51</b>	-55,499,382.54
Increase in operating payables ("-" denotes decrease)	<b>-158,202,812.68</b>	67,933,692.85
Others		
Net cash flows from operating activities	<b>20,845,947.24</b>	21,559,427.74

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows (Continued)****1. Supplementary information on statement of cash flows (Continued)**

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
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**2. Major investing and financing activities not involving cash settlements:**

Conversion of debts to capital  
 Convertible corporate bonds due within one year  
 Leased fixed assets

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows (Continued)***1. Supplementary information on statement of cash flows (Continued)*

Item	From January to June 2024	From January to June 2023
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>1,021,327,405.52</b>	460,855,371.37
Less: Opening balance of cash	<b>950,634,372.10</b>	408,832,090.42
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	<b>70,693,033.42</b>	52,023,280.95

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVI) Supplementary information on statement of cash flows (Continued)****2. Cash and cash equivalents*

Item	30 June 2024	31 December 2023
<b>I. Cash</b>	<b>1,021,327,405.52</b>	460,855,371.37
Including: Cash on hand		
Bank deposits readily available for payment	<b>1,021,327,405.52</b>	460,855,371.37
Other monetary funds readily available for payment		
Deposits with the central bank available for payment		
Deposits with banks and other financial institutions		
Loans from banks and other financial institutions		



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVI) Supplementary information on statement of cash flows  
(Continued)***2. Cash and cash equivalents (Continued)*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
<b>II. Cash equivalents</b>		
Including: Bond investment due in three months		
<b>III. Closing balance of cash and cash equivalents</b>	<b>1,021,327,405.52</b>	460,855,371.37
Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVII) Foreign currency items**1. *Foreign currency items*

Item	Balance at 30 June 2024	Exchange rate	Balance in RMB at 30 June 2024
Monetary funds	15,700.63	7.1268	111,895.25
Including: USD	15,700.63	7.1268	111,895.25

**(LVIII) Government grants**1. *Asset-related government grants*

Item	30 June 2024	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses From January to June 2024	From January to June 2023	Items recorded in current profit or loss or offsetting relevant costs or losses
Local incentives fund (地方性獎勵資金)	57,039,572.28	Deferred income	<b>775,348.92</b>	775,348.92	Other income
First batch of equipment subsidies for IRICO Shangrao project (彩虹上饒項目第 一批設備補貼款)	33,801,249.98	Deferred income	<b>3,219,166.68</b>		Other income

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

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

#### (LVIII) Government grants (Continued)

##### 1. Asset-related government grants (Continued)

Item	30 June 2024	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			From January to June 2024	From January to June 2023	
Upgrading project of the first phase glass kiln waste gas treatment system (一期玻璃窯爐廢氣處理系統升級改造項目)	10,160,658.36	Deferred income	<b>489,341.64</b>		Other income
Technology transformation project for large-size ultra-thin photovoltaic glass production (大尺寸超薄光伏玻璃生產性技術改造項目)	4,890,543.06	Deferred income	<b>900,000.00</b>		Other income
Construction project of a smart plant for solar photovoltaic glass manufacture (太陽能光伏玻璃製造智能工廠建設項目)	2,153,846.14	Deferred income	<b>100,000.00</b>	100,000.00	Other income
Special project (fund) for guiding technological innovation in Shaanxi Province for 2023 allocated by Science and Technology Department of Shaanxi Province (陝西省科學技術廳撥付2023年陝西省技術創新引導專項(基金))	962,962.96	Deferred income	<b>37,037.04</b>		Other income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)****1. Asset-related government grants (Continued)**

Item	30 June 2024	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			From January to June 2024	From January to June 2023	
Government subsidies for solar photovoltaic glass and coated tempered glass production line (太陽能光伏玻璃及鍍膜鋼化玻璃生產線政府補助)	740,000.00	Deferred income			Other income
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X (寬幅高透超薄光伏玻璃18X設備提升改造項目)	764,705.92	Deferred income			Other income
Fund subsidy for hazardous and waste intelligent equipment from the Management Committee of Xianyang City Introduction of Equipment Intelligent Manufacturing Industrial Park (咸陽市裝備製造產業園管委會危廢智能設備資金補貼)	138,000.00	Deferred income			Other income
Jiangxi plant subsidy (江西廠房補貼)				666,666.64	Other income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)**1. *Asset-related government grants (Continued)*

Item	30 June 2024	Items included in balance sheet	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
			From January to June 2024	From January to June 2023	
Construction project of a smart plant for solar photovoltaic glass manufacture (太陽能光伏玻璃製造智能化工廠建設項目)				646,153.86	Other income
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X (寬幅高透超薄光伏玻璃18X設備提升改造項目)				229,411.74	Other income
Special incentive funds for technical transformation of small and medium-sized enterprises (中小企業技術改造專項獎勵資金)				40,885.37	Other income
Total	110,651,538.70		<b>5,520,894.28</b>	<b>2,458,466.53</b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)***2. Income-related government grants*

