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

**I. Audit Opinion**

We have audited the accompanying financial statements of Zhejiang Huayou Cobalt Co., Ltd. (the “Company”), which comprise the consolidated and parent company balance sheets as at December 31, 2022, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

**II. Basis for Audit Opinion**

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

**III. Key Audit Matters**

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

***(I) Revenue recognition***

***1. Key audit matters***

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

The Company is mainly engaged in sales of cobalt products, copper products, nickel products, lithium products, ternary precursors, cathode materials and nickel intermediates. The operating revenue in 2022 amounted to 63,033.79 million yuan.

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

## 2. *Responsive audit procedures*

Our main audit procedures for revenue recognition are as follows:

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

### ***(II) Net realizable value of inventories***

#### *1. Key audit matters*

Please refer to section III (XI) and V (I) 8 of notes to the financial statements for details.

As of December 31, 2022, the book balance of inventories amounted to 18,268.46 million yuan, with provision for write-down of 576.43 million yuan, and the carrying amount amounted to 17,692.02 million yuan.

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

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

## 2. *Responsive audit procedures*

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

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

## **IV. Other Information**

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements**

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

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

**Hangzhou • China    Chinese Certified Public Accountant:**

**Date of Report: April 26, 2023**

*The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated balance sheet as at December 31, 2022**  
*(Expressed in Renminbi Yuan)*

| <b>Assets</b>                                    | <b>Note No.</b> | <b>Closing balance</b> | <b>December 31, 2021</b> |
|--|-----------------|------------------------|--------------------------|
| <b>Current assets:</b>                           |                 |                        |                          |
| Cash and bank balances . . . . .                 | 1               | 15,435,775,480.67      | 9,769,484,655.14         |
| Settlement funds . . . . .                       |                 |                        |                          |
| Loans to other banks . . . . .                   |                 |                        |                          |
| Held-for-trading financial assets . . . . .      | 2               | 251,991,490.83         | 332,752,951.53           |
| Derivative financial assets . . . . .            | 3               | 608,711,611.68         |                          |
| Notes receivable . . . . .                       |                 |                        |                          |
| Accounts receivable . . . . .                    | 4               | 8,036,948,469.35       | 4,383,773,614.34         |
| Receivables financing . . . . .                  | 5               | 2,437,994,963.68       | 1,319,017,850.74         |
| Advances paid . . . . .                          | 6               | 1,634,719,864.00       | 1,049,734,368.35         |
| Premiums receivable . . . . .                    |                 |                        |                          |
| Reinsurance accounts receivable . . . . .        |                 |                        |                          |
| Reinsurance reserve receivable . . . . .         |                 |                        |                          |
| Other receivables . . . . .                      | 7               | 580,628,313.49         | 235,190,761.21           |
| Financial assets under reverse repo . . . . .    |                 |                        |                          |
| Inventories . . . . .                            | 8               | 17,692,022,676.50      | 9,034,956,960.99         |
| Contract assets . . . . .                        |                 |                        |                          |
| Assets held for sale . . . . .                   |                 |                        |                          |
| Non-current assets due within one year . . . . . |                 |                        |                          |
| Other current assets . . . . .                   | 9               | 2,891,137,816.94       | 866,475,159.52           |
| Total current assets . . . . .                   |                 | 49,569,930,687.14      | 26,991,386,321.82        |
| <b>Non-current assets:</b>                       |                 |                        |                          |
| Loans and advances . . . . .                     |                 |                        |                          |
| Debt investments . . . . .                       |                 |                        |                          |
| Other debt investments . . . . .                 |                 |                        |                          |
| Long-term receivables . . . . .                  | 10              | 486,294,854.29         | 336,406,346.60           |
| Long-term equity investments . . . . .           | 11              | 7,914,624,818.43       | 3,427,752,883.98         |
| Other equity instrument investments . . . . .    | 12              | 42,647,182.81          | 34,552,445.81            |
| Other non-current financial assets . . . . .     | 13              | 527,509,366.89         | 6,573,600.00             |
| Investment property . . . . .                    |                 |                        |                          |
| Fixed assets . . . . .                           | 14              | 26,217,069,544.01      | 12,124,449,718.54        |
| Construction in progress . . . . .               | 15              | 14,281,929,827.36      | 9,820,436,881.46         |
| Productive biological assets . . . . .           |                 |                        |                          |
| Oil & gas assets . . . . .                       |                 |                        |                          |
| Right-of-use assets . . . . .                    | 16              | 122,205,035.22         | 63,712,856.39            |
| Intangible assets . . . . .                      | 17              | 4,066,801,265.80       | 1,191,817,338.35         |
| Development expenditures . . . . .               |                 |                        |                          |
| Goodwill . . . . .                               | 18              | 458,415,919.67         | 460,480,461.08           |
| Long-term prepayments . . . . .                  | 19              | 79,311,504.95          | 98,737,858.92            |
| Deferred tax assets . . . . .                    | 20              | 830,685,916.41         | 370,773,758.46           |
| Other non-current assets . . . . .               | 21              | 5,994,992,788.87       | 3,061,975,877.53         |
| Total non-current assets . . . . .               |                 | 61,022,488,024.71      | 30,997,670,027.12        |
| Total assets . . . . .                           |                 | 110,592,418,711.85     | 57,989,056,348.94        |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated balance sheet as at December 31, 2022 (continued)**  
*(Expressed in Renminbi Yuan)*

| <b>Liabilities &amp; Equity</b>                           | <b>Note No.</b> | <b>Closing balance</b> | <b>December 31, 2021</b> |
|---|-----------------|------------------------|--------------------------|
| <b>Current liabilities:</b>                               |                 |                        |                          |
| Short-term borrowings . . . . .                           | 22              | 12,019,822,703.67      | 8,083,779,844.70         |
| Central bank loans . . . . .                              |                 |                        |                          |
| Loans from other banks . . . . .                          |                 |                        |                          |
| Held-for-trading financial liabilities . . . . .          | 23              | 40,024,798.40          | 360,612.00               |
| Derivative financial liabilities . . . . .                | 24              |                        | 104,821,710.25           |
| Notes payable . . . . .                                   | 25              | 10,782,231,308.54      | 4,810,797,623.12         |
| Accounts payable . . . . .                                | 26              | 14,610,891,201.30      | 6,233,172,410.76         |
| Advances received . . . . .                               | 27              | 492,117,670.03         | 644,739,400.90           |
| Contract liabilities . . . . .                            | 28              | 2,359,463,860.52       | 78,968,534.53            |
| Financial liabilities under repo . . . . .                |                 |                        |                          |
| Absorbing deposit and interbank deposit . . . . .         |                 |                        |                          |
| Deposit for agency security transaction . . . . .         |                 |                        |                          |
| Deposit for agency security underwriting . . . . .        |                 |                        |                          |
| Employee benefits payable . . . . .                       | 29              | 685,740,642.95         | 477,791,587.03           |
| Taxes and rates payable . . . . .                         | 30              | 542,406,489.43         | 1,053,002,433.60         |
| Other payables . . . . .                                  | 31              | 4,612,710,195.77       | 1,434,593,185.87         |
| Handling fee and commission payable . . . . .             |                 |                        |                          |
| Reinsurance accounts payable . . . . .                    |                 |                        |                          |
| Liabilities held for sale . . . . .                       |                 |                        |                          |
| Non-current liabilities due within one year . . . . .     | 32              | 5,757,928,311.87       | 2,635,957,985.64         |
| Other current liabilities . . . . .                       | 33              | 1,546,983,360.95       | 4,147,523.95             |
| Total current liabilities . . . . .                       |                 | 53,450,320,543.43      | 25,562,132,852.35        |
| <b>Non-current liabilities:</b>                           |                 |                        |                          |
| Insurance policy reserve . . . . .                        |                 |                        |                          |
| Long-term borrowings . . . . .                            | 34              | 11,927,781,731.79      | 6,738,260,645.42         |
| Bonds payable . . . . .                                   | 35              | 6,323,799,832.42       |                          |
| Including: Preferred shares . . . . .                     |                 |                        |                          |
| Perpetual bonds . . . . .                                 |                 |                        |                          |
| Lease liabilities . . . . .                               | 36              | 57,070,601.81          | 32,788,255.14            |
| Long-term payables . . . . .                              | 37              | 5,155,378,248.88       | 1,061,226,074.03         |
| Long-term employee benefits payable . . . . .             |                 |                        |                          |
| Provisions . . . . .                                      | 38              | 42,977,538.13          | 26,769,294.11            |
| Deferred income . . . . .                                 | 39              | 592,727,660.93         | 518,873,112.92           |
| Deferred tax liabilities . . . . .                        | 20              | 359,884,559.27         | 148,328,994.62           |
| Other non-current liabilities . . . . .                   |                 |                        |                          |
| Total non-current liabilities . . . . .                   |                 | 24,459,620,173.23      | 8,526,246,376.24         |
| Total liabilities . . . . .                               |                 | 77,909,940,716.66      | 34,088,379,228.59        |
| <b>Equity:</b>  |                 |                        |                          |
| Share capital . . . . .                                   | 40              | 1,599,678,228.00       | 1,221,228,483.00         |
| Other equity instruments . . . . .                        | 41              | 1,490,112,966.16       |                          |
| Including: Preferred shares . . . . .                     |                 |                        |                          |
| Perpetual bonds . . . . .                                 |                 |                        |                          |
| Capital reserve . . . . .                                 | 42              | 10,398,505,364.59      | 10,218,296,584.42        |
| Less: Treasury shares . . . . .                           | 43              | 631,014,574.20         | 339,232,639.00           |
| Other comprehensive income . . . . .                      | 44              | 776,405,562.87         | -419,363,343.56          |
| Special reserve . . . . .                                 | 45              | 27,349,451.51          | 16,648,561.11            |
| Surplus reserve . . . . .                                 | 46              | 328,198,605.34         | 309,732,264.90           |
| General risk reserve . . . . .                            |                 |                        |                          |
| Undistributed profit . . . . .                            | 47              | 11,903,922,527.16      | 8,376,281,013.68         |
| Total equity attributable to the parent company . . . . . |                 | 25,893,158,131.43      | 19,383,590,924.55        |
| Non-controlling interest . . . . .                        |                 | 6,789,319,863.76       | 4,517,086,195.80         |
| Total equity . . . . .                                    |                 | 32,682,477,995.19      | 23,900,677,120.35        |
| Total liabilities & equity . . . . .                      |                 | 110,592,418,711.85     | 57,989,056,348.94        |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:



**Zhejiang Huayou Cobalt Co., Ltd.**  
**Parent company balance sheet as at December 31, 2022**  
*(Expressed in Renminbi Yuan)*

| <u>Assets</u>                                    | <u>Note No.</u> | <u>Closing balance</u> | <u>December 31, 2021</u> |
|--|-----------------|------------------------|--------------------------|
| Current assets:                                  |                 |                        |                          |
| Cash and bank balances . . . . .                 |                 | 1,060,380,190.39       | 1,694,042,366.45         |
| Held-for-trading financial assets . . . . .      |                 |                        |                          |
| Derivative financial assets . . . . .            |                 |                        |                          |
| Notes receivable . . . . .                       |                 | 658,000,000.00         | 338,000,000.00           |
| Accounts receivable . . . . .                    | 1               | 450,631,045.29         | 360,607,458.85           |
| Receivables financing . . . . .                  |                 | 37,909,033.79          | 186,875,403.82           |
| Advances paid . . . . .                          |                 | 2,477,701,869.00       | 897,497,170.40           |
| Other receivables . . . . .                      | 2               | 6,009,732,975.91       | 3,114,862,819.44         |
| Inventories . . . . .                            |                 | 578,996,170.53         | 379,710,012.03           |
| Contract assets . . . . .                        |                 |                        |                          |
| Assets held for sale . . . . .                   |                 |                        |                          |
| Non-current assets due within one year . . . . . |                 |                        |                          |
| Other current assets . . . . .                   |                 | 24,027,205.49          |                          |
| Total current assets . . . . .                   |                 | 11,297,378,490.40      | 6,971,595,230.99         |
| Non-current assets:                              |                 |                        |                          |
| Debt investments . . . . .                       |                 |                        |                          |
| Other debt investments . . . . .                 |                 |                        |                          |
| Long-term receivables . . . . .                  |                 | 354,030,815.35         | 324,095,320.53           |
| Long-term equity investments . . . . .           | 3               | 23,758,296,478.80      | 13,636,514,032.15        |
| Other equity instrument investments . . . . .    |                 | 36,894,737.00          | 29,000,000.00            |
| Other non-current financial assets . . . . .     |                 | 6,573,600.00           | 6,573,600.00             |
| Investment property . . . . .                    |                 |                        |                          |
| Fixed assets . . . . .                           |                 | 664,839,623.14         | 199,313,758.31           |
| Construction in progress . . . . .               |                 | 27,039,469.17          | 271,762,878.54           |
| Productive biological assets . . . . .           |                 |                        |                          |
| Oil & gas assets . . . . .                       |                 |                        |                          |
| Right-of-use assets . . . . .                    |                 | 31,365,085.85          | 16,352,766.96            |
| Intangible assets . . . . .                      |                 | 35,492,883.22          | 32,174,400.64            |
| Development expenditures . . . . .               |                 |                        |                          |
| Goodwill . . . . .                               |                 |                        |                          |
| Long-term prepayments . . . . .                  |                 | 66,201,105.82          | 73,839,323.13            |
| Deferred tax assets . . . . .                    |                 | 38,547,121.31          | 27,550,321.65            |
| Other non-current assets . . . . .               |                 | 88,198,937.75          | 29,901,240.37            |
| Total non-current assets . . . . .               |                 | 25,107,479,857.41      | 14,647,077,642.28        |
| Total assets . . . . .                           |                 | 36,404,858,347.81      | 21,618,672,873.27        |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Parent company balance sheet as at December 31, 2022 (continued)**  
*(Expressed in Renminbi Yuan)*

| <u>Liabilities &amp; Equity</u>                       | <u>Note No.</u> | <u>Closing balance</u> | <u>December 31, 2021</u> |
|---|-----------------|------------------------|--------------------------|
| <b>Current liabilities:</b>                           |                 |                        |                          |
| Short-term borrowings . . . . .                       |                 | 4,786,038,424.00       | 2,639,971,647.59         |
| Held-for-trading financial liabilities . . . . .      |                 | 1,403,712.00           |                          |
| Derivative financial liabilities . . . . .            |                 |                        |                          |
| Notes payable . . . . .                               |                 | 11,280,296.16          | 410,442,595.35           |
| Accounts payable . . . . .                            |                 | 833,373,787.00         | 421,128,317.38           |
| Advances received . . . . .                           |                 | 492,095,800.00         |                          |
| Contract liabilities . . . . .                        |                 | 1,124,328,328.88       | 415,554,178.36           |
| Employee benefits payable . . . . .                   |                 | 123,503,427.43         | 81,890,998.78            |
| Taxes and rates payable . . . . .                     |                 | 18,438,294.21          | 151,071,536.68           |
| Other payables . . . . .                              |                 | 3,989,906,762.99       | 2,681,855,326.77         |
| Liabilities held for sale . . . . .                   |                 |                        |                          |
| Non-current liabilities due within one year . . . . . |                 | 571,598,176.60         | 389,561,438.44           |
| Other current liabilities . . . . .                   |                 | 1,430,228,645.44       | 52,595,430.92            |
| Total current liabilities . . . . .                   |                 | 13,382,195,654.71      | 7,244,071,470.27         |
| <b>Non-current liabilities:</b>                       |                 |                        |                          |
| Long-term borrowings . . . . .                        |                 | 1,461,760,582.26       | 1,137,636,001.55         |
| Bonds payable . . . . .                               |                 | 6,323,799,832.42       |                          |
| Including: Preferred shares . . . . .                 |                 |                        |                          |
| Perpetual bonds . . . . .                             |                 |                        |                          |
| Lease liabilities . . . . .                           |                 | 21,315,968.37          | 9,838,354.99             |
| Long-term payables . . . . .                          |                 | 208,000,000.01         | 9,126,129.25             |
| Long-term employee benefits payable . . . . .         |                 |                        |                          |
| Provisions . . . . .                                  |                 |                        |                          |
| Deferred income . . . . .                             |                 | 8,870,967.61           | 9,824,515.54             |
| Deferred tax liabilities . . . . .                    |                 | 5,220,284.38           | 1,360,543.62             |
| Other non-current liabilities . . . . .               |                 |                        |                          |
| Total non-current liabilities . . . . .               |                 | 8,028,967,635.05       | 1,167,785,544.95         |
| Total liabilities . . . . .                           |                 | 21,411,163,289.76      | 8,411,857,015.22         |
| <b>Equity:</b>  |                 |                        |                          |
| Share capital . . . . .                               |                 | 1,599,678,228.00       | 1,221,228,483.00         |
| Other equity instruments . . . . .                    |                 | 1,490,112,966.16       |                          |
| Including: Preferred shares . . . . .                 |                 |                        |                          |
| Perpetual bonds . . . . .                             |                 |                        |                          |
| Capital reserve . . . . .                             |                 | 10,345,832,528.98      | 9,954,138,998.99         |
| Less: Treasury shares . . . . .                       |                 | 631,014,574.20         | 339,232,639.00           |
| Other comprehensive income . . . . .                  |                 | -39,949,268.37         | -40,000,000.00           |
| Special reserve . . . . .                             |                 |                        | 22,627.13                |
| Surplus reserve . . . . .                             |                 | 328,198,605.34         | 309,732,264.90           |
| Undistributed profit . . . . .                        |                 | 1,900,836,572.14       | 2,100,926,123.03         |
| Total equity . . . . .                                |                 | 14,993,695,058.05      | 13,206,815,858.05        |
| Total liabilities & equity . . . . .                  |                 | 36,404,858,347.81      | 21,618,672,873.27        |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated income statement for the year ended December 31, 2022**  
*(Expressed in Renminbi Yuan)*

| Items   | Note No. | Current period<br>cumulative | Preceding period<br>comparative |
|---|----------|------------------------------|---------------------------------|
| I. Total operating revenue  |          | 63,033,785,499.49            | 35,316,548,999.96               |
| Including: Operating revenue  | 1        | 63,033,785,499.49            | 35,316,548,999.96               |
| Interest income   |          |                              |                                 |
| Premiums earned   |          |                              |                                 |
| Revenue from handling charges and<br>commission                                   |          |                              |                                 |
| II. Total operating cost  |          | 56,862,716,414.21            | 30,953,241,744.70               |
| Including: Operating cost   | 1        | 51,313,704,226.23            | 28,131,068,440.83               |
| Interest expenses   |          |                              |                                 |
| Handling charges and commission<br>expenditures                                   |          |                              |                                 |
| Surrender value   |          |                              |                                 |
| Net payment of insurance claims   |          |                              |                                 |
| Net provision of insurance policy reserve   |          |                              |                                 |
| Premium bonus expenditures  |          |                              |                                 |
| Reinsurance expenses  |          |                              |                                 |
| Taxes and surcharges  | 2        | 475,540,906.77               | 303,960,188.10                  |
| Selling expenses  | 3        | 76,361,160.93                | 37,945,024.34                   |
| Administrative expenses   | 4        | 1,962,553,558.46             | 1,179,657,989.91                |
| R&D expenses  | 5        | 1,708,614,242.61             | 816,270,207.36                  |
| Financial expenses  | 6        | 1,325,942,319.21             | 484,339,894.16                  |
| Including: Interest expenses  |          | 1,344,158,702.41             | 502,298,446.61                  |
| Interest income   |          | 117,648,467.64               | 74,079,354.47                   |
| Add: Other income   | 7        | 191,220,264.84               | 50,782,020.25                   |
| Investment income (or less: losses)   | 8        | 1,359,671,470.01             | 635,964,514.58                  |
| Including: Investment income from associates and<br>joint ventures                |          | 1,639,775,853.19             | 599,789,831.39                  |
| Gains from derecognition of financial assets at<br>amortized cost                 |          | -17,624,568.57               | -11,847,935.72                  |
| Gains on foreign exchange (or less: losses)                                       |          |                              |                                 |
| Gains on net exposure to hedging risk (or less:<br>losses)                        |          |                              |                                 |
| Gains on changes in fair value (or less: losses)                                  | 9        | -147,500,921.76              | -14,588,816.50                  |
| Credit impairment loss  | 10       | -209,807,487.97              | -83,189,523.03                  |
| Assets impairment loss  | 11       | -1,292,300,598.86            | -47,853,810.51                  |
| Gains on asset disposal (or less: losses)   | 12       | 2,413,571.80                 | -3,122,487.58                   |
| III. Operating profit (or less: losses)   |          | 6,074,765,383.34             | 4,901,299,152.47                |
| Add: Non-operating revenue  | 13       | 8,932,425.57                 | 2,560,253.32                    |
| Less: Non-operating expenditures  | 14       | 52,502,652.88                | 75,580,542.84                   |
| IV. Profit before tax (or less: total loss)                                       |          | 6,031,195,156.03             | 4,828,278,862.95                |
| Less: Income tax expenses   | 15       | 324,384,674.60               | 804,638,930.77                  |
| V. Net profit (or less: net loss)   |          | 5,706,810,481.43             | 4,023,639,932.18                |
| (I) Categorized by the continuity of operations                                   |          |                              |                                 |
| 1. Net profit from continuing operations (or less: net<br>loss)                   |          | 5,706,810,481.43             | 4,023,639,932.18                |
| 2. Net profit from discontinued operations (or less: net<br>loss)                 |          |                              |                                 |
| (II) Categorized by the portion of equity ownership                               |          |                              |                                 |
| 1. Net profit attributable to owners of parent company<br>(or less: net loss)     |          | 3,909,880,668.82             | 3,897,503,525.74                |
| 2. Net profit attributable to non-controlling<br>shareholders (or less: net loss) |          | 1,796,929,812.61             | 126,136,406.44                  |