Item	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2024	From January to June 2023	
Subsidy for utilities of Jiangxi Photovoltaic Economic Development Zone (江西光伏經開區電費補貼)	21,331,000.00	<b>21,331,000.00</b>		Other income
Rent subsidy for factory of Jiangxi Photovoltaic Economic Development Zone (江西光伏經開區廠房租金補貼)	20,657,000.00	<b>20,657,000.00</b>		Other income
Rent subsidy for Xianyang Photovoltaic (咸陽光伏租金補助)	12,213,578.40	<b>6,106,789.20</b>	6,106,789.20	Other income
Awards for 2022 financial incremental contribution of technical improvement from the High-tech Economic Development Bureau (Science and Technology Bureau) of Xinzhan District of Hefei (Municipal level) (合肥新站高新經濟發展局(科學技術局)2022年技術改造財政增量貢獻獎勵資金(市級))	4,970,300.00	<b>4,970,300.00</b>		Other income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)****2. Income-related government grants (Continued)**

Item	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2024	From January to June 2023	
VAT refund (增值稅退稅)	887,737.54	<b>887,737.54</b>		Other income
Subsidy for stabilizing employment (穩崗補貼)	387,355.50	<b>385,855.50</b>	1,500.00	Other income
Rewards for 2022 high-tech enterprises of Qinchuangyuan (Xianyang) Innovation Promotion Center Co. Ltd. (秦創原(咸陽)創新促進中心有限公司轉22年高企獎補)	100,000.00	<b>100,000.00</b>		Other income
Awards and grants of 2023 Specialised, Refined, Differentiated and Innovative Project at the municipal level from the Industry and Information Bureau of Qindu District, Xianyang (咸陽市秦都區工信局23年市級專精特新項目獎補資金)	100,000.00	<b>100,000.00</b>		Other income
One-off employment expansion grant at Employment and Entrepreneurship Service Center in Shangrao (上饒市就業創業服務中心一次性擴崗補助)	52,500.00	<b>52,500.00</b>		Other income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)****2. Income-related government grants (Continued)**

Item	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2024	From January to June 2023	
Incentives grants of manufacturing strong province, private economic policy from the Economic and Trade Development Bureau of Xinzhan District of Hefei (合肥新站經貿發展局製造強省、民營經濟政策獎勵資金)	1,000,000.00		1,000,000.00	Other income
Government subsidy for the "scientist + engineer" team construction project for Qinchuangyuan in Shaanxi Province (陝西省秦創原「科學家+工程師」隊伍建設項目政府補助)	180,000.00		180,000.00	Other income
Solar photovoltaic glass manufacturing intelligent factory construction project (太陽能光伏玻璃製造智能化工廠建設項目)	100,000.00		100,000.00	Other income
Equipment upgrade project of wide high-transmissivity and ultra-thin photovoltaic glass 18X (寬幅高透超薄光伏玻璃18X設備提升改造項目)	10,000.00		10,000.00	Other income



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(LVIII) Government grants (Continued)****2. Income-related government grants (Continued)**

Item	Amount	Amount recorded in current profit or loss or offsetting relevant costs or losses		Items recorded in current profit or loss or offsetting relevant costs or losses
		From January to June 2024	From January to June 2023	
Government subsidy for the "scientist + engineer" team construction project for Qinchuangyuan in Shaanxi Province (陝西省秦創原「科學家+工程師」隊伍建設項目政府補助)	3,000.00		3,000.00	Other income
Award for quality benchmarking enterprises in Shaanxi Province for 2022 allocated by Finance Bureau of Xianyang High-tech Zone (咸陽市高新區財政局撥付的2022年陝西省質量標桿企業獎勵)	24,000.00		24,000.00	Other income
Total	62,016,471.44	<b>54,591,182.24</b>	7,425,289.20	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVIII) Government grants (Continued)******3. Liabilities involving government subsidies***

Items of the financial statements	31 December 2023	Amount included			Other changes for the period	30 June 2024	Related to assets/revenue
		Additional subsidies for the period	in non-operating income for the period	Transfer to other income for the period			
Deferred income	116,034,432.98	138,000.00		5,520,894.28		<b>110,651,538.70</b>	Related to assets
Total	<u>116,034,432.98</u>	<u>138,000.00</u>	<u></u>	<u>5,520,894.28</u>	<u></u>	<u><b>110,651,538.70</b></u>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***V. NOTES TO SIGNIFICANT ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*****(LVIX) Leases***1. *As lessee*

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Interest expenses of lease liabilities	<b>5,457,289.90</b>	1,977,444.16
Total cash outflows for leases	<b><u>27,336,615.91</u></b>	<u>582,095.23</u>

2. *As lessor*

## (1) Operating leases

<b>Item</b>	<b>From January to June 2024</b>	From January to June 2023
Revenue from operating leases	<b><u>3,852,677.76</u></b>	<u>3,725,294.77</u>

Undiscounted leases receipts to be received after balance sheet date:

<b>Remaining lease period</b>	<b>From January to June 2024</b>	From January to June 2023
Within 1 year	<b>5,681,216.25</b>	
Total	<b><u>5,681,216.25</u></b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***VI. CHANGES ON SCOPE OF COMBINATION**

None.