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated income statement for the year ended December 31, 2022 (continued)**  
*(Expressed in Renminbi Yuan)*

| Items  | Note No. | Current period<br>cumulative | Preceding period<br>comparative |
|--|----------|------------------------------|---------------------------------|
| VI. Other comprehensive income after tax . . . . .   | 16       | 1,327,020,424.67             | -294,048,690.02                 |
| Items attributable to the owners of the parent company . .   |          | 1,198,282,706.43             | -273,370,183.73                 |
| (I) Not to be reclassified subsequently to profit or loss . .  |          | 2,513,800.00                 | -4,103,575.00                   |
| 1. Remeasurements of the net defined benefit plan . . .  |          |                              |                                 |
| 2. Items under equity method that will not be<br>reclassified to profit or loss . . . . .                |          |                              |                                 |
| 3. Changes in fair value of other equity instrument<br>investments . . . . .                             |          | 2,513,800.00                 | -4,103,575.00                   |
| 4. Changes in fair value of own credit risk . . . . .  |          |                              |                                 |
| 5. Others . . . . .  |          |                              |                                 |
| (II) To be reclassified subsequently to profit or loss . . . .   |          | 1,195,768,906.43             | -269,266,608.73                 |
| 1. Items under equity method that may be reclassified<br>to profit or loss . . . . .                     |          | 147,709,606.08               | -40,330,076.10                  |
| 2. Changes in fair value of other debt investments . . . .   |          |                              |                                 |
| 3. Profit or loss from reclassification of financial assets<br>into other comprehensive income . . . . . |          |                              |                                 |
| 4. Provision for credit impairment of other debt<br>investments . . . . .                                |          |                              |                                 |
| 5. Cash flow hedging reserve . . . . .   |          |                              |                                 |
| 6. Translation reserve . . . . .   |          | 1,048,059,300.35             | -228,936,532.63                 |
| 7. Others . . . . .  |          |                              |                                 |
| Items attributable to non-controlling shareholders . . . . .   |          | 128,737,718.24               | -20,678,506.29                  |
| VII. Total comprehensive income . . . . .  |          | 7,033,830,906.10             | 3,729,591,242.16                |
| Items attributable to the owners of the parent company .   |          | 5,108,163,375.25             | 3,624,133,342.01                |
| Items attributable to non-controlling shareholders . . . . .   |          | 1,925,667,530.85             | 105,457,900.15                  |
| VIII. Earnings per share (EPS): . . . . .  |          |                              |                                 |
| (I) Basic EPS (yuan per share) . . . . .   |          | 2.48                         | 2.49                            |
| (II) Diluted EPS (yuan per share). . . . .   |          | 2.48                         | 2.49                            |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Parent company income statement for the year ended December 31, 2022**  
*(Expressed in Renminbi Yuan)*

| Items  | Note No. | Current period<br>cumulative | Preceding period<br>comparative |
|--|----------|------------------------------|---------------------------------|
| I. Operating revenue   | 1        | 4,775,026,473.57             | 3,336,415,796.19                |
| Less: Operating cost   | 1        | 3,304,387,733.40             | 2,024,129,134.26                |
| Taxes and surcharges   |          | 12,935,726.25                | 8,731,409.47                    |
| Selling expenses   |          | 9,380,765.24                 | 4,350,060.34                    |
| Administrative expenses  |          | 774,409,229.37               | 357,922,675.89                  |
| R&D expenses   | 2        | 186,094,066.65               | 136,031,825.10                  |
| Financial expenses   |          | 582,747,981.36               | 123,147,032.84                  |
| Including: Interest expenses   |          | 599,621,228.08               | 148,201,610.85                  |
| Interest income  |          | 31,494,039.48                | 41,938,422.64                   |
| Add: Other income  |          | 20,356,617.76                | 6,518,959.11                    |
| Investment income (or less: losses)  | 3        | 313,686,749.45               | 263,037,586.70                  |
| Including: Investment income from associates and<br>joint ventures                             |          | -5,144,124.31                | -3,406,932.38                   |
| Gains from derecognition of financial assets at<br>amortized cost                              |          | -364,000.00                  | -7,209,802.76                   |
| Gains on net exposure to hedging risk (or less:<br>losses)                                     |          |                              |                                 |
| Gains on changes in fair value (or less: losses)   |          | -1,403,712.00                | 8,254,968.09                    |
| Credit impairment loss   |          | 4,399,124.95                 | 1,557,346.12                    |
| Assets impairment loss   |          | -53,078,576.59               | -130,024.83                     |
| Gains on asset disposal (or less: losses)  |          | 6,059,539.05                 |                                 |
| II. Operating profit (or less: losses)   |          | 195,090,713.92               | 961,342,493.48                  |
| Add: Non-operating revenue   |          | 1,470,783.44                 | 980,241.49                      |
| Less: Non-operating expenditures   |          | 12,807,800.78                | 6,453,835.66                    |
| III. Profit before tax (or less: total loss)   |          | 183,753,696.58               | 955,868,899.31                  |
| Less: Income tax expenses  |          | -909,707.87                  | 92,876,458.96                   |
| IV. Net profit (or less: net loss)   |          | 184,663,404.45               | 862,992,440.35                  |
| (I) Net profit from continuing operations (or less: net<br>loss)                               |          | 184,663,404.45               | 862,992,440.35                  |
| (II) Net profit from discontinued operations (or less: net<br>loss)                            |          |                              |                                 |
| V. Other comprehensive income after tax  |          | 50,731.63                    | -4,103,575.00                   |
| (I) Not to be reclassified subsequently to profit or loss                                      |          |                              | -4,103,575.00                   |
| 1. Remeasurements of the net defined benefit plan  |          |                              |                                 |
| 2. Items under equity method that will not be<br>reclassified to profit or loss                |          |                              |                                 |
| 3. Changes in fair value of other equity instrument<br>investments                             |          |                              | -4,103,575.00                   |
| 4. Changes in fair value of own credit risk  |          |                              |                                 |
| 5. Others  |          |                              |                                 |
| (II) To be reclassified subsequently to profit or loss   |          | 50,731.63                    |                                 |
| 1. Items under equity method that may be reclassified<br>to profit or loss                     |          |                              |                                 |
| 2. Changes in fair value of other debt investments   |          |                              |                                 |
| 3. Profit or loss from reclassification of financial assets<br>into other comprehensive income |          |                              |                                 |
| 4. Provision for credit impairment of other debt<br>investments                                |          |                              |                                 |
| 5. Cash flow hedging reserve   |          |                              |                                 |
| 6. Translation reserve   |          | 50,731.63                    |                                 |
| 7. Others  |          |                              |                                 |
| VI. Total comprehensive income   |          | 184,714,136.08               | 858,888,865.35                  |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated cash flow statement for the year ended December 31, 2022**  
*(Expressed in Renminbi Yuan)*

| Items   | Note No. | Current period<br>cumulative | Preceding period<br>comparative |
|---|----------|------------------------------|---------------------------------|
| I. Cash flows from operating activities:  |          |                              |                                 |
| Cash receipts from sale of goods or rendering of services . . . . .   |          | 59,250,550,743.04            | 33,881,429,836.01               |
| Net increase of client deposit and interbank deposit . . . . .  |          |                              |                                 |
| Net increase of central bank loans . . . . .  |          |                              |                                 |
| Net increase of loans from other financial institutions . . . . .   |          |                              |                                 |
| Cash receipts from original insurance contract premium . . . . .  |          |                              |                                 |
| Net cash receipts from reinsurance . . . . .  |          |                              |                                 |
| Net increase of policy-holder deposit and investment . . . . .  |          |                              |                                 |
| Cash receipts from interest, handling charges and commission . . . . .                                      |          |                              |                                 |
| Net increase of loans from others . . . . .   |          |                              |                                 |
| Net increase of repurchase . . . . .  |          |                              |                                 |
| Net cash receipts from agency security transaction . . . . .  |          |                              |                                 |
| Receipts of tax refund . . . . .  |          | 2,440,500,274.64             | 716,467,651.26                  |
| Other cash receipts related to operating activities . . . . .   | 1        | 2,838,108,536.23             | 567,993,256.40                  |
| Subtotal of cash inflows from operating activities . . . . .  |          | 64,529,159,553.91            | 35,165,890,743.67               |
| Cash payments for goods purchased and services received . . . . .   |          | 49,035,585,922.21            | 30,666,445,867.15               |
| Net increase of loans and advances to clients . . . . .   |          |                              |                                 |
| Net increase of central bank deposit and interbank deposit . . . . .  |          |                              |                                 |
| Cash payments for insurance indemnities of original insurance contracts . . . . .                           |          |                              |                                 |
| Net increase of loans to others . . . . .   |          |                              |                                 |
| Cash payments for interest, handling charges and commission . . . . .                                       |          |                              |                                 |
| Cash payments for policy bonus . . . . .  |          |                              |                                 |
| Cash paid to and on behalf of employees . . . . .   |          | 2,834,160,956.23             | 1,368,459,638.39                |
| Cash payments for taxes and rates . . . . .   |          | 2,431,898,257.15             | 913,510,701.74                  |
| Other cash payments related to operating activities . . . . .   | 2        | 7,313,708,042.94             | 2,279,183,126.07                |
| Subtotal of cash outflows from operating activities . . . . .   |          | 61,615,353,178.53            | 35,227,599,333.35               |
| Net cash flows from operating activities . . . . .  |          | 2,913,806,375.38             | -61,708,589.68                  |
| II. Cash flows from investing activities:   |          |                              |                                 |
| Cash receipts from withdrawal of investments . . . . .  |          | 1,345,286,800.00             | 1,347,806,343.53                |
| Cash receipts from investment income . . . . .  |          | 14,198,714.73                | 391,832,308.50                  |
| Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets . . . . . |          | 16,547,428.23                | 2,278,141.40                    |
| Net cash receipts from the disposal of subsidiaries & other business units . . . . .                        |          |                              | 219,898,356.92                  |
| Other cash receipts related to investing activities . . . . .   | 3        | 704,849,558.71               | 1,144,868,360.92                |
| Subtotal of cash inflows from investing activities . . . . .  |          | 2,080,882,501.67             | 3,106,683,511.27                |
| Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets . . . . .   |          | 16,215,038,027.52            | 6,847,230,648.34                |
| Cash payments for investments . . . . .   |          | 5,291,281,780.13             | 2,748,614,889.83                |
| Net increase of pledged borrowings . . . . .  |          |                              |                                 |
| Net cash payments for the acquisition of subsidiaries & other business units . . . . .                      |          | 2,477,026,170.18             | 680,207,424.28                  |
| Other cash payments related to investing activities . . . . .   | 4        | 2,453,474,013.04             | 1,591,192,031.65                |
| Subtotal of cash outflows from investing activities . . . . .   |          | 26,436,819,990.87            | 11,867,244,994.10               |
| Net cash flows from investing activities . . . . .  |          | -24,355,937,489.20           | -8,760,561,482.83               |

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated cash flow statement for the year ended December 31, 2022**  
**(continued)**  
*(Expressed in Renminbi Yuan)*

| <u>Items</u>   | <u>Note No.</u> | <u>Current period<br/>cumulative</u> | <u>Preceding period<br/>comparative</u> |
|--|-----------------|--------------------------------------|---|
| III. Cash flows from financing activities:   |                 |                                      |   |
| Cash receipts from absorbing investments . . . . .   |                 | 1,582,691,238.50                     | 6,596,635,884.32                        |
| Including: Cash received by subsidiaries from<br>non-controlling shareholders as investments . . . . .   |                 | 1,169,311,889.50                     | 298,609,257.76                          |
| Cash receipts from borrowings . . . . .  |                 | 30,290,869,269.93                    | 14,585,409,166.59                       |
| Other cash receipts related to financing activities . . . . .  | 5               | 11,777,863,550.41                    | 3,126,476,739.88                        |
| Subtotal of cash inflows from financing activities . . . . .   |                 | 43,651,424,058.84                    | 24,308,521,790.79                       |
| Cash payments for the repayment of borrowings . . . . .  |                 | 10,729,529,235.27                    | 7,061,305,981.48                        |
| Cash payments for distribution of dividends or<br>profits and for interest expenses . . . . .            |                 | 1,306,820,515.42                     | 775,505,700.11                          |
| Including: Cash paid by subsidiaries to non-<br>controlling shareholders as dividend or profit . . . . . |                 |                                      |   |
| Other cash payments related to financing activities . . . . .  | 6               | 7,913,286,944.09                     | 3,193,246,446.60                        |
| Subtotal of cash outflows from financing activities . . . . .  |                 | 19,949,636,694.78                    | 11,030,058,128.19                       |
| Net cash flows from financing activities . . . . .   |                 | 23,701,787,364.06                    | 13,278,463,662.60                       |
| IV. Effect of foreign exchange rate changes on cash &<br>cash equivalents . . . . .                      |                 | 211,593,968.60                       | 162,720,298.96                          |
| V. Net increase in cash and cash equivalents . . . . .   |                 | 2,471,250,218.84                     | 4,618,913,889.05                        |
| Add: Opening balance of cash and<br>cash equivalents . . . . .   |                 | 6,108,393,395.75                     | 1,489,479,506.70                        |
| VI. Closing balance of cash and cash equivalents . . . . .   |                 | 8,579,643,614.59                     | 6,108,393,395.75                        |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Parent company cash flow statement for the year ended December 31, 2022**  
*(Expressed in Renminbi Yuan)*

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| I. Cash flows from operating activities:   |                              |                                 |
| Cash receipts from sale of goods and rendering of services . . .   | 5,498,202,255.38             | 2,923,758,364.85                |
| Receipts of tax refund . . . . .   | 19,051,865.29                | 820,908.58                      |
| Other cash receipts related to operating activities . . . . .  | 84,931,014.76                | 99,572,443.46                   |
| Subtotal of cash inflows from operating activities . . . . .   | 5,602,185,135.43             | 3,024,151,716.89                |
| Cash payments for goods purchased and services received . . . .  | 5,696,334,942.23             | 2,932,882,430.46                |
| Cash paid to and on behalf of employees . . . . .  | 339,945,583.54               | 209,351,045.00                  |
| Cash payments for taxes and rates . . . . .  | 257,687,704.02               | 86,337,100.72                   |
| Other cash payments related to operating activities . . . . .  | 228,958,239.66               | 183,077,128.98                  |
| Subtotal of cash outflows from operating activities . . . . .  | 6,522,926,469.45             | 3,411,647,705.16                |
| Net cash flows from operating activities . . . . .   | -920,741,334.02              | -387,495,988.27                 |
| II. Cash flows from investing activities:  |                              |                                 |
| Cash receipts from withdrawal of investments . . . . .   | 34,627,200.00                | 1,016,306,343.53                |
| Cash receipts from investment income . . . . .   | 12,244,956.26                | 279,400,408.01                  |
| Net cash receipts from the disposal of fixed assets, intangible<br>assets and other long-term assets . . . . . | 50,278,992.05                | 16,295,053.73                   |
| Net cash receipts from the disposal of subsidiaries & other<br>business units . . . . .                        |                              |                                 |
| Other cash receipts related to investing activities . . . . .  | 2,397,947,287.12             | 13,147,440.89                   |
| Subtotal of cash inflows from investing activities . . . . .   | 2,495,098,435.43             | 1,325,149,246.16                |
| Cash payments for the acquisition of fixed assets, intangible<br>assets and other long-term assets . . . . .   | 152,154,569.44               | 96,189,296.82                   |
| Cash payments for investments . . . . .  | 10,169,117,691.00            | 5,876,244,293.92                |
| Net cash payments for the acquisition of subsidiaries & other<br>business units . . . . .                      |                              |                                 |
| Other cash payments related to investing activities . . . . .  | 4,432,245,186.01             | 2,710,098,444.61                |
| Subtotal of cash outflows from investing activities . . . . .  | 14,753,517,446.45            | 8,682,532,035.35                |
| Net cash flows from investing activities . . . . .   | -12,258,419,011.02           | -7,357,382,789.19               |
| III. Cash flows from financing activities:   |                              |                                 |
| Cash receipts from absorbing investments . . . . .   | 413,379,349.00               | 6,298,026,626.56                |
| Cash receipts from borrowings . . . . .  | 15,950,217,448.05            | 5,363,137,898.51                |
| Other cash receipts related to financing activities . . . . .  | 3,976,587,527.96             | 2,289,101,342.07                |
| Subtotal of cash inflows from financing activities . . . . .   | 20,340,184,325.01            | 13,950,265,867.14               |
| Cash payments for the repayment of borrowings . . . . .  | 4,556,966,024.97             | 3,339,664,360.99                |
| Cash payments for distribution of dividends or profits and for<br>interest expenses . . . . .                  | 572,663,261.18               | 381,653,218.14                  |
| Other cash payments related to financing activities . . . . .  | 2,603,458,512.96             | 1,037,648,020.89                |
| Subtotal of cash outflows from financing activities . . . . .  | 7,733,087,799.11             | 4,758,965,600.02                |
| Net cash flows from financing activities . . . . .   | 12,607,096,525.90            | 9,191,300,267.12                |
| IV. Effect of foreign exchange rate changes on cash and cash<br>equivalents . . . . .                          | -29,390,713.31               | 31,396,598.09                   |
| V. Net increase in cash and cash equivalents . . . . .   | -601,454,532.45              | 1,477,818,087.75                |
| Add: Opening balance of cash and cash equivalents . . . . .  | 1,570,250,951.45             | 92,432,863.70                   |
| VI. Closing balance of cash and cash equivalents . . . . .   | 968,796,419.00               | 1,570,250,951.45                |

Legal representative:

Officer in charge of  
accounting:

Head of accounting  
department:



**Zhejiang Huayou Cobalt Co., Ltd.**  
**Consolidated statement of changes in equity**  
*(Expressed in Renminbi Yuan)*

| Items   | Current period cumulative             |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
|---|---------------------------------------|-----------------|--------|-----------------------|-------------------|-----------------|----------------------------|----------------------|--------------------------|------------------|------------------|-------------------|
|   | Equity attributable to parent company |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
|   | Other equity instruments              |                 |        | Less: Treasury shares |                   |                 | Other comprehensive income |                      | Non-controlling interest |                  | Total equity     |                   |
| Share capital   | Preferred shares                      | Perpetual bonds | Others | Capital reserve       | Treasury shares   | Special reserve | Surplus reserve            | General risk reserve | Undistributed profit     |                  |                  |                   |
| I. Balance at the end of prior year . . . . .                           | 1,221,228,483.00                      |                 |        |                       | 10,218,296,584.42 | 339,232,639.00  | -419,363,343.56            | 16,648,561.11        | 309,732,264.90           | 8,376,281,013.68 | 4,317,086,195.80 | 23,900,677,120.35 |
| Add: Cumulative changes of accounting policies . . . . .                |                                       |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
| Error correction of prior period . . . . .                              |                                       |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
| Business combination under common control . . . . .                     |                                       |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
| Others . . . . .  |                                       |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
| II. Balance at the beginning of current year . . . . .                  | 1,221,228,483.00                      |                 |        |                       | 10,218,296,584.42 | 339,232,639.00  | -419,363,343.56            | 16,648,561.11        | 309,732,264.90           | 8,376,281,013.68 | 4,317,086,195.80 | 23,900,677,120.35 |
| III. Current period increase (or less: decrease) . . . . .              | 378,449,745.00                        |                 |        | 1,490,112,966.16      | 180,208,780.17    | 291,781,935.20  | 1,195,768,906.43           | 10,700,890.40        | 18,466,340.44            | 3,527,641,513.48 | 2,272,233,667.96 | 8,781,800,874.84  |
| (I) Total comprehensive income . . . . .                                |                                       |                 |        |                       |                   |                 | 1,198,282,706.43           |                      |                          | 3,909,880,668.82 | 1,925,667,530.85 | 7,033,830,906.10  |
| (II) Capital contributed or withdrawn by owners . . . . .               | 12,070,010.00                         |                 |        | 1,490,112,966.16      | 547,542,262.02    | 294,197,235.20  |                            |                      |                          |                  | 338,706,529.66   | 2,094,234,532.64  |
| 1. Ordinary shares contributed by owners . . . . .                      | 12,691,500.00                         |                 |        |                       | 400,687,849.00    | 413,379,349.00  |                            |                      |                          |                  | 1,169,311,889.50 | 1,169,311,889.50  |
| 2. Capital contributed by holders of other equity instruments . . . . . |                                       |                 |        | 1,490,340,831.42      |                   |                 |                            |                      |                          |                  |                  | 1,490,340,831.42  |
| 3. Amount of share-based payment included in equity . . . . .           |                                       |                 |        |                       | 385,245,312.46    |                 |                            |                      |                          |                  |                  | 385,245,312.46    |
| 4. Others . . . . .   | -621,490.00                           |                 |        | -227,865.26           | -238,390,899.44   | -119,182,113.80 |                            |                      |                          |                  | -830,605,359.84  | -950,663,500.74   |
| (III) Profit distribution . . . . .                                     |                                       |                 |        |                       |                   | -2,415,300.00   |                            |                      | 18,466,340.44            | -384,752,955.34  |                  | -363,871,314.90   |
| 1. Appropriation of surplus reserve . . . . .                           |                                       |                 |        |                       |                   |                 |                            |                      | 18,466,340.44            |                  |                  |                   |
| 2. Appropriation of general risk reserve . . . . .                      |                                       |                 |        |                       |                   |                 |                            |                      |                          |                  |                  |                   |
| 3. Appropriation of profit to owners . . . . .                          |                                       |                 |        |                       |                   | -2,415,300.00   |                            |                      |                          |                  |                  |                   |
| 4. Others . . . . .   |                                       |                 |        |                       |                   |                 |                            |                      |                          | -366,286,614.90  |                  | -366,286,614.90   |

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

| Items  | Current period cumulative             |                  |                  |        |                   |                 |                            |                 |                 |                      | Total equity     |                      |
|--|---------------------------------------|------------------|------------------|--------|-------------------|-----------------|----------------------------|-----------------|-----------------|----------------------|------------------|----------------------|
|  | Equity attributable to parent company |                  |                  |        |                   |                 |                            |                 |                 |                      |                  |                      |
|  | Share capital                         | Preferred shares | Perpetual bonds  | Others | Capital reserve   | Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve |                  | Undistributed profit |
| (IV) Internal carry-over within equity . . .                                   | 366,379,735.00                        |                  |                  |        | -366,379,735.00   |                 | -2,513,800.00              |                 |                 |                      | 2,513,800.00     |                      |
| 1. Transfer of capital reserve to capital . . .                                | 366,379,735.00                        |                  |                  |        | -366,379,735.00   |                 |                            |                 |                 |                      |                  |                      |
| 2. Transfer of surplus reserve to capital . . .                                |                                       |                  |                  |        |                   |                 |                            |                 |                 |                      |                  |                      |
| 3. Surplus reserve to cover losses . . . . .                                   |                                       |                  |                  |        |                   |                 |                            |                 |                 |                      |                  |                      |
| 4. Changes in defined benefit plan carried over to retained earnings . . . . . |                                       |                  |                  |        |                   |                 |                            |                 |                 |                      |                  |                      |
| 5. Other comprehensive income carried over to retained earnings . . . . .      |                                       |                  |                  |        |                   |                 | -2,513,800.00              |                 |                 |                      | 2,513,800.00     |                      |
| 6. Others . . . . .  |                                       |                  |                  |        |                   |                 |                            |                 |                 |                      |                  |                      |
| (V) Special reserve . . . . .  |                                       |                  |                  |        |                   |                 |                            | 10,700,890.40   |                 |                      |                  | 10,700,890.40        |
| 1. Current period appropriation . . . . .                                      |                                       |                  |                  |        |                   |                 |                            | 77,589,560.26   |                 |                      |                  | 77,589,560.26        |
| 2. Current period use . . . . .  |                                       |                  |                  |        |                   |                 |                            | -66,888,669.86  |                 |                      |                  | -66,888,669.86       |
| (VI) Others . . . . .  |                                       |                  |                  |        | -953,746.85       |                 |                            |                 |                 |                      |                  | 7,859,607.45         |
| IV. Balance at the end of current period . .                                   | 1,599,678,228.00                      |                  | 1,490,112,966.16 |        | 10,398,505,364.59 | 631,014,574.20  | 776,405,562.87             | 27,349,451.51   | 328,198,605.34  | 11,903,922,527.16    | 6,789,319,863.76 | 32,682,477,995.19    |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

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

| Items   | Equity attributable to parent company |                  |                 |        |                  |                       |                            |                 |                 |                      | Total equity     |                      |                          |
|---|---------------------------------------|------------------|-----------------|--------|------------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|------------------|----------------------|--------------------------|
|   | Preceding period comparative          |                  |                 |        |                  | Current period        |                            |                 |                 |                      |                  |                      |                          |
|   | Share capital                         | Preferred shares | Perpetual bonds | Others | Capital reserve  | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve |                  | Undistributed profit | Non-controlling interest |
| I. Balance at the end of prior year . . . . .                           | 1,141,261,526.00                      |                  |                 |        | 3,879,698,604.43 |                       | -145,993,159.83            | 16,061,509.89   | 223,433,020.86  |                      | 4,807,657,608.58 | 2,529,685,866.58     | 12,451,804,976.51        |
| Add: Cumulative changes of accounting policies . . . . .                |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| Error correction of prior period . . . . .                              |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| Business combination under common control . . . . .                     |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| Others . . . . .  |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| II. Balance at the beginning of current year . . . . .                  | 1,141,261,526.00                      |                  |                 |        | 3,879,698,604.43 |                       | -145,993,159.83            | 16,061,509.89   | 223,433,020.86  |                      | 4,807,657,608.58 | 2,529,685,866.58     | 12,451,804,976.51        |
| III. Current period increase (or less: decrease) . . . . .              | 79,966,957.00                         |                  |                 |        | 6,338,597,979.99 | 339,232,639.00        | -273,370,183.73            | 587,051.22      | 86,299,244.04   |                      | 3,568,623,405.10 | 1,987,400,329.22     | 11,448,872,143.84        |
| (I) Total comprehensive income . . . . .                                |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| (II) Capital contributed or withdrawn by owners . . . . .               | 79,966,957.00                         |                  |                 |        | 6,214,269,336.14 | 339,232,639.00        | -273,370,183.73            |                 |                 |                      | 3,897,503,525.74 | 105,457,900.15       | 3,729,591,242.16         |
| 1. Ordinary shares contributed by owners . . . . .                      |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| 2. Capital contributed by holders of other equity instruments . . . . . |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| 3. Amount of share-based payment included in equity . . . . .           |                                       |                  |                 |        | 113,786,486.15   |                       |                            |                 |                 |                      |                  |                      | 113,786,486.15           |
| 4. Others . . . . .   |                                       |                  |                 |        | 10,542,157.70    |                       |                            |                 |                 |                      |                  |                      | 320,837,238.12           |
| (III) Profit distribution . . . . .                                     |                                       |                  |                 |        |                  |                       |                            |                 | 86,299,244.04   |                      | -328,880,120.64  | 310,295,080.42       | -242,580,876.60          |
| 1. Appropriation of surplus reserve . . . . .                           |                                       |                  |                 |        |                  |                       |                            |                 | 86,299,244.04   |                      | -86,299,244.04   |                      |                          |
| 2. Appropriation of general risk reserve . . . . .                      |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |
| 3. Appropriation of profit to owners . . . . .                          |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      | -242,580,876.60          |
| 4. Others . . . . .   |                                       |                  |                 |        |                  |                       |                            |                 |                 |                      |                  |                      |                          |

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

| Items  | Preceding period comparative          |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
|--|---------------------------------------|------------------|-----------------|--------|-------------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|--------------------------|-------------------|
|  | Equity attributable to parent company |                  |                 |        |                   | Other                 |                            |                 |                 |                      |                      |                          |                   |
|  | Share capital                         | Preferred shares | Perpetual bonds | Others | Capital reserve   | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | Non-controlling interest | Total equity      |
| (IV) Internal carry-over within equity. . . . .                                |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 1. Transfer of capital reserve to capital . . . . .                            |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 2. Transfer of surplus reserve to capital . . . . .                            |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 3. Surplus reserve to cover losses . . . . .                                   |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 4. Changes in defined benefit plan carried over to retained earnings . . . . . |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 5. Other comprehensive income carried over to retained earnings. . . . .       |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 6. Others . . . . .  |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| (V) Special reserve . . . . .  |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 1. Current period appropriation . . . . .                                      |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| 2. Current period use. . . . .   |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| (VI) Others . . . . .  |                                       |                  |                 |        |                   |                       |                            |                 |                 |                      |                      |                          |                   |
| IV. Balance at the end of current period. . . . .                              | 1,221,228,483.00                      |                  |                 |        | 10,218,296,584.42 | 339,232,639.00        | -419,363,343.56            | 16,648,561.11   | 309,732,264.90  | 8,376,281,013.68     | 1,571,647,348.65     | 4,317,086,195.80         | 23,900,677,120.35 |

Legal representative: \_\_\_\_\_ Officer in charge of accounting: \_\_\_\_\_ Head of accounting department: \_\_\_\_\_

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Parent company statement of changes in equity**  
*(Expressed in Renminbi Yuan)*

Current period cumulative

| Items  | Other equity instruments |                  |                  |        | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Total equity      |                 |
|--|--------------------------|------------------|------------------|--------|-----------------------|----------------------------|-----------------|-----------------|----------------------|-------------------|-----------------|
|  | Share capital            | Preferred shares |                  | Others |                       |                            |                 |                 |                      |                   | Capital reserve |
|  |                          | Perpetual bonds  | Others           |        |                       |                            |                 |                 |                      |                   |                 |
| I. Balance at the end of prior year                                  | 1,221,228,483.00         |                  |                  |        | 339,232,639.00        | -40,000,000.00             | 22,627.13       | 309,732,264.90  | 2,100,926,123.03     | 13,206,815,858.05 |                 |
| Add: Cumulative changes of accounting policies                       |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| Error correction of prior period                                     |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| Others   |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| II. Balance at the beginning of current year                         | 1,221,228,483.00         |                  |                  |        | 339,232,639.00        | -40,000,000.00             | 22,627.13       | 309,732,264.90  | 2,100,926,123.03     | 13,206,815,858.05 |                 |
| III. Current period increase (or: less: decrease)                    | 378,449,745.00           |                  | 1,490,112,966.16 |        | 291,781,935.20        | 50,731.63                  | -22,627.13      | 18,466,340.44   | -200,089,550.89      | 1,786,879,200.00  |                 |
| (I) Total comprehensive income                                       |                          |                  |                  |        |                       | 50,731.63                  |                 |                 | 184,663,404.45       |                   |                 |
| (II) Capital contributed or withdrawn by owners                      | 12,070,010.00            |                  | 1,490,112,966.16 |        | 294,197,235.20        |                            |                 |                 |                      |                   |                 |
| 1. Ordinary shares contributed by owners                             | 12,691,500.00            |                  | 1,490,340,831.42 |        | 413,379,349.00        |                            |                 |                 |                      |                   |                 |
| 2. Capital contributed by holders of other equity instruments        |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 3. Amount of share-based payment included in equity                  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 4. Others  | -621,490.00              |                  | -227,865.26      |        | -119,182,113.80       |                            |                 | 18,466,340.44   | -384,752,955.34      |                   |                 |
| (III) Profit distribution  |                          |                  |                  |        |                       |                            |                 | 18,466,340.44   | -18,466,340.44       |                   |                 |
| 1. Appropriation of surplus reserve                                  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 2. Appropriation of profit to owners                                 |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 3. Others  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| (IV) Internal carry-over within equity                               |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 1. Transfer of capital reserve to capital                            | 366,379,735.00           |                  |                  |        | -366,379,735.00       |                            |                 |                 |                      |                   |                 |
| 2. Transfer of surplus reserve to capital                            | 366,379,735.00           |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 3. Surplus reserve to cover losses                                   |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 4. Changes in defined benefit plan carried over to retained earnings |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 5. Other comprehensive income carried over to retained earnings      |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 6. Others  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| (V) Special reserve  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 1. Current period appropriation                                      |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| 2. Current period use  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| (VI) Others  |                          |                  |                  |        |                       |                            |                 |                 |                      |                   |                 |
| IV. Balance at the end of current period                             | 1,599,678,228.00         |                  | 1,490,112,966.16 |        | 631,014,574.20        | -39,949,268.37             | -22,627.13      | 328,198,605.34  | 1,900,836,572.14     | 14,993,695,058.05 |                 |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

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

Preceding period comparative

| Items  | Other equity instruments |                  |                 | Capital reserve  | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Total equity      |
|--|--------------------------|------------------|-----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|-------------------|
|  | Share capital            | Preferred shares | Perpetual bonds |                  |                       |                            |                 |                 |                      |                   |
| I. Balance at the end of prior year                                  | 1,141,261,526.00         |                  |                 | 3,619,336,124.36 |                       | -35,896,425.00             | 6,938,266.87    | 223,433,020.86  | 1,566,813,803.32     | 6,521,886,316.41  |
| Add: Cumulative changes of accounting policies                       |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| Error correction of prior period                                     |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| Others   |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| II. Balance at the beginning of current year                         | 1,141,261,526.00         |                  |                 | 3,619,336,124.36 |                       | -35,896,425.00             | 6,938,266.87    | 223,433,020.86  | 1,566,813,803.32     | 6,521,886,316.41  |
| III. Current period increase (or: less: decrease)                    | 79,966,957.00            |                  |                 | 6,334,802,874.63 | 339,232,639.00        | -4,103,575.00              | -6,915,639.74   | 86,299,244.04   | 534,112,319.71       | 6,684,929,541.64  |
| (I) Total comprehensive income                                       |                          |                  |                 |                  |                       | -4,103,575.00              |                 |                 | 862,992,440.35       | 858,888,865.35    |
| (II) Capital contributed or withdrawn by owners                      | 79,966,957.00            |                  |                 | 6,334,802,874.63 | 339,232,639.00        |                            |                 |                 |                      | 6,075,537,192.63  |
| 1. Ordinary shares contributed by owners                             | 79,966,957.00            |                  |                 | 6,214,269,336.14 | 339,232,639.00        |                            |                 |                 |                      | 5,955,003,654.14  |
| 2. Capital contributed by holders of other equity instruments        |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 3. Amount of share-based payment included in equity                  |                          |                  |                 | 113,786,486.15   |                       |                            |                 |                 |                      | 113,786,486.15    |
| 4. Others  |                          |                  |                 | 6,747,052.34     |                       |                            |                 |                 |                      | 6,747,052.34      |
| (III) Profit distribution  |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 1. Appropriation of surplus reserve                                  |                          |                  |                 |                  |                       |                            |                 | 86,299,244.04   | -328,880,120.64      | -242,580,876.60   |
| 2. Appropriation of profit to owners                                 |                          |                  |                 |                  |                       |                            |                 | 86,299,244.04   | -86,299,244.04       |                   |
| 3. Others  |                          |                  |                 |                  |                       |                            |                 |                 | -242,580,876.60      | -242,580,876.60   |
| (IV) Internal carry-over within equity                               |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 1. Transfer of capital reserve to capital                            |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 2. Transfer of surplus reserve to capital                            |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 3. Surplus reserve to cover losses                                   |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 4. Changes in defined benefit plan carried over to retained earnings |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 5. Other comprehensive income carried over to retained earnings      |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 6. Others  |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| (V) Special reserve  |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 1. Current period appropriation                                      |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| 2. Current period use  |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| (VI) Others  |                          |                  |                 |                  |                       |                            |                 |                 |                      |                   |
| IV. Balance at the end of current period                             | 1,221,228,483.00         |                  |                 | 9,954,138,998.99 | 339,232,639.00        | -40,000,000.00             | 22,627.13       | 309,732,264.90  | 2,100,926,123.03     | 13,206,815,858.05 |

Legal representative:

Officer in charge of accounting:

Head of accounting department:

**Zhejiang Huayou Cobalt Co., Ltd.**  
**Notes to Financial Statements**  
For the year ended December 31, 2022

Monetary unit: RMB Yuan

**I. Company profile**

Zhejiang Huayou Cobalt Co., Ltd. (the “Company”) was established by Great Mountain Enterprise Pte. Ltd. (the “Great Mountain Company”), Huayou Holding Group Co., Ltd. (formerly known as Zhejiang Huayou Holding Group Co., Ltd., hereinafter referred to as “Huayou Holding”), etc. under the approval from the Ministry of Commerce of the People’s Republic of China. The Company was registered at Zhejiang Administration for Industry and Commerce on April 14, 2008 and headquartered in Jiaxing City, Zhejiang Province. The Company currently holds a business license with unified social credit code of 913300007368873961, with registered capital of 1,599,678,228.00 yuan, total share of 1,599,678,228 shares (each with par value of one yuan), of which, 19,757,139 shares are restricted outstanding A shares, and 1,579,921,089 shares are unrestricted outstanding A shares. The Company’s shares were listed on the Shanghai Stock Exchange on January 29, 2015.