**VII. INTERESTS IN OTHER ENTITIES****(I) Interests in subsidiaries***1. Composition of enterprise group*

Name of subsidiary	Principal place of business	Registered capital (RMB'000)	Place of registration	Nature of business	Shareholding ratio (%)		Method for acquisition
					Direct	Indirect	
Hefei Photovoltaic	Hefei, Anhui	115,000.00	Hefei, Anhui	Photovoltaic glass	100.00		Investment in establishment
Yan'an New Energy	Yan'an, Shaanxi	30,000.00	Yan'an, Shaanxi	Photovoltaic glass	100.00		Investment in establishment
Xianyang Photovoltaic	Xianyang, Shaanxi	6,000.00	Xianyang, Shaanxi	Photovoltaic glass	100.00		Investment in establishment
Jiangxi Photovoltaic	Shangrao, Jiangxi	30,000.00	Shangrao, Jiangxi	Photovoltaic glass	100.00		Investment in establishment

*Notes:*

- As of 30 June 2024, none of the subsidiaries issued any debt securities as at the end of the year or at any time during the year.
- The subsidiaries of the Company are all limited liability companies.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS

#### **(I) Risk of financial instruments**

The Company is confronted with various financial risks in its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). The above financial risks and the risk management policies adopted by the Company to minimize such risks are listed as follows:

The overall objective of the Company's risk management is to develop a risk management policy that minimizes risks with undue impact on the Company's competitiveness and resilience.

##### *1. Credit risk*

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Company.

The Company's credit risk mainly arises from cash at bank and on hand, bills receivable, accounts receivable, receivables financing, other receivables, etc. as well as the investment in debt instruments at fair value through current profit or loss that are not included in the impairment assessment scope.

The Company's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Company considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Risk of financial instruments (Continued)***1. Credit risk (Continued)*

In addition, the Company develops relevant policies to limit the credit risk exposure on bills receivable, accounts receivable, receivables financing, contract assets and other receivables, etc. The Company assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Company regularly monitors the credit record of the customers. For customers with a poor credit history, the Company will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Company is limited to a controllable extent.

*2. Liquidity risk*

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery.

The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department conducts centralized control over liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts for cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonable foreseeable circumstances. Meanwhile, it continued to monitor whether the Company is in line with the requirements of borrowing agreements, and obtain the undertakings to provide sufficient reserve funds from major financial institutions, so as to meet its short-term and long-term capital needs.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Risk of financial instruments (Continued)**

## 2. Liquidity risk (Continued)

- (1) The financial liabilities of the Company are analysed by their maturity date below at their undiscounted contractual cash flows:

Item	30 June 2024			Total undiscounted contract amount	Carrying value
	Within 1 year	1–5 years	Over 5 years		
Short-term borrowings	2,100,614,218.09			2,100,614,218.09	2,101,743,870.91
Bills payable	544,579,258.79			544,579,258.79	544,579,258.79
Accounts payable	986,420,166.11			986,420,166.11	986,420,166.11
Other payables	93,637,387.44			93,637,387.44	93,637,387.44
Non-current liabilities					
due within one year	626,592,376.38			626,592,376.38	620,096,090.07
Other current liabilities	467,146,183.73			467,146,183.73	468,963,808.60
Long-term borrowings		1,953,423,998.28	190,252,000.00	2,143,675,998.28	2,143,675,998.28
Lease liabilities		202,909,754.40	84,314,779.23	287,224,533.63	259,149,075.77
Total	<u>4,818,989,590.54</u>	<u>2,156,333,752.68</u>	<u>274,566,779.23</u>	<u>7,249,890,122.45</u>	<u>7,218,265,655.97</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Risk of financial instruments (Continued)***2. Liquidity risk (Continued)*

- (1) The financial liabilities of the Company are analysed by their maturity date below at their undiscounted contractual cash flows: (Continued)

Item	31 December 2023			Total undiscounted contract amount	Carrying value
	Within 1 year	1-5 years	Over 5 years		
Short-term borrowings	1,394,599,027.80			1,394,599,027.80	1,381,369,888.91
Bills payable	1,142,449,150.74			1,142,449,150.74	1,142,449,150.74
Accounts payable	1,012,264,210.04			1,012,264,210.04	1,012,264,210.04
Other payables	97,663,667.19			97,663,667.19	97,663,667.19
Non-current liabilities due					
within one year	436,462,857.07			436,462,857.07	427,840,936.82
Other current liabilities	483,415,135.38			483,415,135.38	483,948,617.24
Long-term borrowings	38,954,413.92	2,057,362,397.10		2,096,316,811.02	2,015,471,141.03
Lease liabilities		182,651,700.59	90,571,081.37	273,222,781.96	273,222,781.95
Long-term payables		56,476,250.00		56,476,250.00	50,000,000.00
<b>Total</b>	<b>4,605,808,462.14</b>	<b>2,296,490,347.69</b>	<b>90,571,081.37</b>	<b>6,992,869,891.20</b>	<b>6,884,230,393.92</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Risk of financial instruments (Continued)**2. *Liquidity risk (Continued)*

- (2) The repayment periods of bank borrowings and other finance are analyzed as follows:

Item	30 June 2024		31 December 2023	
	Bank borrowings	Other finance	Bank borrowings	Other finance
Within 1 year	2,676,812,353.04	50,394,241.43	1,769,770,507.38	
1-2 years	957,773,081.37	50,116,759.68	954,704,767.40	100,116,759.68
2-5 years	995,650,916.91	152,792,994.72	808,046,373.63	223,106,022.27
Over 5 years	190,252,000.00	84,314,779.23	252,720,000.00	
Total	<u>4,820,488,351.32</u>	<u>337,618,775.06</u>	<u>3,785,241,648.41</u>	<u>323,222,781.95</u>

3. *Market risk*

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Risk of financial instruments (Continued)****3. Market risk (Continued)****(1) Interest rate risk**

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate.