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

The financial statements were approved and authorized for issue by the 56th meeting of the fifth session of the Board of Directors dated April 26, 2023.

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

“Tongxiang Huawang”), Hualing Import & Export (Tongxiang) Co., Ltd. (the “Tongxiang Hualing”), Guangxi Huayou Lithium Industry Co., Ltd. (the “Guangxi Lithium”), Huazheng Import & Export (Tongxiang) Co., Ltd. (the “Tongxiang Huazheng”), Huajian Import & Export (Wenzhou) Co., Ltd. (the “Wenzhou Huajian”), Hubei Youxing New Energy Technology Co., Ltd. (the “Hubei Youxing”), Shanghai Huayou Xinsheng Metal Co., Ltd. (the “Shanghai Xinsheng”), Guangxi Huayou Industrial Investment Co., Ltd. (the “Guangxi Huayou Industrial Investment”), and Guangxi Huayou Enterprise Investment Management Co., Ltd. (the “Guangxi Huayou Enterprise Investment”), the second-tier subsidiaries Feza Mining SAS (the “Feza Mining”), Quzhou Huayou Resource Recycling Technology Co., Ltd. (the “Resource Recycling”), Huayou International Recycling Resources Co., Ltd. (the “Huayou International Recycling”), Huayou America, Inc. (the “Huayou America”), HANARI S.A. (the “HANARI Company”), Huayou Resources Pte. Ltd. (the “Huayou Singapore”), Shanghai FC Metal Materials Co., Ltd. (the “Shanghai FC”), Heishui Huayou Recycling Technology Co., Ltd. (the “Heishui Recycling”), Huajin New Energy Materials (Quzhou) Co., Ltd. (the “Huajin Company”), Zhejiang Huayou-Posco ESM Co., Ltd. (the “Huayou-Posco”), Huaqing Cobalt & Nickel Co., Ltd. (the “Huaqing Cobalt & Nickel”), Huachuang International Investment Co., Ltd. (the “Huachuang International”), Huawei Nickel Resources Development Co., Ltd. (the “Huawei Nickel Resources”), Huake Nickel Co., Ltd. (the “Huake Nickel”), Huayou International Cobalt (Hong Kong) Co., Ltd. (the “Huayou International Cobalt”), Huayuan Copper Co., Ltd. (the “Huayuan Copper”), Jiangsu Huayou Energy Technology Co., Ltd. (the “Jiangsu Huayou”), Huatuo International Development Pte. Ltd. (the “Huatuo International”), Chengdu B&M Science and Technology Co., Ltd. (the “Chengdu B&M”), Zhejiang B&M Science and Technology Co., Ltd. (the “Zhejiang B&M”), Guangxi Huayou Import & Export Co., Ltd. (the “Guangxi Huayou Import & Export”), Huaneng Asia International Co., Limited (the “Huaneng Asia International”), Huacai (Hong Kong) Limited (the “Huacai Hong Kong”), Huayong International (Hong Kong) Limited (the “Huayong International”), Huatuo Cobalt Co., Ltd. (the “Huatuo Cobalt”), Guangxi Huayou Resource Regeneration Technology Co., Ltd. (the “Guangxi Regeneration”), Prospect Lithium Zimbabwe (Pvt) Ltd. (the “Prospect Lithium”), Quzhou Huayou Environmental Protection Technology Co., Ltd. (the “Quzhou Huayou Environmental Protection”), Huayou International Lithium (Hong Kong) Limited (the “Huayou International Lithium”), Huayou International Resources (Hong Kong) Limited (the “Huayou International Resources”), Huasheng Nickel (Hong Kong) Limited (the “Huasheng Hong Kong”), Huaxing Nickel (Hong Kong) Limited (the “Huaxing Hong Kong”), Huachang Trade (Hong Kong) Limited (the “Huachang Trade”), Huaqi (Hong Kong) Limited (the “Huaqi Hong Kong”), Huachi (Hong Kong) Limited (the “Huachi Hong Kong”), Huajin (Hong Kong) Limited (the “Huajin Hong Kong”), Huaming (Hong Kong) Limited (the “Huaming Hong Kong”), Huaqun (Hong Kong) Limited (the “Huaqun Hong Kong”), Huabin (Hong Kong) Limited (the “Huabin Hong Kong”), Huawu (Hong Kong) Limited (the “Huawu Hong Kong”), Huaqi (Singapore) Limited (the “Huaqi Singapore”), Huajun International Investment Co., Ltd. (the “Huajun International Investment”), Huayao International Investment Co., Ltd. (the “Huayao International Investment”), and Huaze International Investment Co., Ltd. (the “Huaze International Investment”), the third-tier subsidiaries Huayou International Mining (Holdings) Co., Ltd. (the “Huayou International Holdings”), PT. Huayue Nickel Cobalt (the “Huayue Company”), PT. Huake Nickel Indonesia (the “Huake Indonesia”), PT. Huashan Nickel Cobalt (the “Huashan Indonesia”), Huayou Shixing (Beijing) New Energy Technology Co., Ltd. (the “Huayou Shixing”), PT. Huafei Nickel Cobalt (the “Huafei Indonesia”), Huasheng Nickel (Indonesia) Co., Ltd. (the “Huasheng Indonesia”), PT. Indonesia Pomalaa Industry Park (the “IPIP Company”), and Huashun Resources (Private) Limited (the “Huashun Hong Kong”), and the fourth-tier subsidiary PT. IPIP Port Kolaka (the “Kolaka Port”) into the consolidation scope. Please refer to section VI and VII of notes to the financial statements for details.



## **II. Preparation basis of the financial statements**

### ***(I) Preparation basis***

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

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

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

## **III. Significant accounting policies and estimates**

Important note:

The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, revenue recognition, etc., based on the Company's actual production and operation features.

### ***(I) Statement of compliance***

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

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

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

### ***(III) Operating cycle***

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

### ***(IV) Functional currency***

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

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

#### ***1. Accounting treatment of business combination under common control***

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the

ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

## *2. Accounting treatment of business combination not under common control*

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

## *(VI) Compilation method of consolidated financial statements*

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to “CASBE 33—Consolidated Financial Statements”, based on relevant information and the financial statements of the parent company and its subsidiaries.

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

1. Joint arrangements include joint operations and joint ventures.
2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:
  - (1) its assets, including its share of any assets held jointly;
  - (2) its liabilities, including its share of any liabilities incurred jointly;
  - (3) its revenue from the sale of its share of the output arising from the joint operation;
  - (4) its share of the revenue from the sale of the assets by the joint operation; and
  - (5) its expenses, including its share of any expenses incurred jointly.

## *(VIII) Recognition criteria of cash and cash equivalents*

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

## *(IX) Foreign currency translation*

### *1. Translation of transactions denominated in foreign currency*

Transactions denominated in foreign currency are translated into RMB yuan at the approximate exchange rate similar to the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the approximate exchange rate similar to the spot exchange rate at the

transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

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

The assets and liabilities in the balance sheet are translated into RMB at the spot exchange rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot exchange rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the approximate exchange rate similar to the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

### *(X) Financial instruments*

#### *1. Classification of financial assets and financial liabilities*

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

#### *2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities*

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

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, they are measured at the transaction price in accordance with “CASBE 14—Revenues”.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

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

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

- 4) Financial liabilities at amortized cost

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

#### (4) Derecognition of financial assets and financial liabilities

- 1) Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or
- b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23—Transfer of Financial Assets”.

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

#### 3. *Recognition criteria and measurement method of financial assets transfer*

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

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the

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

#### *4. Fair value determination method of financial assets and liabilities*

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

- (1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;
- (3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

#### *5. Impairment of financial instruments*

##### (1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all

the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in “CASBE 14—Revenues”, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

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

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



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

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

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

1) Specific portfolios and method for measuring expected credit loss

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



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

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

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

6. *Offsetting financial assets and financial liabilities*

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

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

**(XI) Inventories**

1. *Classification of inventories*

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

2. *Accounting method for dispatching inventories:*

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

3. *Basis for determining net realizable value*

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling

price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

#### *4. Inventory system*

Perpetual inventory method is adopted.

#### *5. Amortization method of low-value consumables and packages*

##### *(1) Low-value consumables*

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

##### *(2) Packages*

Packages are amortized with one-off method.

#### *(XII) Contract costs*

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

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

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

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

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

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

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

#### *1. Classification of non-current assets or disposal groups held for sale*

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

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

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

#### *2. Measurement of non-current assets or disposal groups held for sale*

##### *(1) Initial measurement and subsequent measurement*

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

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

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

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

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

*(XIV) Long-term equity investments*

*1. Judgment of joint control and significant influence*

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

*2. Determination of investment cost*

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

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

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

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

- 1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.
- 2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.
- 3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12—Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7—Non-cash Assets Exchange”.

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

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

#### 4. *Disposal of a subsidiary in stages resulting in the Company's loss of control*

##### (1) Stand-alone financial statements

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

##### (2) Consolidated financial statements

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

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

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

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

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

#### (XV) ***Fixed assets***

##### 1. *Recognition principles of fixed assets*

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

2. *Depreciation method of different categories of fixed assets*

| Categories                        | Depreciation method  | Useful life<br>(years) | Residual<br>value<br>proportion<br><br>(%) | Annual<br>depreciation<br>rate<br><br>(%) |
|-----------------------------------|----------------------|------------------------|--|---|
| Buildings and structures. . . . . | Straight-line method | 10-35                  | 0-10                                       | 10.00-2.57                                |
| Machinery. . . . .                | Straight-line method | 5-16                   | 0-10                                       | 20.00-5.63                                |
| Transport facilities. . . . .     | Straight-line method | 5-10                   | 0-10                                       | 20.00-9.00                                |
| Other equipment . . . . .         | Straight-line method | 5-10                   | 0-10                                       | 20.00-9.00                                |

**(XVI) Construction in progress**

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.
2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

**(XVII) Borrowing costs**

1. *Recognition principle of borrowing costs capitalization*

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. *Borrowing costs capitalization period*

- (1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.
- (2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.
- (3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.



### 3. Capitalization rate and capitalized amount of borrowing costs

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

#### (XVIII) *Intangible assets*

1. Intangible assets include land use right, mining right, software, pollution discharging right, patent right, software copyright, etc. The initial measurement of intangible assets is based on its cost.
2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method

Mining right is amortized using the units-of-production method, while other intangible assets are amortized using the straight-line method with details as follows:

| Items   | Amortization period (years) |
|---|-----------------------------|
| Land use right . . . . .                      | 25-99                       |
| Software . . . . .                            | 2-10                        |
| Pollution discharging right . . . . .         | 5-20                        |
| Patent right and software copyright . . . . . | 8-10                        |

3. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset: the planned investigation phase for acquiring new technology and knowledge should be defined as the research phase, which has the characteristics of planning and exploratory nature; before commercial production or use, when the research results or other knowledge are applied to a certain plan or design with the intention to produce new or substantially improved materials, devices, products, etc., such stage should be determined as the development phase, which has the characteristics of pertinence and greater possibility of forming results.



***(XIX) Exploration expenditures***

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

***(XX) Impairment of part of long-term assets***

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

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

***(XXI) Long-term prepayments***

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

***(XXII) Employee benefits***

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

2. *Short-term employee benefits*

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

3. *Post-employment benefits*

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

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

#### 4. *Termination benefits*

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

#### 5. *Other long-term employee benefits*

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

### (XXIII) **Provisions**

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

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

*(XXIV) Share-based payment*

*1. Types of share-based payment*

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

*2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans*

*(1) Equity-settled share-based payment*

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service or fulfills certain performance conditions, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

*(2) Cash-settled share-based payment*

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service or fulfills certain performance conditions, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

*(3) Modifications and cancellations of share-based payment plan*

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

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

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

## *(XXV) Revenue*

### *1. Revenue recognition principles*

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

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

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

## 2. *Revenue measurement principle*

- (1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.
- (2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- (3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.
- (4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

## 3. *Revenue recognition method*

The Company is mainly engaged in sales of cobalt products, copper products, nickel products, lithium products, ternary precursors, cathode materials, nickel intermediates, etc., which are performance obligations satisfied at a point in time.

Revenue from domestic sales is recognized when the Company has delivered goods to the designated address as agreed by contract and such delivered goods have been verified for acceptance by customers, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

Revenue from overseas sales is recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

(XXVI) *Government grants*

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. *Government grants related to assets*

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. *Government grants related to income*

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. *Policy interest subvention*

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.



*(XXVII) Contract assets, contract liabilities*

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

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

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

*(XXVIII) Deferred tax assets/Deferred tax liabilities*

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

*(XXIX) Leases*

*1. The Company as lessee*

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

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

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

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

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

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

#### (2) Lease liabilities

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

After the commencement date, if there is a change in the following items: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

### 2. *The Company as lessor*

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

#### (1) Operating lease

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



(2) Finance lease

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

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

3. *Sale and leaseback*

(1) The Company as the lessee

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

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

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

(2) The Company as the lessor

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

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

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

(XXX) *Work safety fund*

The Company accrues work safety fund in accordance with the “Circular on Management Measures on the Appropriation and Use of Work Safety Fund” (Cai Zi [2022] No. 136) issued by Ministry of Finance and Ministry of Emergency Management. Standard work safety fund is included in the cost or profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when

related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

**(XXXI) Segment reporting**

Operating segments are determined based on the structure of the Company’s internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

**(XXXII) Other significant accounting policies and estimates**

**1. Basis of the adoption of hedge accounting and its accounting treatment**

- (1) Hedge includes fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.
- (2) A hedging relationship qualifies for hedge accounting if all of the following conditions are met: 1) the hedging relationship consists only of eligible hedging instruments and eligible hedged instruments; 2) at the inception of the hedge there is formal designation of hedging instruments and hedged item, and documentation of the hedging relationship and the Company’s risk management objective and strategy for undertaking the hedge; 3) the hedging relationship meets the hedging effectiveness requirements.

The Company recognizes that the hedging relationship meets effectiveness requirements if the all of the followings are simultaneously satisfied: a. there is an economic relationship between the hedged item and the hedging instruments; b. the effect of credit risk does not dominate the value changes that result from that economic relationship between the hedged item and the hedging instruments; and c. the hedge ratio of the hedging relationship is the same as the ratio of the quantity of the hedged item that the Company actually hedges and the number of hedging instruments that the Company actually uses to hedge that quantity of hedged item, but does not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

The Company shall assess whether a hedging relationship meets the hedge effectiveness requirements at inception and on an ongoing basis. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedging relationship shall be rebalanced.

(3) Hedge accounting

1) Fair value hedge

- a. Gain or loss on the hedging instrument shall be recognized in profit or loss (or other comprehensive income, if the hedging instrument hedges a non-trading equity instrument (or a component thereof) at fair value through other comprehensive income).
- b. The gain or loss on hedged item arising from risk exposure should be recognized in profit or loss, and meanwhile, the carrying amount of the hedged item which is not measured at fair value should be adjusted. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income in accordance with article XVIII in “CASBE 22—Financial Instruments: Recognition and Measurement”, the gain or loss arising from the risk exposure on the hedged item shall be recognized in profit or loss, with carrying amount unadjusted for it has already been measured at fair value; if the hedged item is a non-trading equity instrument (or a component thereof) for which the Company has elected to present changes at fair value through other comprehensive income, the gain or loss arising from the risk exposure on the hedged item shall be recognized in profit or loss, with carrying amount unadjusted for it has already been measured at fair value.

When a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative change in fair value of the hedged item subsequent to its designation is recognized as an asset or a liability with a corresponding gain or loss recognized in profit or loss. When a firm commitment is performed to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability is adjusted to include the cumulative change in fair value of the hedged item that was previously recognized.

For a hedged item that is a financial instrument (or a component thereof) measured at amortized cost, any adjustment on the carrying amount of the hedged item shall be amortized to profit or loss based on a recalculated effective interest rate at the date that amortization begins. In the case of a financial asset (or a component thereof) that is a hedged item and that is measured at fair value through other comprehensive income in accordance with article XVIII in “CASBE 22—Financial Instruments: Recognition and Measurement”, amortization applies in the same manner but to the amount that represents the cumulative gain or loss previously recognized, which shall be subsequently recognized in profit or loss, instead of by adjusting the carrying amount.

2) Cash flow hedges

- a. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income as cash flow hedge reserve, while the ineffective portion shall be recognized in profit or loss. The cash flow hedge reserve shall be recognized at the lower of the following (in absolute amounts): (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and (ii) the cumulative change in present value of the expected future cash flows of the hedged item from inception of the hedge.
- b. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which

fair value hedge accounting is applied, the Company shall transfer out the amount of cash flow hedge reserve previously recognized in other comprehensive income, and include it in the initial cost of the asset or the liability.

- c. For other cash flow hedges, the amount of cash flow hedge reserve previously recognized in other comprehensive income shall be transferred out into profit or loss in the same period the hedged forecast sale affects profit or loss.

3) Hedges of a net investment in a foreign operation

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income, and reclassified from other comprehensive income to profit or loss on the disposal of the foreign operation; and the ineffective portion is recognized in profit or loss.

2. *Accounting treatment related to share repurchase*

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

**(XXXIII) Significant changes in accounting policies and estimates**

*Changes in accounting policies arising from changes in CASBEs*

- (1) The Company has adopted the regulations about accounting for sales of products or by-products produced by fixed assets before intended use or during the R&D process as stipulated the “Interpretation of China Accounting Standards for Business Enterprises No. 15” issued by the Ministry of Finance since January 1, 2022. Such change in accounting policies has no impact on the Company’s financial statements.
- (2) The Company has adopted the regulations about judgment on onerous contracts in the “Interpretation of China Accounting Standards for Business Enterprises No. 15” issued by the Ministry of Finance since January 1, 2022. Such change in accounting policies has no impact on the Company’s financial statements.
- (3) The Company has adopted the regulations about accounting for income tax consequences of dividends on a financial instrument classified by the issuer as an equity instrument in the “Interpretation of China Accounting Standards for Business Enterprises No. 16” issued by the Ministry of Finance since November 30, 2022. Such change in accounting policies has no impact on the Company’s financial statements.

- (4) The Company has adopted the regulations about accounting for modifications of share-based payment transactions from cash-settled to equity-settled in the “Interpretation of China Accounting Standards for Business Enterprises No. 16” issued by the Ministry of Finance since November 30, 2022. Such change in accounting policies has no impact on the Company’s financial statements.

#### IV. Taxes

##### (I) Main taxes and tax rates

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

Different enterprise income tax rates applicable to different taxpayers:

| Taxpayers   | Income tax rate                                      |
|---|--|
| The Company, New Energy Quzhou, Tianjin B&M, Chengdu B&M, Jiangsu Huayou . . . . .        | 15%  |
| Beijing Huashan, Wenzhou Huake, Guangxi Huayou New Energy, Guangxi Regeneration . . . . . | 20%  |
| Taxpayers other than the above-mentioned . . . . .  | 25%  |
| Overseas entities . . . . .   | Subject to the tax rate in the place of registration |

## *(II) Tax preferential policies*

### *1. VAT*

#### *(1) Domestic entities*

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

#### *(2) Overseas entities*

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

Pursuant to the Decree of Minister of Finance of Indonesia, Huayue Company, Huake Indonesia, Huafei Indonesia and Huashan Indonesia enjoy the import duty exemption policy regarding part of taxable goods.

### *2. Enterprise income tax*

#### *(1) Domestic entities*

Pursuant to the “High-tech Enterprise Certificate” jointly issued by Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (STA) on December 1, 2020, the Company is accredited as a high-tech enterprise. Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, the Company is entitled to enjoy the preferential enterprise income tax policy as a high-tech enterprise and subject to a reduced rate of 15% in the current period.