Interest-bearing financial instruments at fixed rates and at floating rates expose the Company to fair value interest risk and cash flow interest rate risk, respectively. The Company determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate instruments. The Company will adopt interest rate swap instruments to hedge interest rate risk when necessary.

As at 30 June 2024, if other variables remain constant and the borrowing rate calculated at floating interest rates increases or decreases by 100 basis points, the Company's net profit will decrease or increase by RMB42,793,700 (31 December 2023: RMB22,735,400). The management believes that 100 basis points reasonably reflect the reasonable range of possible changes in interest rates in the next year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

#### **(I) Risk of financial instruments (Continued)**

##### 3. Market risk (Continued)

##### (2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company may consider entering into forward exchange contract or currency swap contract to mitigate the foreign exchange risk. During the period and the previous period, the Company has not entered into any forward exchange contract or currency swap contract.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)****(I) Risk of financial instruments (Continued)**

## 3. Market risk (Continued)

## (2) Exchange rate risk (Continued)

The exchange rate risk faced by the Company mainly arises from financial assets and financial liabilities denominated in US dollars and Euro. The amount of the financial assets and financial liabilities in foreign currencies converted into RMB is as follows:

Item	30 June 2024			31 December 2023		
	US dollars	Other foreign currency	Total	US dollars	Other foreign currency	Total
Monetary funds	111,895.25		111,895.25	111,352.01		111,352.01
Total	<u>111,895.25</u>	<u></u>	<u>111,895.25</u>	<u>111,352.01</u>	<u></u>	<u>111,352.01</u>

As at 30 June 2024, a 5% increase or decrease in RMB against USD, with all other variables held constant, would have increased or decreased the net profit of the Company by RMB5,594.76 (31 December 2023: RMB4,732.46). The management considers that the 5% reasonably reflected the reasonable range of the possible change in Renminbi against USD for the next year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### VIII. RISK RELATING TO FINANCIAL INSTRUMENTS (CONTINUED)

#### **(I) Risk of financial instruments (Continued)**

##### 3. Market risk (Continued)

##### (3) Other price risk

Other price risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price other than exchange rate risk and interest rate risk.

### IX. FAIR VALUE

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the relevant assets or liabilities other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***IX. FAIR VALUE (CONTINUED)****(I) Analysis of assets and liabilities measured at fair value by fair value hierarchy**

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuing fair value measurement				
(I) Held-for-trading financial assets	362,218.10			362,218.10
1. Financial assets at fair value through current profit or loss	362,218.10			362,218.10
(1) Investment in equity instruments	362,218.10			362,218.10
(II) Receivables financing			343,686,566.11	343,686,566.11
(III) Investment in other equity instruments	240,908,333.13		111,124,764.95	352,033,098.08

**(II) Basis for determining the market price of items persistently and non-persistently measured at fair value at the first level**

The Company's investments in equity instruments which are persistently measured at level 1 fair value at the end of the period are publicly issued shares, and the fair value at the end of the period represents the share price as at 30 June 2024, with fair value adjustment based on the share price at the end of the year. The other investments in equity instruments measured at level 1 fair value are publicly issued shares of IRICO Display Devices Co., Ltd. held by the Company not for short-term trading, and the fair value at the end of the period represents the share price as at 30 June 2024.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### IX. FAIR VALUE (CONTINUED)

***(III) Valuation techniques used and the qualitative and quantitative information of key parameters for items persistently and non-persistently measured at fair value at the third level***

1. Other investments in equity instruments held by the Company which are measured at level 3 fair value represent 7.2953% equity interest in Shaanxi IRICO Electronics Glass Co., Ltd., which is an unlisted company. Fair value is determined based on the appraised value as of the balance sheet date.
2. Receivables financing held by the Company which are measured at level 3 fair value is bill receivable. The fair value of the receivables financing is determined using discounted cash flow methodology, which is equal to the book value.





**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES****(I) Information on the parent company of the Company**

Name of the parent company	Place of registration	Nature of Business	Registered Capital (RMB'000)	Percentage of shareholding in the Company held by the parent company (%)	Percentage of voting rights in the Company held by the parent company (%)
IRICO Group (彩虹集團)	Beijing	Production and sales of electronic components	251,716.70	34.44	34.44

**Notes:**

IRICO Group directly holds 30.15% of the shares of the Company; Rui Bou Electronics (HK) Limited (the "Rui Bou Electronics") is a wholly-owned subsidiary of IRICO Group, holding 4.28% of the shares of the Company. IRICO Group directly and indirectly holds 34.43% of the shares of the Company.

Zhongdian IRICO is directly held as to 72.08% by CEC and as to 27.92% by IRICO Group, holding 14.30% of the shares of the Company.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES  
(CONTINUED)****(I) Information on the parent company of the Company  
(Continued)**

*Notes: (Continued)*

CEC Capital Investment, a wholly-owned subsidiary of CEC, holds 26.17% shares of the Company.

CEC (place of registration: Beijing, the PRC), through IRICO Group, Zhongdian IRICO, Rui Bou Electronics and CEC Capital Investment, holds 74.90% of the shares of the Company in aggregate, and is the ultimate controlling party of the Company.

**(II) Information on the subsidiaries of the Company**

Please refer to Note “VII. Interest in other entities” for details.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(III) Information on other related parties**

Name of other related parties	Relationship with the Company
Zhongdian IRICO	Shareholder of the Company
IRICO Group	Shareholder of the Company
Xianyang IRICO Green Energy Co., Ltd. (咸陽彩虹綠色能源有限公司)	Same parent company
Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	Under the same ultimate control party
Anhui Hongchen New Materials Technology Co., Ltd. (安徽虹宸新材料科技有限公司)	Under the same ultimate control party
China Electronics Financial Co., Ltd. (中國電子財務有限責任公司)	Under the same ultimate control party
China Elec-Trans Int'l Service Co., Ltd. (捷達國際運輸有限公司)	Under the same ultimate control party
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	Under the same ultimate control party
Xianyang IRICO Electronic Accessories Co., Ltd. (咸陽彩虹電子配件有限公司)	Under the same ultimate control party
CEC Caihong Intelligent Lighting Technology Co., Ltd.* (中電彩虹智慧照明科技有限公司)	Under the same ultimate control party
Zhongdian Panda Trade Development Limited Company (南京中電熊猫貿易發展有限公司)	Under the same ultimate control party
Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中電熊猫物業管理有限公司)	Under the same ultimate control party
Xi'an IRICO Information Co., Ltd. (西安彩虹資訊有限公司)	Under the same ultimate control party

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(III) Information on other related parties (Continued)**

Name of other related parties	Relationship with the Company
CEC Jiutian Intelligent Technology Co., Ltd.* (中電九天智能科技有限公司)	Under the same ultimate control party
China Electronics System Engineering No. 3 Construction Co., Ltd. (中國電子系統工程第三建設有限公司)	Under the same ultimate control party
China Electronics Commerce (Beijing) Co., Ltd. (中電商務(北京)有限公司)	Under the same ultimate control party
Nanjing Panda Electronics Equipment Co., Ltd. (南京熊猫電子裝備有限公司)	Under the same ultimate control party
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Investee company of the Company's controlling shareholder
Hanzhong IRICO Jiarunze Mining Co., Ltd (漢中彩虹佳潤澤礦業有限公司)	Other related relationship
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Other related relationship
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Other related relationship
Shaanxi Rainbow Industrial Services Co., Ltd. (陝西彩虹工業服務有限公司)	Other related relationship
Wuhan Lidao Technology Co., Ltd.* (武漢麗島科技有限公司)	Other related relationship
Wuhan Lidao Property Management Co., Ltd.* (武漢麗島物業管理有限公司)	Other related relationship

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

### X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

#### (IV) Related party transactions

1. Related party transactions for purchase and sales of goods/provision and receipt of services

Name of related parties	Subject	From January to June 2024	From January to June 2023
Purchase of goods and receipt of services:			
Anhui Hongchen New Materials Technology Co., Ltd. (安徽虹宸新材料科技有限公司)	Purchase of goods	<b>18,056,829.90</b>	22,193,101.96
Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	Purchase of goods	<b>11,660,791.58</b>	10,760,503.01
Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	Purchase of goods/ Receipt of services	<b>7,919,529.07</b>	59,821,593.42
Nanjing Panda Electronics Equipment Co., Ltd. (南京熊貓電子裝備有限公司)	Purchase of goods	<b>7,123,893.81</b>	
Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中電熊貓物業管理有限公司)	Receipt of services	<b>413,755.27</b>	340,754.75

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**

1. *Related party transactions for purchase and sales of goods/provision and receipt of services (Continued)*

Name of related parties	Subject	From January to June 2024	From January to June 2023
Xianyang IRICO Green Energy Co., Ltd. (咸陽彩虹綠色能源有限公司)	Purchase of goods/ Receipt of services	<b>353,349.06</b>	438,594.35
CEC Caihong Intelligent Lighting Technology Co., Ltd.* (中電彩虹智慧照明科技有限公司)	Purchase of goods	<b>337,168.14</b>	
China Elec-Trans Int'l Service Co., Ltd. (捷達國際運輸有限公司)	Receipt of services	<b>304,970.46</b>	2,453,000.49
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Purchase of goods	<b>161,881.62</b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**

1. *Related party transactions for purchase and sales of goods/provision and receipt of services (Continued)*