Pursuant to the “High-tech Enterprise Certificate” jointly issued by Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA on December 16, 2021, New Energy Quzhou is accredited as a high-tech enterprise. Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, New Energy Quzhou is entitled to enjoy the preferential enterprise income tax policy as a high-tech enterprise and subject to a reduced rate of 15% in the current period.

Pursuant to the “High-tech Enterprise Certificate” jointly issued by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Municipal Tax Service, STA on October 28, 2020, Tianjin B&M is accredited as a high-tech enterprise. Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, Tianjin B&M is entitled to enjoy the preferential enterprise income tax policy as a high-tech enterprise and subject to a reduced rate of 15% in the current period.

Pursuant to the “High-tech Enterprise Certificate” jointly issued by Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance and Jiangsu Provincial Tax Service, STA on December 12, 2022, Jiangsu Huayou is accredited as a high-tech enterprise. Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, Jiangsu Huayou is entitled to enjoy the preferential enterprise income tax policy as a high-tech enterprise and subject to a reduced rate of 15% in the current period.



Pursuant to the “Announcement on Continuing the Enterprise Income Tax Policy for the Western Development” (Announcement of the Ministry of Finance [2020] No. 23), Chengdu B&M is entitled to enjoy the preferential enterprise income tax policy as an enterprise engaged in the encouraged industries in the western region and subject to a reduced rate of 15% in the current period.

Pursuant to the “Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies for Supporting the Development of Small Enterprises with Meager Profit and Individually-Owned Businesses” (Announcement of the State Taxation Administration [2021] No. 8) and the “Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementation of Income Tax Preferential Policies for Small Enterprises with Meager Profit” (Announcement of the Ministry of Finance and the State Taxation Administration [2022] No. 13), for the subsidiaries Beijing Huashan, Wenzhou Huake, Guangxi Huayou New Energy, Guangxi Regeneration, which are qualified as small enterprises with meager profits, in 2022, their enterprise income tax for the portion of the taxable income within 1.00 million yuan is levied at 20% based on 12.5% of that portion of income, while the enterprise income tax for the portion of the taxable income exceeding 1.00 million yuan but within 3.00 million yuan is levied at 20% based on 50% of that portion of income.

Pursuant to the “Notice of the People’s Government of Guangxi Zhuang Autonomous Region on Several Policies for Promoting the High-level Opening and High-Quality Development of the Guangxi Beibu Gulf Economic Zone in the New Era” (Gui Zheng Fa [2020] No. 42), the subsidiary Guangxi B&M, as a new enterprise registered and established in the economic zone, is accredited as a high-tech enterprise or an enterprise entitled to enjoy the preferential enterprise income tax policy for the western development. It is exempted from enterprise income tax shared by local governments for 5 years since the first year in which the revenue from main operations is generated.

## (2) Overseas entities

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

Pursuant to the Decree of Minister of Finance of Indonesia Concerning Preferential Policies of Enterprise Income Tax Reduction and Exemption to Huake Indonesia, Huake Indonesia is exempted from enterprise income tax as well as tax withheld by third parties on certain income from Huake Indonesia for 10 years from the tax year of the commencement of its commercial production. It also enjoys a tax reduction of 50% for 2 years following the expiration of the above exemption period.

Pursuant to the Decree of Minister of Finance of Indonesia Concerning Preferential Policies of Enterprise Income Tax Reduction and Exemption to Huafei Indonesia, Huafei Indonesia is exempted from enterprise income tax as well as tax withheld by third parties on certain income from Huafei Indonesia for 20 years from the tax year of the commencement of its commercial production. It also enjoys a tax reduction of 50% for 2 years following the expiration of the above exemption period.

### 3. *Import duty*

Pursuant to the Decree of Minister of Finance of Indonesia, Huayue Company, Huake Indonesia, Huafei Indonesia and Huashan Indonesia enjoy the import duty exemption policy on imported machinery.

## V. **Notes to items of consolidated financial statements**

### (I) *Notes to items of the consolidated balance sheet*

#### 1. *Cash and bank balances*

##### (1) Details

| <u>Items</u>                            | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| Cash on hand . . . . .                  | 25,777,978.79          | 30,717,041.97          |
| Cash in bank . . . . .                  | 8,030,335,929.04       | 6,028,851,637.85       |
| Other cash and bank balances . . . . .  | 7,379,661,572.84       | 3,709,915,975.32       |
| Total . . . . .                         | 15,435,775,480.67      | 9,769,484,655.14       |
| Including: Deposited overseas . . . . . | 2,819,262,572.40       | 1,749,990,024.72       |

##### (2) Other remarks

At the balance sheet date, other cash and bank balances include deposits for bank acceptance of 5,143,202,945.20 yuan, deposits for letters of credit of 671,072,012.66 yuan, deposits for letters of guarantee of 12,603,250.00 yuan, deposits for borrowings of 865,659,311.06 yuan, deposits for forward exchange settlement of 111,232,263.43 yuan, deposited investments of 522,872,531.61 yuan, deposits for environmental impact assessment of 39,879,493.01 yuan and other deposits of 13,139,765.87 yuan.

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

| <u>Items</u>  | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| Financial assets classified as at fair value through profit or loss . . . . . | 251,991,490.83         | 332,752,951.53         |
| Including: Short-term bank financial products . . . . .                       | 202,612,876.71         | 300,239,589.04         |
| Derivative financial assets . . . . .   | 49,378,614.12          | 32,513,362.49          |
| Total . . . . .   | 251,991,490.83         | 332,752,951.53         |

#### 3. *Derivative financial assets*

##### (1) Details

| <u>Items</u>                       | <u>Closing balance</u> | <u>Opening balance</u> |
|------------------------------------|------------------------|------------------------|
| Hedged futures contracts . . . . . | 608,711,611.68         |                        |
| Total . . . . .                    | 608,711,611.68         |                        |

##### (2) Other remarks

Hedged futures contracts refer to investment cost of 1,451,539,207.69 yuan and losses on changes in fair value of 842,827,596.01 yuan of nickel futures contracts held by the Company.



4. *Accounts receivable*

(1) Details

1) Details on categories

| Categories   | Closing balance  |            |                         |                      |                  |
|--|------------------|------------|-------------------------|----------------------|------------------|
|  | Book balance     |            | Provision for bad debts |                      |                  |
|  | Amount           | % to total | Amount                  | Provision proportion | Carrying amount  |
|  |                  |            |                         | (%)                  |                  |
| Receivables with provision made on an individual basis . . . . . | 5,628,944.86     | 0.07       | 5,628,944.86            | 100.00               |                  |
| Receivables with provision made on a collective basis . . . . .  | 8,477,138,974.28 | 99.93      | 440,190,504.93          | 5.19                 | 8,036,948,469.35 |
| Total . . . . .  | 8,482,767,919.14 | 100.00     | 445,819,449.79          | 5.26                 | 8,036,948,469.35 |

(Continued)

| Categories   | Opening balance  |            |                         |                      |                  |
|--|------------------|------------|-------------------------|----------------------|------------------|
|  | Book balance     |            | Provision for bad debts |                      |                  |
|  | Amount           | % to total | Amount                  | Provision proportion | Carrying amount  |
|  |                  |            |                         | (%)                  |                  |
| Receivables with provision made on an individual basis . . . . . | 25,238,344.58    | 0.54       | 25,238,344.58           | 100.00               |                  |
| Receivables with provision made on a collective basis . . . . .  | 4,627,881,296.04 | 99.46      | 244,107,681.70          | 5.27                 | 4,383,773,614.34 |
| Total . . . . .  | 4,653,119,640.62 | 100.00     | 269,346,026.28          | 5.79                 | 4,383,773,614.34 |

2) Accounts receivable with provision made on an individual basis

| Debtors  | Book balance | Provision for bad debts | Provision proportion | Reasons  |
|--|--------------|-------------------------|----------------------|--|
|  |              |                         | (%)                  |  |
| Shenzhen King Power Technology Co., Ltd. . . . . | 4,724,396.86 | 4,724,396.86            | 100.00               | The balances are unlikely to recover due to the debtors' difficulties in operations. |
| Others . . . . .                                 | 904,548.00   | 904,548.00              | 100.00               |  |
| Subtotal . . . . .                               | 5,628,944.86 | 5,628,944.86            | 100.00               |  |

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

| Ages                    | Closing balance  |                         |                      |
|-------------------------|------------------|-------------------------|----------------------|
|                         | Book balance     | Provision for bad debts | Provision proportion |
|                         |                  |                         | (%)                  |
| Within 1 year . . . . . | 8,453,387,822.09 | 422,669,391.10          | 5.00                 |
| 1-2 years . . . . .     | 7,652,233.38     | 1,530,446.68            | 20.00                |
| 2-3 years . . . . .     | 216,503.32       | 108,251.66              | 50.00                |
| Over 3 years . . . . .  | 15,882,415.49    | 15,882,415.49           | 100.00               |
| Subtotal . . . . .      | 8,477,138,974.28 | 440,190,504.93          | 5.19                 |

(2) Age analysis

| Ages                    | Closing book balance |
|-------------------------|----------------------|
| Within 1 year . . . . . | 8,453,890,322.09     |
| 1-2 years . . . . .     | 7,652,233.38         |
| 2-3 years . . . . .     | 1,302,003.32         |
| Over 3 years . . . . .  | 19,923,360.35        |
| Total . . . . .         | 8,482,767,919.14     |

(3) Changes in provision for bad debts

1) Details

| Items  | Opening balance | Increase       |            |               | Decrease |               |               | Closing balance |
|--|-----------------|----------------|------------|---------------|----------|---------------|---------------|-----------------|
|  |                 | Accrual        | Recovery   | Others [Note] | Reversal | Write-off     | Others [Note] |                 |
| Receivables with provision for bad debts made on an individual basis . . . . . | 25,238,344.58   | 502,500.00     |            |               |          | 20,111,899.72 |               | 5,628,944.86    |
| Receivables with provision for bad debts made on a collective basis . . . . .  | 244,107,681.70  | 196,105,511.77 | 200,824.70 | 8,935.09      |          | 195,580.00    | 36,868.33     | 440,190,504.93  |
| Total . . . . .  | 269,346,026.28  | 196,608,011.77 | 200,824.70 | 8,935.09      |          | 20,307,479.72 | 36,868.33     | 445,819,449.79  |

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

(4) Accounts receivable written off in the current period

1) Accounts receivable actually written off in the current period totaled 20,307,479.72 yuan.

2) Significant accounts receivable written off in the current period

| Debtors  | Nature of receivables | Amount written off | Reasons for write-off | Write-off procedures performed                | Whether arising from related party transactions            |
|--|-----------------------|--------------------|-----------------------|---|--|
| Ningxia King Lithium Cell Co., Ltd. . . . .    | Payments for goods    | 9,209,380.00       | Irrecoverable         | Approval signed by the Chairman of the Board. | No   |
| Jiangxi Jialong New Material Co., Ltd. . . . . | Payments for goods    | 5,717,261.90       | Irrecoverable         | Approval signed by the Chairman of the Board. | No   |
| R&F Company . . . . .                          | Payments for goods    | 3,783,340.38       | Irrecoverable         | Approval signed by the Chairman of the Board. | No   |
| Others . . . . .                               | Payments for goods    | 1,597,497.44       | Irrecoverable         | Approval signed by the Chairman of the Board. | It includes related party transactions of 636,200.00 yuan. |
| Subtotal . . . . .                             |                       | 20,307,479.72      |                       |   |  |

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

Closing balance of top 5 debtors totaled 4,582,864,366.19 yuan, accounting for 54.03% of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled 229,143,218.31 yuan.

5. *Receivables financing*

(1) Details

| Items                     | Closing balance  |   | Opening balance  |   |
|---------------------------|------------------|---|------------------|---|
|                           | Carrying amount  | Accumulated provision for credit impairment | Carrying amount  | Accumulated provision for credit impairment |
| Bank acceptance . . . . . | 2,437,994,963.68 |   | 1,319,017,850.74 |   |
| Total . . . . .           | 2,437,994,963.68 |   | 1,319,017,850.74 |   |

(2) No receivables financing written off in the current period.

(3) Pledged notes at the balance sheet date

| Items                     | Closing balance of pledged notes |
|---------------------------|----------------------------------|
| Bank acceptance . . . . . | 1,058,742,915.84                 |
| Subtotal . . . . .        | 1,058,742,915.84                 |

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

| Items                     | Closing balance derecognized |
|---------------------------|------------------------------|
| Bank acceptance . . . . . | 13,879,870,204.22            |
| Subtotal . . . . .        | 13,879,870,204.22            |

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

6. *Advances paid*

(1) Age analysis

1) Details

| Ages                    | Closing balance  |            |                          | Opening balance  |                  |            |                          |                  |
|-------------------------|------------------|------------|--------------------------|------------------|------------------|------------|--------------------------|------------------|
|                         | Book balance     | % to total | Provision for impairment | Carrying amount  | Book balance     | % to total | Provision for impairment | Carrying amount  |
| Within 1 year . . . . . | 1,506,407,435.76 | 90.38      |                          | 1,506,407,435.76 | 1,011,867,650.20 | 93.53      |                          | 1,011,867,650.20 |
| 1-2 years . . . . .     | 122,511,677.38   | 7.35       |                          | 122,511,677.38   | 18,733,104.04    | 1.73       |                          | 18,733,104.04    |
| 2-3 years . . . . .     | 3,100,030.75     | 0.19       |                          | 3,100,030.75     | 10,877,990.36    | 1.01       |                          | 10,877,990.36    |
| Over 3 years . . . . .  | 34,767,342.62    | 2.08       | 32,066,622.51            | 2,700,720.11     | 40,322,246.26    | 3.73       | 32,066,622.51            | 8,255,623.75     |
| Total . . . . .         | 1,666,786,486.51 | 100.00     | 32,066,622.51            | 1,634,719,864.00 | 1,081,800,990.86 | 100.00     | 32,066,622.51            | 1,049,734,368.35 |

2) Significant advances paid with age over one year

| Items                          | Closing balance | Reasons for unsettlement  |
|--------------------------------|-----------------|---|
| Brother Metal Company. . . . . | 111,433,645.96  | Payments for mineral materials. The materials are provided in succession. |
| Subtotal . . . . .             | 111,433,645.96  |   |

3) For closing balances due from Panzhihua Seven-Stars Optoelectronic Tech. Co., Ltd. and Konkola Copper Mines Plc, the debtors could not fulfill the contract due to difficulties in their operations, and the goods were expected to be unavailable and the balances were expected to be irrecoverable. Therefore, the Company fully made provisions for impairment of 32,066,622.51 yuan.

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

Closing balance of top 5 debtors totaled 627,410,800.36 yuan, accounting for 37.64% of the total closing balance of advances paid.

7. *Other receivables*

(1) Details

| Items                        | Closing balance | Opening balance |
|------------------------------|-----------------|-----------------|
| Dividend receivable. . . . . | 163,980,830.12  |                 |
| Other receivables . . . . .  | 416,647,483.37  | 235,190,761.21  |
| Total . . . . .              | 580,628,313.49  | 235,190,761.21  |

(2) Dividend receivable

| Items  | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Leyou New Energy Materials (Wuxi) Co., Ltd.<br>(the "Leyou Company") . . . . . | 163,980,830.12  |                 |
| Subtotal . . . . .   | 163,980,830.12  |                 |

As of the date of approval for issuing the financial statements, the Company has received the above dividend.

(3) Other receivables

1) Details

a. Details on categories

| Categories  | Closing balance |            |                         |                          |                 |
|---|-----------------|------------|-------------------------|--------------------------|-----------------|
|   | Book balance    |            | Provision for bad debts |                          |                 |
|   | Amount          | % to total | Amount                  | Provision proportion (%) | Carrying amount |
| Receivables with provision made on an individual basis. . . . . | 3,917,282.59    | 0.83       | 3,917,282.59            | 100.00                   |                 |
| Receivables with provision made on a collective basis. . . . .  | 470,117,552.45  | 99.17      | 53,470,069.08           | 11.37                    | 416,647,483.37  |
| Total . . . . .   | 474,034,835.04  | 100.00     | 57,387,351.67           | 12.11                    | 416,647,483.37  |

(Continued)

| Categories   | Opening balance |            |                         |                          |                 |
|--|-----------------|------------|-------------------------|--------------------------|-----------------|
|  | Book balance    |            | Provision for bad debts |                          |                 |
|  | Amount          | % to total | Amount                  | Provision proportion (%) | Carrying amount |
| Receivables with provision made on an individual basis . . . . . | 3,917,282.59    | 1.40       | 3,917,282.59            | 100.00                   |                 |
| Receivables with provision made on a collective basis . . . . .  | 275,267,441.02  | 98.60      | 40,076,679.81           | 14.56                    | 235,190,761.21  |
| Total . . . . .  | 279,184,723.61  | 100.00     | 43,993,962.40           | 15.76                    | 235,190,761.21  |

b. Other receivables with provision made on an individual basis

| Debtors  | Book balance | Provision for bad debts | Provision proportion (%) | Reasons  |
|--|--------------|-------------------------|--------------------------|--|
| Wulong Power (Chongqing) Lithium Battery Materials Co., Ltd. . . . . | 3,917,282.59 | 3,917,282.59            | 100.00                   | The balances are unlikely to recover due to the debtors' difficulties in operations. |
| Subtotal . . . . .   | 3,917,282.59 | 3,917,282.59            | 100.00                   |  |

c. Other receivables with provision for bad debts made on a collective basis

| Portfolios   | Closing balance |                         |                          |
|--|-----------------|-------------------------|--------------------------|
|  | Book balance    | Provision for bad debts | Provision proportion (%) |
| Portfolio grouped with government funds receivable . . . . . | 152,131,678.48  |                         |                          |
| Portfolio grouped with ages . . . . .                        | 317,985,873.97  | 53,470,069.08           | 16.82                    |
| Including: Within 1 year . . . . .                           | 188,131,049.74  | 9,406,552.49            | 5.00                     |
| 1-2 years . . . . .  | 84,780,788.76   | 16,956,157.75           | 20.00                    |
| 2-3 years . . . . .  | 35,933,353.26   | 17,966,676.63           | 50.00                    |
| Over 3 years . . . . .                                       | 9,140,682.21    | 9,140,682.21            | 100.00                   |
| Subtotal . . . . .   | 470,117,552.45  | 53,470,069.08           | 11.37                    |

2) Age analysis

| Ages                    | Closing book balance |
|-------------------------|----------------------|
| Within 1 year . . . . . | 340,262,728.22       |
| 1-2 years . . . . .     | 88,698,071.35        |
| 2-3 years . . . . .     | 35,933,353.26        |
| Over 3 years . . . . .  | 9,140,682.21         |
| Total . . . . .         | 474,034,835.04       |

## Changes in provision for bad debts

| Items   | Stage 1                         | Stage 2   | Stage 3   | Total         |
|---|---------------------------------|---|---|---------------|
|   | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) |               |
| Opening balance. . . . .                              | 5,443,382.68                    | 9,852,970.52  | 28,697,609.20                                     | 43,993,962.40 |
| Opening balance in the current period . . . . .       | —                               | —   | —   |               |
| — Transferred to stage 2 . . . . .                    | -4,239,039.44                   | 4,239,039.44  |   |               |
| — Transferred to stage 3 . . . . .                    |                                 | -11,757,011.76  | 11,757,011.76                                     |               |
| — Reversed to stage 2 . . . . .                       |                                 |   |   |               |
| — Reversed to stage 1 . . . . .                       |                                 |   |   |               |
| Provision made in the current period . . . . .        | 8,199,959.23                    | 14,615,452.79   | -9,615,935.82                                     | 13,199,476.20 |
| Provision recovered in the current period . . . . .   |                                 |   |   |               |
| Provision reversed in the current period . . . . .    |                                 |   |   |               |
| Provision written off in the current period . . . . . |                                 |   |   |               |
| Other changes [Note] . . . . .                        | 2,250.02                        | 5,706.76  | 185,956.29  | 193,913.07    |
| Closing balance . . . . .                             | 9,406,552.49                    | 16,956,157.75   | 31,024,641.43                                     | 57,387,351.67 |