Name of related parties	Subject	From January to June 2024	From January to June 2023
Wuhan Lidao Property Management Co., Ltd.* Xianyang Branch (武漢麗島物業管理有限公司咸陽分公司)	Receipt of services	<b>38,445.88</b>	
China Electronics Commerce (Beijing) Co., Ltd. (中電商務(北京)有限公司)	Purchase of goods	<b>27,098.69</b>	
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Purchase of goods		9,824,499.03
China Electronics System Engineering No. 3 Construction Co., Ltd. (中國電子系統工程第三建設有限公司)	Purchase of goods		5,630,357.51

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**

1. *Related party transactions for purchase and sales of goods/provision and receipt of services (Continued)*

<b>Name of related parties</b>	<b>Subject</b>	<b>From January to June 2024</b>	From January to June 2023
Zhongdian IRICO	Receipt of services		4,951,362.00
Wuhan Lidao Technology Co., Ltd.* (武漢麗島科技有限公司)	Receipt of services		37,875.40
Subtotal		<b><u>46,397,713.48</u></b>	<b><u>116,451,641.92</u></b>
Sale of goods and provision of services:			
Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	Sale of goods	<b>1,577,641.91</b>	1,270,245.08



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**

1. Related party transactions for purchase and sales of goods/provision and receipt of services (Continued)

Name of related parties	Subject	From January to June 2024	From January to June 2023
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Sale of goods	<b>423,778.54</b>	426,204.24
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Sale of goods		15,794.05
Wuhan Lidao Technology Co., Ltd.* (武漢麗島科技有限公司)	Provision of services		4,395.13
Subtotal		<b><u>2,001,420.45</u></b>	<b><u>1,716,638.50</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

*(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)**2. *Leasing with related parties*

The Company as the lessor:

Name of lessee	Type of assets under lease	From January to June 2024	From January to June 2023
IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	Plants	<b>3,563,132.13</b>	3,387,174.98
Xianyang Cailian Packaging Materials Co., Ltd. (咸陽彩聯包裝材料有限公司)	Plants		115,200.00
Wuhan Lidao Technology Co., Ltd.* (武漢麗島科技有限公司)	Premises		3,893.21

The Company as the lessee:

Name of lessor	Type of assets under lease	From January to June 2024			From January to June 2023						
		Simplified short-term lease and low-value assets lease expense	Variable lease payments not included in lease liabilities	Rental paid	Interest expenses on lease liability assumed	Increase of right of use assets	Simplified short-term lease and low-value assets lease expense	Variable lease payments not included in lease liabilities	Rental paid	Interest expenses on lease liability assumed	Increase of right of use assets
Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)	Office		<b>916,471.80</b>	<b>29,535.35</b>	<b>509,874.09</b>			291,047.60	25,797.25		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)***3. Guarantee with related parties**(1) The Company as a guarantor*

<b>Guaranteed party</b>	<b>Amount of guarantee</b>	<b>Commencement date</b>	<b>Maturity date</b>	<b>Whether the guarantee has been executed</b>
Hefei Photovoltaic	40,000,000.00	2022.10.12	2031.9.20	No
Hefei Photovoltaic	35,675,619.71	2022.12.26	2031.9.20	No
Hefei Photovoltaic	13,545,689.62	2023.3.6	2031.9.20	No
Hefei Photovoltaic	10,160,859.46	2023.4.14	2031.9.20	No
Hefei Photovoltaic	26,311,763.90	2023.8.23	2031.9.20	No
Hefei Photovoltaic	100,000,000.00	2021.9.28	2025.9.27	No
Yan'an New Energy	200,000,000.00	2021.12.17	2028.12.17	No
Yan'an New Energy	196,000,000.00	2022.12.8	2029.12.8	No
Jiangxi Photovoltaic	482,000,000.00	2022.6.21	2033.5.5	No
Jiangxi Photovoltaic	417,000,000.00	2022.12.26	2033.12.23	No
Jiangxi Photovoltaic	50,000,000.00	2021.12.15	2024.12.15	No
Xianyang Photovoltaic	79,611,291.70	2022.3.30	2031.3.29	No

*Note:* For the above amount of guarantee, RMB332,431,091.16 has been repaid to the bank by the guaranteed party.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(IV) Related party transactions (Continued)***3. Guarantee with related parties (Continued)*

(2) The Company as a guaranteed party:

<b>Guarantor</b>	<b>Amount of guarantee</b>	<b>Commencement date</b>	<b>Maturity date</b>	<b>Whether the guarantee has been executed</b>
IRICO Group	150,000,000.00	2022.4.29	2026.3.20	No
Zhongdian IRICO	150,000,000.00	2022.4.5	2026.4.24	No
IRICO Group	100,000,000.00	2022.4.1	2026.3.31	No
IRICO Group	60,000,000.00	2022.3.11	2026.3.31	No

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*From January to June 2024*

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

### **X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

#### ***(IV) Related party transactions (Continued)***

##### *4. Other related party transactions*

##### **(1) Licensing of trademarks**

The Company and IRICO Group entered into the Trademark License Contract between IRICO Group Corporation Limited and IRICO Group New Energy Company Limited, pursuant to which, IRICO Group has granted the right to use a total of 9 trademarks registered with the Trademark Office of China National Intellectual Property Administration, namely “992031”, “925645”, “992157”, “1028194”, “1080189”, “40566212”, “40558599”, “40551476” and “40565399”, free of charge to the Company and its subsidiaries for a term commencing from 1 January 2018 to 31 December 2028. Pursuant to the agreement between the Company and IRICO Group, IRICO Group may license the above trademarks to third parties not engaged in the business of photovoltaic glass, and IRICO Group shall not continue to use or license the licensed trademarks to third parties in the field of photovoltaic glass. Within 3 months before the expiry of the above agreement, the Company shall apply for renewal in writing, and the agreement shall be automatically extended for another 10 years.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES  
(CONTINUED)****(IV) Related party transactions (Continued)**4. *Other related party transactions (Continued)*

- (2) Deposit and loan with China Electronics Financial Co., Ltd.

Related party	Subject	30 June 2024/ From January to June 2024
China Electronics Financial Co., Ltd. (中國電子財務有限責任公司)	Bank deposit	541,831.02
China Electronics Financial Co., Ltd. (中國電子財務有限責任公司)	Receipts from interest	1,722.28

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From January to June 2024

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

### X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

#### (V) Receivables from and payables to related parties

##### 1. Receivables from related parties

Item	Related party	30 June 2024		31 December 2023	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
Monetary funds	China Electronics Financial Co., Ltd. (中國電子財務有限責任公司)	541,831.02		392,865.69	
Subtotal of monetary funds		<u>541,831.02</u>		<u>392,865.69</u>	
Accounts receivable	Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	4,093,780.12	1,077,791.21	8,936,442.29	2,680,932.69
Accounts receivable	IRICO (Hefei) LCD Glass Co., Ltd. (彩虹(合肥)液晶玻璃有限公司)	855,008.60		376,138.85	
Subtotal of accounts receivable		<u>4,948,788.72</u>	<u>1,077,791.21</u>	<u>9,312,581.14</u>	<u>2,680,932.69</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)***1. Receivables from related parties (Continued)*

Item	Related party	30 June 2024		31 December 2023	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
Other receivables	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	15,750.00		15,750.00	
Subtotal of other receivables		<b>15,750.00</b>		15,750.00	
Prepayments	Shaanxi Rainbow Industrial Services Co., Ltd. (陝西彩虹工業服務有限公司)			56,710.54	
Prepayments	Wuhan Lidao Property Management Co., Ltd.* (武漢麗島物業管理有限公司)			14,099.10	
Subtotal of prepayments				<b>70,809.64</b>	



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)**

## 2. Payables to related parties

Item	Related party	30 June 2024	31 December 2023
Accounts payable	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	<b>53,106,705.30</b>	58,892,952.39
Accounts payable	Anhui Hongchen New Materials Technology Co., Ltd. (安徽虹宸新材料科技有限公司)	<b>6,968,038.98</b>	6,146,785.51
Accounts payable	IRICO Group	<b>6,450,630.19</b>	6,450,630.19
Accounts payable	Nanjing Panda Electronics Equipment Co., Ltd. (南京熊貓電子裝備有限公司)	<b>3,561,946.89</b>	
Accounts payable	China Elec-Trans Int'l Service Co., Ltd. (捷達國際運輸有限公司)	<b>2,404,885.56</b>	5,264,566.91
Accounts payable	Xianyang IRICO Electronic Accessories Co., Ltd. (咸陽彩虹電子配件有限公司)	<b>827,705.60</b>	827,705.60
Accounts payable	China Electronics System Engineering No. 3 Construction Co., Ltd. (中國電子系統工程第三建設有限公司)	<b>800,288.00</b>	5,000.00
Accounts payable	CEC Caihong Intelligent Lighting Technology Co., Ltd.* (中電彩虹智慧照明科技有限公司)	<b>337,168.14</b>	
Accounts payable	CEC Jiutian Intelligent Technology Co., Ltd.* (中電九天智能科技有限公司)	<b>128,000.00</b>	128,000.00

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)***2. Payables to related parties (Continued)*

Item	Related party	30 June 2024	31 December 2023
Accounts payable	Hanzhong IRICO Jiarunze Mining Co., Ltd. (漢中彩虹佳潤澤礦業有限公司)	<b>73,201.40</b>	
Accounts payable	Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)		1,116,230.27
Accounts payable	Xianyang IRICO Green Energy Co., Ltd. (咸陽彩虹綠色能源有限公司)		75,000.00
Accounts payable	Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司)		18,777.20
Subtotal of accounts payable		<b>74,658,570.06</b>	78,925,648.07
Bills payable	China Elec-Trans Int'l Service Co., Ltd. (捷達國際運輸有限公司)	<b>100,000.00</b>	100,000.00
Subtotal of bills payable		<b>100,000.00</b>	100,000.00

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(V) Receivables from and payables to related parties (Continued)**