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

### 3) Other receivables categorized by nature

| Nature of receivables         | Closing book balance | Opening book balance |
|-------------------------------|----------------------|----------------------|
| Security deposits. . . . .    | 285,075,139.30       | 167,295,082.41       |
| Export tax refund . . . . .   | 152,131,678.48       | 79,374,213.15        |
| Petty cash. . . . .           | 9,310,639.23         | 7,539,168.62         |
| Temporary borrowings. . . . . | 15,425,952.02        | 15,333,606.77        |
| Others . . . . .              | 12,091,426.01        | 9,642,652.66         |
| Total . . . . .               | 474,034,835.04       | 279,184,723.61       |

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

| Debtors  | Nature of receivables | Book balance   | Ages  | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|--|-----------------------|----------------|---|--|-------------------------|
| Export tax refund receivable. . . . .          | Export tax refund     | 152,131,678.48 | Within 1 year   | 32.09  |                         |
| Cinda Financial Leasing Co., Ltd. . . . .      | Security deposits     | 115,500,000.00 | Within 1 year:<br>60,000,000.00<br>yuan;<br>1-2 years:<br>55,500,000.00<br>yuan | 24.37  | 14,100,000.00           |
| Everbright Financial Leasing Co., Ltd. . . . . | Security deposits     | 32,500,000.00  | Within 1 year   | 6.86   | 1,625,000.00            |
| Yantai Cash Industrial Co., Ltd. . . . .       | Security deposits     | 28,800,000.00  | Within 1 year   | 6.08   | 1,440,000.00            |

| Debtors                           | Nature of receivables | Book balance   | Ages  | Proportion to the total balance of other receivables | Provision for bad debts |
|-----------------------------------|-----------------------|----------------|---|--|-------------------------|
|                                   |                       |                |   | (%)  |                         |
| SINO IC Leasing Co., Ltd. . . . . | Security deposits     | 12,000,000.00  | Within 1 year:<br>6,600,000.00 yuan;<br>1-2 years:<br>5,400,000.00 yuan | 2.53   | 1,410,000.00            |
| Subtotal . . . . .                |                       | 340,931,678.48 |   | 71.93  | 18,575,000.00           |

## 8. Inventories

### (1) Details

| Items  | Closing balance [Note] |                          |                   | Opening balance  |                          |                  |
|--|------------------------|--------------------------|-------------------|------------------|--------------------------|------------------|
|  | Book balance           | Provision for write-down | Carrying amount   | Book balance     | Provision for write-down | Carrying amount  |
| Raw materials. . . . .                                   | 9,474,980,852.67       | 208,141,643.64           | 9,266,839,209.03  | 4,502,475,893.36 | 2,930,164.38             | 4,499,545,728.98 |
| Work in process. . . . .                                 | 3,393,242,911.46       | 42,687,233.53            | 3,350,555,677.93  | 1,999,451,448.20 | 1,658,601.67             | 1,997,792,846.53 |
| Goods on hand . . . . .                                  | 4,828,740,835.73       | 321,960,882.29           | 4,506,779,953.44  | 2,541,388,791.33 | 47,031,014.69            | 2,494,357,776.64 |
| Materials on consignment for further processing. . . . . | 571,492,339.50         | 3,644,503.40             | 567,847,836.10    | 43,260,608.84    |                          | 43,260,608.84    |
| Total . . . . .  | 18,268,456,939.36      | 576,434,262.86           | 17,692,022,676.50 | 9,086,576,741.73 | 51,619,780.74            | 9,034,956,960.99 |

Note: Closing balance includes gains or losses on changes in fair value of hedged inventories of 698,873,451.32 yuan. Please refer to section IX (II) of notes to the financial statements for details.

### (2) Provision for inventory write-down

#### 1) Details

| Items  | Opening balance | Increase         |        | Decrease              |        | Closing balance |
|--|-----------------|------------------|--------|-----------------------|--------|-----------------|
|  |                 | Accrual          | Others | Reversal or write-off | Others |                 |
| Raw materials . . . . .                                  | 2,930,164.38    | 220,344,768.29   |        | 15,133,289.03         |        | 208,141,643.64  |
| Work in process . . . . .                                | 1,658,601.67    | 106,358,056.28   |        | 65,329,424.42         |        | 42,687,233.53   |
| Goods on hand . . . . .                                  | 47,031,014.69   | 959,888,729.48   |        | 684,958,861.88        |        | 321,960,882.29  |
| Materials on consignment for further processing. . . . . |                 | 3,644,503.40     |        |                       |        | 3,644,503.40    |
| Total . . . . .  | 51,619,780.74   | 1,290,236,057.45 |        | 765,421,575.33        |        | 576,434,262.86  |

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, with provisions for inventory write-down made on the excess of its cost over the net realizable value on an individual basis. Net realizable value of goods on hand are measured based on estimated selling price less estimated selling expenses and relevant taxes and surcharges; net realizable value of raw materials, work in process and materials on consignment for further processing are measured based on estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges. Current decreases all refer to provision for inventory write-down made in the preceding period but written off in the current period due to sale or use of relevant inventories.

9. *Other current assets*

| Items  | Closing balance  |                          |                  | Opening balance |                          |                 |
|--|------------------|--------------------------|------------------|-----------------|--------------------------|-----------------|
|  | Book balance     | Provision for impairment | Carrying amount  | Book balance    | Provision for impairment | Carrying amount |
| Input VAT to be credited or refunded . . . . . | 2,721,895,467.94 |                          | 2,721,895,467.94 | 861,711,599.53  |                          | 861,711,599.53  |
| Prepaid enterprise income tax . . . . .        | 169,242,349.00   |                          | 169,242,349.00   | 4,763,559.99    |                          | 4,763,559.99    |
| Total . . . . .                                | 2,891,137,816.94 |                          | 2,891,137,816.94 | 866,475,159.52  |                          | 866,475,159.52  |

10. *Long-term receivables*

(1) Details

| Items   | Closing balance |                         |                 | Opening balance |                         |                 |                     |
|---|-----------------|-------------------------|-----------------|-----------------|-------------------------|-----------------|---------------------|
|   | Book balance    | Provision for bad debts | Carrying amount | Book balance    | Provision for bad debts | Carrying amount | Discount rate range |
| La Societe Immobiliere du Congo . . . . .                                   | 1,229,077.79    |                         | 1,229,077.79    | 1,125,151.66    |                         | 1,125,151.66    | N/A                 |
| La Sino-Congolaise Des Mines S. A. (the “SGM”) . . . . .                    | 40,967,866.58   |                         | 40,967,866.58   | 37,503,780.11   |                         | 37,503,780.11   | N/A                 |
| Gecamines . . . . .   | 2,048,462.98    |                         | 2,048,462.98    | 1,875,252.76    |                         | 1,875,252.76    | N/A                 |
| La Province du Lualaba . . . . .  | 15,760,397.55   |                         | 15,760,397.55   | 14,427,758.47   |                         | 14,427,758.47   | N/A                 |
| Indonesia Weda Bay Industrial Park Co., Ltd. (the “IWIP Company”) . . . . . | 193,476,588.00  |                         | 193,476,588.00  | 177,116,946.00  |                         | 177,116,946.00  | N/A                 |
| Veinstone Investment Limited (the “Veinstone”) . . . . .                    | 113,996,572.80  |                         | 113,996,572.80  | 104,357,457.60  |                         | 104,357,457.60  | N/A                 |
| PT. Prima Puncak Mulia (the “PPM Company”) . . . . .                        | 118,815,888.59  |                         | 118,815,888.59  |                 |                         |                 | N/A                 |
| Total . . . . .   | 486,294,854.29  |                         | 486,294,854.29  | 336,406,346.60  |                         | 336,406,346.60  |                     |

(2) Other remarks

1) Gecamines, La Societe Immobiliere du Congo, SGM

Pursuant to the “Agreement on Establishment of Joint Venture” entered into among the Company, Gecamines, La Societe Immobiliere du Congo, China Railway Group (Hong Kong) Limited, China Railway Resources Development Co., Ltd., Sinohydro Corporation Limited, Sinohydro Harbour Co., Ltd. and China Metallurgical Group Corporation in September 2008 and the “Confirmation of Equity Adjustment” entered into among the Company, China Railway (Hong Kong) Engineering Limited and Sinohydro Resources Limited on October 23, 2013, the Company respectively rendered borrowings of USD294,125.00 (equivalent to 2,048,462.98 yuan according to the exchange rate as at December 31, 2022) and USD176,475.00 (equivalent to 1,229,077.79 yuan as at December 31, 2022) to Gecamines and La Societe Immobiliere du Congo for their contributions to SGM, and rendered borrowings of USD5,882,300.00 (equivalent to 40,967,866.58 yuan according to the exchange rate as at December 31, 2022) to SGM. Gecamines and La Societe Immobiliere du Congo would repay the borrowings with dividends distributed by SGM, and SGM would repay the borrowings with its earnings from operations free of interest.



2) La Province du Lualaba

Pursuant to the “Pre-financing Agreement on Restoration Engineering of Luena Road” and the “Concession Contract” entered into between the subsidiary CDM Company and La Province du Lualaba respectively in September 2017 and March 2018, the subsidiary CDM Company rendered borrowings of USD4.00 million to La Province du Lualaba for road restoration. La Province du Lualaba would repay the borrowings with taxes on proceedings from right-of-way of the road section. As of December 31, 2022, the subsidiary CDM Company has paid USD2,262,929.32 (equivalent to 15,760,397.55 yuan according to the exchange rate as at December 31, 2022).

3) IWIP Company

Pursuant to the “Shareholder Loan Agreement” entered into between the subsidiary Huachuang International and the associate IWIP Company in 2019, Huachuang International, as shareholder of IWIP Company, rendered shareholder borrowings of USD27,780,000.00 to IWIP Company (equivalent to 193,476,588.00 yuan according to the exchange rate as at December 31, 2022). Such shareholder borrowings were rendered together with other shareholders based on holding proportions.

4) Veinstone

Pursuant to the “Supplementary Agreement” entered into among the subsidiary Huayou Mining Hong Kong, Newstride Limited, Zhenshi Group Hong Kong Cornerstone Investment Co., Ltd., Brunp (China) Recycling Technology Co., Ltd. and Yongqing Technology Co., Ltd. in 2019, Huayou Mining Hong Kong, as shareholder of Veinstone, rendered shareholder borrowings of USD16,368,000.00 (equivalent to 113,996,572.80 yuan according to the exchange rate as at December 31, 2022) to Veinstone. Such shareholder borrowings were rendered together with other shareholders based on holding proportions.

5) PPM Company

Pursuant to the “PPM Loan Agreement” entered into between the subsidiary Huayong International and PPM Company, the second largest shareholder of PT. Hamparan Logistik Nusantara (the “HLN Company”), Huayong International rendered borrowings of IDR267,001,996,830 (equivalent to 118,815,888.59 yuan according to the exchange rate as at December 31, 2022) to PPM Company to support PPM Company’s subscription of equity of HLN Company. PPM Company would repay the borrowings with dividend distributed by HLN Company and gains on realization of shares of HLN Company if it is successfully listed.

As there was no obvious evidence indicating impairment of the above long-term receivables, no provision for impairment was made thereon.

*11. Long-term equity investments*

(1) Categories

| Items                                   | Closing balance  |                          |                  | Opening balance  |                          |                  |
|---|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|   | Book balance     | Provision for impairment | Carrying amount  | Book balance     | Provision for impairment | Carrying amount  |
| Investments in associates . . .         | 7,913,510,635.32 | 4,640,501.42             | 7,908,870,133.90 | 3,426,087,640.29 | 4,640,501.42             | 3,421,447,138.87 |
| Investments in joint ventures . . . . . | 5,754,684.53     |                          | 5,754,684.53     | 6,305,745.11     |                          | 6,305,745.11     |
| Total . . . . .                         | 7,919,265,319.85 | 4,640,501.42             | 7,914,624,818.43 | 3,432,393,385.40 | 4,640,501.42             | 3,427,752,883.98 |

## (2) Details

| Investees   | Opening balance  | Increase/Decrease     |                       |  |  |
|---|------------------|-----------------------|-----------------------|--|--|
|   |                  | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Joint ventures . . . . .  |                  |                       |                       |  |  |
| PT. Alam Hijau Environmental Services (the “Alam Hijau”) . . . . .  | 6,305,745.11     |                       |                       | -528,384.54                                      | -22,676.04                               |
| Subtotal . . . . .  | 6,305,745.11     |                       |                       | -528,384.54                                      | -22,676.04                               |
| Associates . . . . .  |                  |                       |                       |  |  |
| Newstride Technology Limited (the “Newstride Technology”) . . . . .   | 923,679,885.96   |                       |                       | 702,445,825.17                                   | 106,187,327.88                           |
| Quzhou Minfu Woneng New Energy Vehicle Technology Co., Ltd. (the “Minfu Woneng”) . . . . .  |                  |                       |                       |  |  |
| Nanjing Hanmo New Energy Industry Investment Partnership (LP) (the “Hanmo New Energy”) . . . . .  |                  |                       |                       |  |  |
| AVZ Minerals Limited (the “AVZ Company”) . . . . .  | 66,692,163.38    |                       |                       | -5,772,518.56                                    | 578,543.87                               |
| Zhejiang Puhua New Energy Materials Co., Ltd. (the “Puhua Company”) . . . . .   | 125,720,419.65   | 273,830,000.00        |                       | 44,456,316.78                                    |  |
| Leyou Company . . . . .   | 1,136,175,248.78 |                       |                       | 819,107,204.25                                   |  |
| Ruiyou Investment Company Limited (the “Ruiyou Company”) . . . . .  | 9,997,989.00     |                       |                       | -4,975.22  | 7,129.67                                 |
| Veinstone . . . . .   | 142,804,299.07   |                       |                       | 24,577,685.90                                    | 13,708,725.61                            |
| IWIP Company . . . . .  | 189,316,474.26   |                       |                       | 85,804,317.68                                    | 20,698,583.56                            |
| PT. Hua Pioneer Indonesia (the “Indonesia Huatuo”) . . . . .  |                  |                       |                       |  |  |
| Quzhou Anyou Equity Investment Partnership (LP) (the “Quzhou Anyou”) . . . . .  | 598,430,946.19   |                       |                       | -4,312,884.44                                    |  |
| POSCO-HY Clean Metal Co., Ltd. (the “PHC Company”) . . . . .  | 222,308,170.44   |                       |                       | -11,240,706.87                                   | 6,559,274.74                             |
| Shenzhen Phoenicia Technology Co., Ltd. (the “Shenzhen Phoenicia”) . . . . .  | 4,552,737.31     |                       | 2,737,961.61          | -314,775.70                                      |  |
| PT. Huafei Nickel Cobalt (the “Huafei Indonesia”) . . . . .   | 1,768,804.83     |                       |                       | -1,761,501.62                                    | -7,303.21                                |
| Hunan Yacheng New Energy Co., Ltd. (formerly known as Hunan Yacheng New Materials Co., Ltd.) (the “Hunan Yacheng”) . . . . .                    |                  | 120,000,000.00        |                       | 11,053,666.21                                    |  |
| Hubei Xingyou New Energy Technology Co., Ltd. (the “Hubei Xingyou”) . . . . .   |                  | 24,500,000.00         | 23,342,636.19         | -1,157,363.81                                    |  |
| Guangxi Times Li-ion New Energy Materials Investment Management Center (LP) (the “Guangxi Times Li-ion Investment Management Center”) . . . . . |                  | 710,488,575.00        |                       | -1,733,821.53                                    |  |
| Guangxi Times Li-ion New Materials Industry Development Fund Partnership (LP) (the “Guangxi Times Li-ion Industry Fund”) . . . . .              |                  | 660,800,000.00        |                       | -2,809,341.58                                    |  |

| Investees   | Increase/Decrease |                       |                       |  |  |
|---|-------------------|-----------------------|-----------------------|--|--|
|   | Opening balance   | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Quzhou Xinhua Equity Investment Partnership (LP) (the "Quzhou Xinhua") . . . . .                      |                   | 1,189,000,000.00      |                       | -6,164,904.72                                    |  |
| Zhejiang Power Investment Huayou Intelligent Energy Co., Ltd. (the "Zhejiang Power Investment") . . . |                   | 1,800,000.00          |                       |  |  |
| Tongxiang Lithium Times Equity Investment Partnership (LP) (the "Tongxiang Lithium Times") . . . . .  |                   |                       |                       | -19,474.44                                       |  |
| Subtotal . . . . .  | 3,421,447,138.87  | 2,980,418,575.00      | 26,080,597.80         | 1,652,152,747.50                                 | 147,732,282.12                           |
| Total . . . . .   | 3,427,752,883.98  | 2,980,418,575.00      | 26,080,597.80         | 1,651,624,362.96                                 | 147,709,606.08                           |

(Continued)

| Investees   | Increase/Decrease       |  |                          |               |                  | Closing balance of provision for impairment |
|---|-------------------------|--|--------------------------|---------------|------------------|---|
|   | Changes in other equity | Cash dividend/Profit declared for distribution | Provision for impairment | Others        | Closing balance  |   |
| Joint ventures . . . . .                                    |                         |  |                          |               |                  |   |
| Alam Hijau . . . . .  |                         |  |                          |               | 5,754,684.53     |   |
| Subtotal . . . . .  |                         |  |                          |               | 5,754,684.53     |   |
| Associates . . . . .  |                         |  |                          |               |                  |   |
| Newstride Technology . . . . .                              |                         | 100,365,434.82                                 |                          |               | 1,631,947,604.19 |   |
| Minfu Woneng . . . . .                                      |                         |  |                          |               |                  | 1,161,307.33                                |
| Hanmo New Energy . . . . .                                  |                         |  |                          |               |                  |   |
| AVZ Company . . . . .                                       |                         |  |                          |               | 61,498,188.69    |   |
| Puhua Company . . . . .                                     |                         |  |                          |               | 444,006,736.43   |   |
| Leyou Company . . . . .                                     |                         | 163,980,830.12                                 |                          |               | 1,791,301,622.91 |   |
| Ruiyou Company . . . . .                                    |                         |  |                          |               | 10,000,143.45    |   |
| Veinstone . . . . .   |                         |  |                          |               | 181,090,710.58   |   |
| IWIP Company . . . . .                                      |                         |  |                          |               | 295,819,375.50   |   |
| Indonesia Huatuo . . . . .                                  |                         |  |                          |               |                  | 3,479,194.09                                |
| Quzhou Anyou . . . . .                                      |                         |  |                          |               | 594,118,061.75   |   |
| PHC Company . . . . .                                       |                         |  |                          |               | 217,626,738.31   |   |
|   |                         |  |                          | -1,500,000.00 |                  |   |
| Shenzhen Phoenicia . . . . .                                |                         |  |                          | [Note]        |                  |   |
| Huafei Indonesia . . . . .                                  |                         |  |                          |               |                  |   |
| Hunan Yacheng . . . . .                                     | -953,746.85             |  |                          |               | 130,099,919.36   |   |
| Hubei Xingyou . . . . .                                     |                         |  |                          |               |                  |   |
| Guangxi Times Li-ion Investment Management Center . . . . . |                         |  |                          |               | 708,754,753.47   |   |
| Guangxi Times Li-ion Industry Fund . . . . .                |                         |  |                          |               | 657,990,658.42   |   |
| Quzhou Xinhua . . . . .                                     |                         |  |                          |               | 1,182,835,095.28 |   |
| Zhejiang Power Investment . . . . .                         |                         |  |                          |               | 1,800,000.00     |   |
| Tongxiang Lithium Times . . . . .                           |                         |  |                          |               | -19,474.44       |   |
| Subtotal . . . . .  | -953,746.85             | 264,346,264.94                                 |                          | -1,500,000.00 | 7,908,870,133.90 | 4,640,501.42                                |
| Total . . . . .   | -953,746.85             | 264,346,264.94                                 |                          | -1,500,000.00 | 7,914,624,818.43 | 4,640,501.42                                |

Note: As the subsidiary Jiangsu Huayou no longer had a significant influence over Shenzhen Phoenicia after transferring 10.00% of its equity, the Company designated the investment in Shenzhen Phoenicia as other equity instrument investments at fair value through other comprehensive income.