## 2. Payables to related parties (Continued)

Item	Related party	30 June 2024	31 December 2023
Other payables	Zhongdian IRICO	<b>5,581,385.39</b>	
Other payables	Xi'an IRICO Information Co., Ltd. (西安彩虹資訊有限公司)	<b>1,259,314.14</b>	1,259,314.14
Other payables	China Elec-Trans Int'l Service Co., Ltd. (捷達國際運輸有限公司)	<b>400,000.00</b>	400,000.00
Other payables	China Electronics System Engineering No. 3 Construction Co., Ltd. (中國電子系統工程第三建設有限公司)	<b>51,310.00</b>	51,310.00
Other payables	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd. (陝西彩虹工業智能科技有限公司)	<b>38,000.00</b>	38,000.00
Other payables	Hefei IRICO Epilight Industry Co., Ltd. (合肥彩虹藍光實業有限公司)	<b>30,000.00</b>	30,000.00
Other payables	Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中電熊猫物業管理有限公司)	<b>10,000.00</b>	10,000.00
Other payables	IRICO Group	<b>5,304.92</b>	
Subtotal of other payables		<b>7,375,314.45</b>	1,788,624.14

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)****(VI) Centralized Fund Management***1. Funds transferred by the Company to the Group*

Funds deposited directly into finance company by the Company which are not transferred to the accounts of the Group's parent company

Item	30 June 2024		31 December 2023	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary funds	541,831.02		392,865.69	
Total	<u>541,831.02</u>	<u></u>	<u>392,865.69</u>	<u></u>

Including: Cash withdrawal restricted  
due to centralized fund  
management

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES  
(CONTINUED)****(VI) Centralized Fund Management**

2. *Funds borrowed by the Company from the parent company or member companies of the Group*

Item	30 June 2024	31 December 2023
Other payables	<b>1,259,314.14</b>	1,259,314.14
Total	<b><u>1,259,314.14</u></b>	<b><u>1,259,314.14</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***XI. COMMITMENTS AND CONTINGENCIES****(I) Commitments***Unit: RMB0'000*

<b>Project</b>	Contractual investment	<b>Investment recognized</b>	Investment not recognized
Yan'an Photovoltaic Glass Project	94,122.00	<b>74,673.00</b>	19,449.00
Xianyang Photovoltaic Glass Project	19,715.00	<b>16,253.70</b>	3,461.30
Jiangxi Shangrao Photovoltaic Glass Project	303,289.00	<b>183,777.11</b>	119,511.89
Total	417,126.00	<b>274,703.81</b>	142,422.19

**(II) Contingencies**

The Group had no contingencies that need to be disclosed.

**XII. POST BALANCE SHEET EVENTS**

Pursuant to the profit distribution plan for the first half of 2024 approved at the Board meeting held on 28 August 2024, the Company will not distribute any dividend for the period from January to June 2024.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*From January to June 2024*

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

**XIII. OTHER SIGNIFICANT EVENTS****(I) Segment report**

Due to the highly integrated business and unified internal organizational structure of the Group, in terms of technology and marketing strategy, the management does not separately manage operating activities and there are no reportable segments.

**(II) Capital management**

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Total liability	<b>7,377,714,458.36</b>	7,041,121,051.56
Less: cash and cash equivalents	<b>1,021,327,405.52</b>	950,634,372.10
Adjusted net liability	<b>6,356,387,052.84</b>	6,090,486,679.46
Shareholders' equity	<b>1,805,590,738.80</b>	1,799,275,258.73
Adjusted capital	<b>1,805,590,738.80</b>	1,799,275,258.73
Adjusted liability/capital ratio	<b>3.52</b>	3.38

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***From January to June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi)***XIV. SUPPLEMENTAL INFORMATION****(I) Breakdown of non-recurring profit or loss**

<b>Item</b>	<b>Amount</b>
Profit/loss on disposal of non-current assets, including the write-off of the asset impairment provision	395,907.99
Government grant recognized in current profit or loss, excluding those closely related to the Company's normal operation granted under the State's policies, enjoyed in accordance with determined standards and have a continuously impact on the Company's gains and losses	60,112,076.52
Profit/loss arising from changes in fair value of the financial assets and financial liabilities held by non-financial enterprises, and profit/loss on disposal of financial assets and financial liabilities, excluding those arising from the effective hedging business related to the Company's normal operation	88,642.42
Reversal of provision for impairment of receivables tested for impairment on an individual basis	22,300.55
Other non-operating income and expenses other than the above	69,595.88
Other profit or loss items falling within the meaning of non-recurring profit or loss	5,690,964.20
Subtotal	<u>66,379,487.56</u>
Less: Effect of income tax	6,828,365.78
Effect of minority interests (After tax)	
Total	<u>59,551,121.78</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

From January to June 2024

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

**XIV. SUPPLEMENTAL INFORMATION (CONTINUED)****(I) Breakdown of non-recurring profit or loss (Continued)**

Explanation of the Company for “other profit or loss items falling within the meaning of non-recurring profit or loss” and defining items of non-recurring profit or loss as items of recurrent profit or loss according to the nature and characteristics of its normal operation:

Item	Amount	Note
VAT input tax deduction	5,648,858.56	
Refund of personal income tax service fee	42,105.64	
Total	<u>5,690,964.20</u>	

**(II) Return on net assets and earnings per share**

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	0.23	0.0238	0.0238
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	-3.07	-0.3140	-0.3140