## 12. Other equity instrument investments

### (1) Details

| Items   | Closing balance | Opening balance | Dividend income | Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings |                 |
|---|-----------------|-----------------|-----------------|--|-----------------|
|   |                 |                 |                 | Amount   | Reasons         |
| Beijing Saidemei Resources Recycling Research Institute Co., Ltd. (the "Beijing Saidemei"). . . |                 | 1,550,000.00    |                 | 2,513,800.00   | Equity transfer |
| Inner Mongolia Sinuo New Material Technology Co., Ltd. (the "Inner Mongolia Sinuo"). . .        | 36,894,737.00   | 29,000,000.00   |                 |  |                 |
| HANAQ Company . . . . .   | 4,002,445.81    | 4,002,445.81    |                 |  |                 |
| Shenzhen Phoenicia. . . . .   | 1,750,000.00    |                 |                 |  |                 |
| Total . . . . .   | 42,647,182.81   | 34,552,445.81   |                 | 2,513,800.00   |                 |

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

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

## 13. Other non-current financial assets

### (1) Details

| Items   | Closing balance | Opening balance |
|---|-----------------|-----------------|
| Financial assets classified as at fair value through profit or loss . . . . . | 527,509,366.89  | 6,573,600.00    |
| Including: Equity instrument investments . . . . .                            | 527,509,366.89  | 6,573,600.00    |
| Total . . . . .   | 527,509,366.89  | 6,573,600.00    |

### (2) Other remarks

| Investees                   | Opening balance | Increase       | Decrease | Closing balance |
|-----------------------------|-----------------|----------------|----------|-----------------|
| SGM . . . . .               | 6,573,600.00    |                |          | 6,573,600.00    |
| HLN Company [Note]. . . . . |                 | 520,935,766.89 |          | 520,935,766.89  |
| Subtotal . . . . .          | 6,573,600.00    | 520,935,766.89 |          | 527,509,366.89  |

*Note:* Pursuant to the "Agreement on Convertible Bonds" entered into between the subsidiary Huayong International and HLN Company in 2022, the subsidiary Huayong International subscribed convertible bonds corresponding to 10.00% of equity of HLN Company at a price of IDR 1.07 trillion (presented under non-current financial assets).

#### 14. Fixed assets

##### (1) Details

| Items                           | Buildings and structures | Machinery         | Transport facilities | Other equipment | Total             |
|---------------------------------|--------------------------|-------------------|----------------------|-----------------|-------------------|
| <b>Cost</b>                     |                          |                   |                      |                 |                   |
| Opening balance . . . . .       | 5,384,618,800.50         | 9,668,703,108.81  | 337,973,625.73       | 424,401,887.41  | 15,815,697,422.45 |
| Increase. . . . .               | 4,097,414,617.67         | 11,342,822,997.74 | 429,970,702.33       | 229,886,369.77  | 16,100,094,687.51 |
| 1) Acquisition . . . . .        | 55,824,799.16            | 119,268,815.34    | 291,613,201.44       | 76,462,458.16   | 543,169,274.10    |
| 2) Transferred in from          |                          |                   |                      |                 |                   |
| construction in progress . .    | 3,790,436,363.27         | 10,625,929,114.40 |                      | 148,801,804.29  | 14,565,167,281.96 |
| 3) Business combination . . .   | 188,291.53               | 16,009,607.12     | 97,191,877.84        | 2,046,602.65    | 115,436,379.14    |
| 4) Translation reserve . . . .  | 250,965,163.71           | 581,615,460.88    | 41,165,623.05        | 2,575,504.67    | 876,321,752.31    |
| Decrease . . . . .              | 63,092,781.92            | 49,500,609.12     | 5,420,476.85         | 14,224,510.92   | 132,238,378.81    |
| 1) Disposal/Scrapping . . . .   | 21,481,271.55            | 42,469,237.23     | 3,606,433.87         | 13,692,692.16   | 81,249,634.81     |
| 2) Business combination . . .   | 41,611,510.37            | 7,031,371.89      | 1,814,042.98         | 531,818.76      | 50,988,744.00     |
| Closing balance. . . . .        | 9,418,940,636.25         | 20,962,025,497.43 | 762,523,851.21       | 640,063,746.26  | 31,783,553,731.15 |
| <b>Accumulated depreciation</b> |                          |                   |                      |                 |                   |
| Opening balance . . . . .       | 946,205,604.11           | 2,445,888,522.15  | 96,843,962.26        | 159,237,295.09  | 3,648,175,383.61  |
| Increase. . . . .               | 369,856,144.59           | 1,428,974,253.10  | 78,881,510.37        | 89,342,577.06   | 1,967,054,485.12  |
| 1) Accrual . . . . .            | 319,413,713.98           | 1,305,277,101.30  | 65,022,812.07        | 86,851,312.16   | 1,776,564,939.51  |
| 2) Business combination . . .   | 7,523.80                 | 4,713,170.55      | 4,852,261.58         | 1,308,805.56    | 10,881,761.49     |
| 3) Translation reserve . . . .  | 50,434,906.81            | 118,983,981.25    | 9,006,436.72         | 1,182,459.34    | 179,607,784.12    |
| Decrease . . . . .              | 28,233,592.65            | 36,559,929.04     | 4,312,421.18         | 4,984,493.33    | 74,090,436.20     |
| 1) Disposal/Scrapping . . . .   | 3,129,220.98             | 30,426,651.23     | 2,734,116.83         | 4,630,702.10    | 40,920,691.14     |
| 2) Business combination . . .   | 25,104,371.67            | 6,133,277.81      | 1,578,304.35         | 353,791.23      | 33,169,745.06     |
| Closing balance. . . . .        | 1,287,828,156.05         | 3,838,302,846.21  | 171,413,051.45       | 243,595,378.82  | 5,541,139,432.53  |
| <b>Provision for impairment</b> |                          |                   |                      |                 |                   |
| Opening balance . . . . .       | 21,908,400.62            | 19,577,616.87     | 174,687.29           | 1,411,615.52    | 43,072,320.30     |
| Increase. . . . .               |                          |                   |                      |                 |                   |
| 1) Accrual . . . . .            |                          |                   |                      |                 |                   |
| 2) Translation reserve . . . .  |                          |                   |                      |                 |                   |
| Decrease . . . . .              | 16,507,138.70            | 1,012,516.83      | 174,687.29           | 33,222.87       | 17,727,565.69     |
| 1) Disposal/Scrapping . . . .   |                          | 192,352.84        |                      | 5,177.63        | 197,530.47        |
| 2) Business combination . . .   | 16,507,138.70            | 820,163.99        | 174,687.29           | 28,045.24       | 17,530,035.22     |
| Closing balance. . . . .        | 5,401,261.92             | 18,565,100.04     |                      | 1,378,392.65    | 25,344,754.61     |
| <b>Carrying amount</b>          |                          |                   |                      |                 |                   |
| Closing balance. . . . .        | 8,125,711,218.28         | 17,105,157,551.18 | 591,110,799.76       | 395,089,974.79  | 26,217,069,544.01 |
| Opening balance . . . . .       | 4,416,504,795.77         | 7,203,236,969.79  | 240,954,976.18       | 263,752,976.80  | 12,124,449,718.54 |

##### (2) Fixed assets temporarily idle

| Items                         | Cost          | Accumulated depreciation | Provision for impairment | Carrying amount | Remarks |
|-------------------------------|---------------|--------------------------|--------------------------|-----------------|---------|
| Buildings and structures. . . | 10,703,380.52 | 4,600,152.73             | 6,103,227.79             |                 |         |
| Machinery . . . . .           | 42,759,143.34 | 31,451,272.59            | 10,823,071.60            | 484,799.15      |         |
| Other equipment. . . . .      | 293,467.24    | 221,584.58               | 8,630.74                 | 63,251.92       |         |
| Subtotal . . . . .            | 53,755,991.10 | 36,273,009.90            | 16,934,930.13            | 548,051.07      |         |

##### (3) Fixed assets leased out under operating leases

| Items                              | Closing carrying amount |
|------------------------------------|-------------------------|
| Buildings and structures . . . . . | 143,222.36              |
| Other equipment . . . . .          | 9,258,001.05            |
| Subtotal . . . . .                 | 9,401,223.41            |

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

(4) Fixed assets with certificate of titles being unsettled

| Items                              | Carrying amount  | Reasons for<br>unsettlement |
|------------------------------------|------------------|-----------------------------|
| Buildings and structures . . . . . | 1,463,072,992.15 | In processing.              |
| Subtotal . . . . .                 | 1,463,072,992.15 |                             |

15. Construction in progress

(1) Details

| Items                              | Closing balance   | Opening balance  |
|------------------------------------|-------------------|------------------|
| Construction in progress . . . . . | 13,979,069,175.94 | 9,107,231,788.43 |
| Construction materials . . . . .   | 302,860,651.42    | 713,205,093.03   |
| Total . . . . .                    | 14,281,929,827.36 | 9,820,436,881.46 |

(2) Construction in progress

1) Details

| Items   | Closing balance |                             |                    | Opening balance |                             |                    |
|---|-----------------|-----------------------------|--------------------|-----------------|-----------------------------|--------------------|
|   | Book balance    | Provision for<br>impairment | Carrying<br>amount | Book balance    | Provision for<br>impairment | Carrying<br>amount |
| Construction project of<br>Cobalt and Nickel New<br>Material Research<br>Institute . . . . .  |                 |                             |                    | 183,077,163.04  |                             | 183,077,163.04     |
| Construction project of<br>Huayou Technology<br>Innovation Center. . . . .  | 149,940,716.33  |                             | 149,940,716.33     | 105,518,876.90  |                             | 105,518,876.90     |
| High-purity ternary power<br>battery grade nickel sulfate<br>project with an annual<br>output of 30,000 tons<br>(metal content) . . . . . | 47,462,104.45   |                             | 47,462,104.45      | 404,971,085.98  |                             | 404,971,085.98     |
| High-grade nickel power<br>battery grade nickel sulfate<br>project with an annual<br>output of 50,000 tons<br>(metal content) . . . . .   |                 |                             |                    | 251,206,988.70  |                             | 251,206,988.70     |
| Ternary precursor material<br>project for high-grade<br>nickel power battery with<br>an annual output of 50,000<br>tons . . . . .         | 186,281,892.04  |                             | 186,281,892.04     | 755,812,376.99  |                             | 755,812,376.99     |
| Ternary cathode material<br>precursor project for high-<br>performance power battery<br>with an annual output of<br>50,000 tons. . . . .  | 404,521,976.55  |                             | 404,521,976.55     | 101,095,586.82  |                             | 101,095,586.82     |

| Items   | Closing balance   |                          |                   | Opening balance  |                          |                  |
|---|-------------------|--------------------------|-------------------|------------------|--------------------------|------------------|
|   | Book balance      | Provision for impairment | Carrying amount   | Book balance     | Provision for impairment | Carrying amount  |
| Nickel cobalt hydroxide project with an annual output of 60,000 tons (nickel content). . . . .  | 161,760,780.98    |                          | 161,760,780.98    | 5,428,143,914.13 |                          | 5,428,143,914.13 |
| New energy precursor material project for lithium battery with an annual output of 30,000 tons . . . .  | 346,877,601.80    |                          | 346,877,601.80    | 75,436,129.06    |                          | 75,436,129.06    |
| High-grade nickel matte project with an annual output of 45,000 tons (nickel content). . . . .  |                   |                          |                   | 997,080,941.89   |                          | 997,080,941.89   |
| High energy density li-ion battery materials industrialization project . .  |                   |                          |                   | 428,453,373.36   |                          | 428,453,373.36   |
| Construction of Huayou Headquarters Research Institute . . . . .  | 3,107,655.71      |                          | 3,107,655.71      | 120,658,315.19   |                          | 120,658,315.19   |
| High-purity nickel sulfate project with an annual output of 100,000 tons (metal). . . . .   | 441,785,175.04    |                          | 441,785,175.04    |                  |                          |                  |
| Supporting mineral processing and pulp pipeline transportation project . . . . .  | 671,963,139.21    |                          | 671,963,139.21    |                  |                          |                  |
| Integration project of ternary cathode materials with an annual output of 50,000 tons and ternary precursor materials with an annual output of 100,000 tons for high-grade nickel power battery . . . . . | 2,441,012,072.20  |                          | 2,441,012,072.20  |                  |                          |                  |
| The new generation of high specific capacity 3C cathode material project with an annual output of 50,000 tons. . . . .  | 494,291,226.52    |                          | 494,291,226.52    |                  |                          |                  |
| Nickel cobalt hydroxide project with an annual output of 120,000 tons (nickel content). . . . .   | 6,971,754,708.66  |                          | 6,971,754,708.66  |                  |                          |                  |
| Arcadia lithium mining and processing plant in Zimbabwe with an annual processing capacity of 4.50 million tons . . . . .   | 675,020,301.35    |                          | 675,020,301.35    |                  |                          |                  |
| Other piecemeal projects . .  | 983,289,825.10    |                          | 983,289,825.10    | 255,777,036.37   |                          | 255,777,036.37   |
| Subtotal . . . . .  | 13,979,069,175.94 |                          | 13,979,069,175.94 | 9,107,231,788.43 |                          | 9,107,231,788.43 |



## 2) Changes in significant projects

| <b>Projects</b>   | <b>Budgets</b> | <b>Opening balance</b> | <b>Increase [Note]</b> | <b>Transferred to fixed assets</b> | <b>Other decreases</b> | <b>Closing balance</b> |
|---|----------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|
|   | <i>(0'000)</i> |                        |                        |                                    |                        |                        |
| Construction project of Cobalt and Nickel New Material Research Institute . . . . .                                       | 28,739.25      | 183,077,163.04         | 98,053,350.16          | 281,130,513.20                     |                        |                        |
| Construction project of Huayou Technology Innovation Center . . . .   | 40,152.00      | 105,518,876.90         | 50,186,145.56          | 5,764,306.13                       |                        | 149,940,716.33         |
| High-purity ternary power battery grade nickel sulfate project with an annual output of 30,000 tons (metal content) . . . | 80,086.00      | 404,971,085.98         | 232,869,091.80         | 590,378,073.33                     |                        | 47,462,104.45          |
| High-grade nickel power battery grade nickel sulfate project with an annual output of 50,000 tons (metal content) . . .   | 79,455.71      | 251,206,988.70         | 299,191,179.60         | 550,398,168.30                     |                        |                        |
| Ternary precursor material project for high-grade nickel power battery with an annual output of 50,000 tons . . . . .     | 135,306.61     | 755,812,376.99         | 358,995,983.34         | 928,526,468.29                     |                        | 186,281,892.04         |
| Ternary cathode material precursor project for high-performance power battery with an annual output of 50,000 tons . . .  | 124,479.00     | 101,095,586.82         | 676,069,823.93         | 372,643,434.20                     |                        | 404,521,976.55         |
| Nickel cobalt hydroxide project with an annual output of 60,000 tons (nickel content) . . . . .                           | USD124,739.10  | 5,428,143,914.13       | 1,487,458,413.93       | 6,753,841,547.08                   |                        | 161,760,780.98         |
| New energy precursor material project for lithium battery with an annual output of 30,000 tons . . . . .                  | 98,226.00      | 75,436,129.06          | 695,527,026.21         | 424,085,553.47                     |                        | 346,877,601.80         |
| High-grade nickel matte project with an annual output of 45,000 tons (nickel content) . . . . .                           | USD48,943.00   | 997,080,941.89         | 1,683,230,256.45       | 2,680,311,198.34                   |                        |                        |
| High energy density li-ion battery materials industrialization project . . . . .  | 254,213.00     | 428,453,373.36         | 272,534,074.72         | 700,987,448.08                     |                        |                        |
| Construction of Huayou Headquarters Research Institute . . . . .  | 35,000.00      | 120,658,315.19         | 445,713,270.64         | 563,263,930.12                     |                        | 3,107,655.71           |
| High-purity nickel sulfate project with an annual output of 100,000 tons (metal) . . . . .                                | 271,706.20     |                        | 441,785,175.04         |                                    |                        | 441,785,175.04         |

| <b>Projects</b>   | <b>Budgets</b> | <b>Opening balance</b> | <b>Increase [Note]</b> | <b>Transferred to fixed assets</b> | <b>Other decreases</b> | <b>Closing balance</b> |
|---|----------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|
|   | (0'000)        |                        |                        |                                    |                        |                        |
| Supporting mineral processing and pulp pipeline transportation project . . . . .  | USD20,910.00   |                        | 671,963,139.21         |                                    |                        | 671,963,139.21         |
| Integration project of ternary cathode materials with an annual output of 50,000 tons and ternary precursor materials with an annual output of 100,000 tons for high-grade nickel power battery . . . . . | 561,777.00     | 6,684,556.24           | 2,434,327,515.96       |                                    |                        | 2,441,012,072.20       |
| The new generation of high specific capacity 3C cathode material project with an annual output of 50,000 tons . . . . .   | 283,292.00     |                        | 560,850,545.70         | 66,559,319.18                      |                        | 494,291,226.52         |
| Nickel cobalt hydroxide project with an annual output of 120,000 tons (nickel content) . . . . .  | USD198,267.30  |                        | 6,971,754,708.66       |                                    |                        | 6,971,754,708.66       |
| Arcadia lithium mining and processing plant in Zimbabwe with an annual processing capacity of 4.50 million tons . . . . .   | USD24,778.22   |                        | 675,020,301.35         |                                    |                        | 675,020,301.35         |
| Subtotal . . . . .  |                | 8,858,139,308.30       | 18,055,530,002.26      | 13,917,889,959.72                  |                        | 12,995,779,350.84      |

(Continued)

| <b>Projects</b>   | <b>Accumulated input to budget</b> | <b>Completion percentage</b> | <b>Accumulated amount of borrowing cost capitalization</b> | <b>Amount of borrowing cost capitalization in the current period</b> | <b>Annual capitalization rate</b> | <b>Fund source</b>                            |
|---|------------------------------------|------------------------------|--|--|-----------------------------------|---|
|   | (%)                                | (%)                          |  |  | (%)                               |   |
| Construction project of Cobalt and Nickel New Material Research Institute . . . . .   | 135.99                             | 100.00                       |  |  |                                   | Raised funds and other resources              |
| Construction project of Huayou Technology Innovation Center . . . . .   | 126.83                             | 98.00                        | 12,956,807.22  |  |                                   | financial institution loans and other sources |
| High-purity ternary power battery grade nickel sulfate project with an annual output of 30,000 tons (metal content) . . . . . | 115.58                             | 97.00                        |  |  |                                   | Raised funds and other resources              |
| High-grade nickel power battery grade nickel sulfate project with an annual output of 50,000 tons (metal content) . . . . .   | 69.27                              | 100.00                       | 6,454,183.26   | 2,178,010.00   | 3.76                              | financial institution loans and other sources |

| <b>Projects</b>   | <b>Accumulated input to budget</b> | <b>Completion percentage</b> | <b>Accumulated amount of borrowing cost capitalization</b> | <b>Amount of borrowing cost capitalization in the current period</b> | <b>Annual capitalization rate</b> | <b>Fund source</b>  |
|---|------------------------------------|------------------------------|--|--|-----------------------------------|---|
|   | (%)                                | (%)                          |  |  | (%)                               |   |
| Ternary precursor material project for high-grade nickel power battery with an annual output of 50,000 tons. . . . .  | 91.61                              | 90.00                        |  |  |                                   | Raised funds and other resources                            |
| Ternary cathode material precursor project for high-performance power battery with an annual output of 50,000 tons . . .  | 62.43                              | 65.00                        | 14,518,849.97  | 14,518,849.97  | 5.01                              | Raised funds and other resources                            |
| Nickel cobalt hydroxide project with an annual output of 60,000 tons (nickel content) . . . . .   | 86.21                              | 95.00                        | 173,697,867.32   | 66,654,877.17  | 5.58                              | financial institution loans and other sources               |
| New energy precursor material project for lithium battery with an annual output of 30,000 tons . . . . .  | 111.79                             | 80.00                        | 3,402,866.12   |  |                                   | financial institution loans and other sources               |
| High-grade nickel matte project with an annual output of 45,000 tons (nickel content) . . . . .   | 83.53                              | 100.00                       | 14,815,962.78  | 12,380,814.06  | 5.12                              | Raised funds, financial institution loans and other sources |
| High energy density li-ion battery materials industrialization project . . . . .  | 89.10                              | 100.00                       | 59,286,655.43  | 8,889,771.48   | 5.80                              | financial institution loans and other sources               |
| Construction of Huayou Headquarters Research Institute . . . . .  | 161.82                             | 95.00                        |  |  |                                   | Raised funds and other resources                            |
| High-purity nickel sulfate project with an annual output of 100,000 tons (metal) . . . . .  | 16.26                              | 20.00                        | 1,780,506.87   | 1,780,506.87   | 3.76                              | financial institution loans and other sources               |
| Supporting mineral processing and pulp pipeline transportation project . . . . .  | 48.18                              | 50.00                        | 21,826,169.31  | 21,826,169.31  | 4.91                              | financial institution loans and other sources               |
| Integration project of ternary cathode materials with an annual output of 50,000 tons and ternary precursor materials with an annual output of 100,000 tons for high-grade nickel power battery . . . . . | 43.45                              | 60.00                        | 121,021,313.21   | 121,021,313.21   | 4.19                              | Raised funds, financial institution loans and other sources |

| Projects  | Accumulated<br>input to<br>budget | Completion<br>percentage | Accumulated<br>amount of<br>borrowing<br>cost<br>capitalization | Amount of<br>borrowing<br>cost<br>capitalization<br>in the current<br>period | Annual<br>capitalization<br>rate | Fund source                                   |
|---|-----------------------------------|--------------------------|---|--|----------------------------------|---|
|   | (%)                               | (%)                      |   |  | (%)                              |   |
| The new generation of high specific capacity 3C cathode material project with an annual output of 50,000 tons. . . . .    | 19.80                             | 20.00                    | 4,875,544.61  | 4,875,544.61   | 4.69                             | financial institution loans and other sources |
| Nickel cobalt hydroxide project with an annual output of 120,000 tons (nickel content) . . . . .                          | 52.72                             | 60.00                    | 267,799,392.79  | 267,799,392.79   | 4.74                             | financial institution loans and other sources |
| Arcadia lithium mining and processing plant in Zimbabwe with an annual processing capacity of 4.50 million tons . . . . . | 40.84                             | 41.00                    |   |  |                                  | Other sources                                 |
| Subtotal. . . . .   |                                   |                          | 702,436,118.89  | 521,925,249.47   |                                  |   |

Note: Current increase included 765,447,655.06 yuan from changes in the consolidation scope and 689,089,440.07 yuan from translation of foreign currency financial statements of overseas subsidiaries.

### (3) Construction materials

| Items   | Closing balance | Opening balance |
|---|-----------------|-----------------|
| Equipment and construction materials. . . . . | 302,860,651.42  | 713,205,093.03  |
| Subtotal . . . . .                            | 302,860,651.42  | 713,205,093.03  |

### 16. Right-of-use assets

| Items                           | Buildings and<br>structures | Transport facilities | Total          |
|---------------------------------|-----------------------------|----------------------|----------------|
| <b>Cost</b>                     |                             |                      |                |
| Opening balance . . . . .       | 67,345,703.86               | 18,265,807.02        | 85,611,510.88  |
| Increase . . . . .              | 99,788,094.63               |                      | 99,788,094.63  |
| 1) Leased in . . . . .          | 99,351,796.99               |                      | 99,351,796.99  |
| 2) Translation reserve. . . . . | 436,297.64                  |                      | 436,297.64     |
| Decrease . . . . .              |                             |                      |                |
| Closing balance . . . . .       | 167,133,798.49              | 18,265,807.02        | 185,399,605.51 |
| <b>Accumulated depreciation</b> |                             |                      |                |
| Opening balance . . . . .       | 17,332,202.74               | 4,566,451.75         | 21,898,654.49  |
| Increase . . . . .              | 36,729,464.04               | 4,566,451.76         | 41,295,915.80  |
| 1) Accrual . . . . .            | 36,717,320.94               | 4,566,451.76         | 41,283,772.70  |
| 2) Translation reserve. . . . . | 12,143.10                   |                      | 12,143.10      |
| Decrease . . . . .              |                             |                      |                |
| Closing balance . . . . .       | 54,061,666.78               | 9,132,903.51         | 63,194,570.29  |
| <b>Provision for impairment</b> |                             |                      |                |
| Opening balance . . . . .       |                             |                      |                |
| Increase . . . . .              |                             |                      |                |
| Decrease . . . . .              |                             |                      |                |
| Closing balance . . . . .       |                             |                      |                |
| <b>Carrying amount</b>          |                             |                      |                |
| Closing balance . . . . .       | 113,072,131.71              | 9,132,903.51         | 122,205,035.22 |
| Opening balance . . . . .       | 50,013,501.12               | 13,699,355.27        | 63,712,856.39  |

## 17. Intangible assets

### (1) Details

| Items                             | Land use right | Software      | Mining right     | Patent right and software copyright | Pollution discharging right | Total            |
|-----------------------------------|----------------|---------------|------------------|-------------------------------------|-----------------------------|------------------|
| <b>Cost</b>                       |                |               |                  |                                     |                             |                  |
| Opening balance . . . . .         | 739,545,824.88 | 57,911,060.31 | 470,315,468.70   | 267,375,199.35                      | 20,636,200.82               | 1,555,783,754.06 |
| Increase . . . . .                | 114,841,425.90 | 11,060,771.83 | 2,879,944,599.27 |                                     | 4,135,142.00                | 3,009,981,939.00 |
| 1) Acquisition . . . . .          | 98,287,279.40  | 9,057,623.65  |                  |                                     | 4,135,142.00                | 111,480,045.05   |
|                                   |                |               | 2,677,232,468.22 |                                     |                             |                  |
| 2) Business combination . . . . . |                | 1,672,943.84  | [Note]           |                                     |                             | 2,678,905,412.06 |
| 3) Translation reserve . . . . .  | 16,554,146.50  | 330,204.34    | 202,712,131.05   |                                     |                             | 219,596,481.89   |
| Decrease . . . . .                |                |               |                  |                                     |                             |                  |
| Closing balance . . . . .         | 854,387,250.78 | 68,971,832.14 | 3,350,260,067.97 | 267,375,199.35                      | 24,771,342.82               | 4,565,765,693.06 |
| <b>Accumulated amortization</b>   |                |               |                  |                                     |                             |                  |
| Opening balance . . . . .         | 68,757,184.47  | 15,576,149.52 | 253,380,973.26   | 16,449,784.63                       | 9,802,323.83                | 363,966,415.71   |
| Increase . . . . .                | 21,586,708.82  | 6,205,186.67  | 76,266,470.61    | 26,769,543.74                       | 4,170,101.71                | 134,998,011.55   |
| 1) Accrual . . . . .              | 19,327,681.24  | 5,873,224.44  | 50,627,670.54    | 26,769,543.74                       | 4,170,101.71                | 106,768,221.67   |
| 2) Business combination . . . . . |                | 232,199.87    |                  |                                     |                             | 232,199.87       |
| 3) Translation reserve . . . . .  | 2,259,027.58   | 99,762.36     | 25,638,800.07    |                                     |                             | 27,997,590.01    |
| Decrease . . . . .                |                |               |                  |                                     |                             |                  |
| Closing balance . . . . .         | 90,343,893.29  | 21,781,336.19 | 329,647,443.87   | 43,219,328.37                       | 13,972,425.54               | 498,964,427.26   |
| <b>Carrying amount</b>            |                |               |                  |                                     |                             |                  |
| Closing balance . . . . .         | 764,043,357.49 | 47,190,495.95 | 3,020,612,624.10 | 224,155,870.98                      | 10,798,917.28               | 4,066,801,265.80 |
| Opening balance . . . . .         | 670,788,640.41 | 42,334,910.79 | 216,934,495.44   | 250,925,414.72                      | 10,833,876.99               | 1,191,817,338.35 |

Note: It refers to mining right increased due to business combination not under common control of Prospect Lithium.

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

| Items   | Carrying amount | Reasons for unsettlement |
|---|-----------------|--------------------------|
| Land use right of Huayue Company, Huake Indonesia, Guangxi Lithium and Quzhou Huayou Environmental Protection . . . . . | 171,763,180.51  | In processing.           |
| Subtotal . . . . .  | 171,763,180.51  |                          |

## 18. Goodwill

### (1) Details

| Investees or events resulting in goodwill | Closing balance |                          |                 | Opening balance |                          |                 |
|---|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|   | Book balance    | Provision for impairment | Carrying amount | Book balance    | Provision for impairment | Carrying amount |
| Huahai New Energy . . . . .               | 95,136,198.86   |                          | 95,136,198.86   | 95,136,198.86   |                          | 95,136,198.86   |
| Tianjin B&M . . . . .                     | 366,245,456.38  | 2,965,735.57             | 363,279,720.81  | 366,245,456.38  | 901,194.16               | 365,344,262.22  |
| Total . . . . .                           | 461,381,655.24  | 2,965,735.57             | 458,415,919.67  | 461,381,655.24  | 901,194.16               | 460,480,461.08  |

### (2) Cost

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

| Investees or events<br>resulting in goodwill | Opening<br>balance | Due to business<br>combination in<br>the current<br>period | Decrease |        | Closing balance |
|--|--------------------|--|----------|--------|-----------------|
|  |                    |  | Disposal | Others |                 |
| Tianjin B&M . . . . .                        | 366,245,456.38     |  |          |        | 366,245,456.38  |
| Total . . . . .                              | 461,381,655.24     |  |          |        | 461,381,655.24  |

(3) Provision for impairment

| Investees or events<br>resulting in goodwill | Opening<br>balance | Increase     |        | Decrease |        | Closing<br>balance |
|--|--------------------|--------------|--------|----------|--------|--------------------|
|  |                    | Accrual      | Others | Disposal | Others |                    |
| Tianjin B&M . . . . .                        | 901,194.16         | 2,064,541.41 |        |          |        | 2,965,735.57       |
| Total . . . . .                              | 901,194.16         | 2,064,541.41 |        |          |        | 2,965,735.57       |

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

(4) Impairment test process

1) Huahai New Energy

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

| Composition of asset group or asset group portfolios   | Relevant asset group<br>of Huahai New<br>Energy |
|--|---|
| Carrying amount of asset group or asset group portfolios . . . . .   | 2,068,232,171.68                                |
| Carrying amount of goodwill allocated to the asset group or<br>asset group portfolios. . . . .   | 95,136,198.86                                   |
| Carrying amount of asset groups or asset group portfolios that<br>include goodwill . . . . .   | 2,163,368,370.54                                |
| Whether asset group or asset group portfolios are consistent with<br>those at acquisition date or at goodwill impairment testing date<br>in previous years . . . . . | Yes   |

b. Impairment test process, method and conclusion

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 13.26% (before tax) (2021: 12.81%), and the cash flows subsequent to the estimated period are expected to be stable.

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

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

2) Tianjin B&M

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

| <u>Composition of asset group or asset group portfolios</u>  | <u>Relevant asset group of Tianjin B&amp;M</u> |
|--|--|
| Carrying amount of asset group or asset group portfolios . . . . .   | 3,941,353,777.10                               |
| Carrying amount of goodwill allocated to the asset group or asset group portfolios. . . . .  | 870,084,521.17                                 |
| Carrying amount of asset group or asset group portfolios that include goodwill . . . . .   | 4,811,438,298.27                               |
| Whether asset group or asset group portfolios are consistent with those at acquisition date or at goodwill impairment testing date in previous years . . . . . | Yes  |

b. Impairment test process, method and conclusion

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company.

The discount rate used in estimating the annual cash flows is 14.26% (2021: 13.89%), and the cash flows subsequent to the estimated period are expected to be stable.

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

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

19. *Long-term prepayments*

| <u>Items</u>                              | <u>Opening balance</u> | <u>Increase [Note]</u> | <u>Amortization</u> | <u>Other decreases</u> | <u>Closing balance</u> |
|---|------------------------|------------------------|---------------------|------------------------|------------------------|
| Renovation cost of fixed assets . . . . . | 22,159,337.40          | 7,327,020.84           | 14,458,246.66       |                        | 15,028,111.58          |
| Insurance premium . . . . .               | 5,099,039.60           |                        | 3,885,777.39        |                        | 1,213,262.21           |
| Aircraft usage fees . . . . .             | 71,479,481.92          |                        | 8,409,350.76        |                        | 63,070,131.16          |
| Total . . . . .                           | 98,737,858.92          | 7,327,020.84           | 26,753,374.81       |                        | 79,311,504.95          |

*Note:* It included 1,310,953.09 yuan from translation of foreign currency financial statements of overseas subsidiaries.



20. *Deferred tax assets and deferred tax liabilities*

(1) *Deferred tax assets before offset*

| <u>Items</u>   | <u>Closing balance</u>                 |                            | <u>Opening balance</u>                 |                            |
|--|--|----------------------------|--|----------------------------|
|  | <u>Deductible temporary difference</u> | <u>Deferred tax assets</u> | <u>Deductible temporary difference</u> | <u>Deferred tax assets</u> |
| Uncovered losses . . . . .                           | 883,309,333.15                         | 162,234,731.96             | 288,626,080.46                         | 72,156,520.12              |
| Deferred income . . . . .                            | 519,759,486.05                         | 121,485,237.69             | 444,089,181.12                         | 105,845,508.58             |
| Provision for impairment of assets . .               | 937,156,608.98                         | 183,840,564.82             | 291,806,406.80                         | 51,279,014.30              |
| Unrealized profit from inventories. . .              | 1,701,052,808.50                       | 330,094,177.10             | 555,341,660.38                         | 117,677,690.20             |
| Gains or losses on changes in<br>fair value. . . . . | 33,679,150.31                          | 4,690,307.75               |  |                            |
| Expenses related to share-based<br>payment . . . . . | 188,939,313.96                         | 28,340,897.09              | 158,766,835.07                         | 23,815,025.26              |
| Total. . . . .                                       | 4,263,896,700.95                       | 830,685,916.41             | 1,738,630,163.83                       | 370,773,758.46             |

(2) *Deferred tax liabilities before offset*

| <u>Items</u>  | <u>Closing balance</u>              |                                 | <u>Opening balance</u>              |                                 |
|---|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
|   | <u>Taxable temporary difference</u> | <u>Deferred tax liabilities</u> | <u>Taxable temporary difference</u> | <u>Deferred tax liabilities</u> |
| Temporary difference of long-term<br>assets . . . . . | 425,474,971.83                      | 55,518,755.37                   | 497,855,156.20                      | 69,896,630.79                   |
| Depreciation of fixed assets . . . . .                | 1,554,086,764.88                    | 304,365,803.90                  | 327,054,279.90                      | 74,244,116.70                   |
| Gains or losses on changes in<br>fair value. . . . .  |                                     |                                 | 25,920,305.01                       | 4,188,247.13                    |
| Total. . . . .  | 1,979,561,736.71                    | 359,884,559.27                  | 850,829,741.11                      | 148,328,994.62                  |

(3) *Details of unrecognized deferred tax assets*

| <u>Items</u>                                       | <u>Closing balance</u> | <u>Opening balance</u> |
|--|------------------------|------------------------|
| Temporary difference of long-term assets . . . . . | 799,977,741.08         | 481,946,867.68         |
| Provision for impairment of assets . . . . .       | 199,895,832.46         | 80,399,272.11          |
| Deductible losses . . . . .                        | 62,898,710.44          | 161,657,916.42         |
| Total . . . . .                                    | 1,062,772,283.98       | 724,004,056.21         |

(4) *Maturity years of deductible losses of unrecognized deferred tax assets*

| <u>Maturity years</u> | <u>Closing balance</u> | <u>Opening balance</u> | <u>Remarks</u> |
|-----------------------|------------------------|------------------------|----------------|
| Year 2022. . . . .    |                        | 189,791.83             |                |
| Year 2023. . . . .    | 8,388,096.09           | 13,079,347.33          |                |
| Year 2024. . . . .    | 12,160,398.17          | 24,716,348.96          |                |
| Year 2025. . . . .    | 2,637,727.78           | 3,629,580.16           |                |
| Year 2026. . . . .    | 12,098,889.37          | 120,042,848.14         |                |
| Year 2027. . . . .    | 27,613,599.03          |                        |                |
| Total . . . . .       | 62,898,710.44          | 161,657,916.42         |                |

## 21. Other non-current assets

| Items   | Closing balance  |                          |                  | Opening balance  |                          |                  |
|---|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|   | Book balance     | Provision for impairment | Carrying amount  | Book balance     | Provision for impairment | Carrying amount  |
| Prepayments for acquisition of land and engineering equipment . . . . . | 4,933,960,087.63 |                          | 4,933,960,087.63 | 2,934,461,836.89 |                          | 2,934,461,836.89 |
| Prepayments for equity investment [Note] . . . . .                      | 1,061,032,701.24 |                          | 1,061,032,701.24 | 127,514,040.64   |                          | 127,514,040.64   |
| Total . . . . .   | 5,994,992,788.87 |                          | 5,994,992,788.87 | 3,061,975,877.53 |                          | 3,061,975,877.53 |

Note: It mainly includes: (1) advances paid for the Company's acquisition of equity of Denway Development Limited of 50.00 million yuan; (2) advances paid for the subsidiary Huayou Mining Hong Kong's acquisition of equity of Chongjing Holding Limited of USD100.00 million; (3) advances paid for the subsidiary Huayou Mining Hong Kong's acquisition of equity of Dathomir International Corp. of USD25.00 million; (4) advances paid for the subsidiary Huacai Hong Kong's acquisition of equity of PT. Wana Kencana Mineral of USD20.00 million. The above-mentioned equities were temporarily presented under other non-current assets as the equity transfer was not yet completed.

## 22. Short-term borrowings

### (1) Details

| Items   | Closing balance   | Opening balance  |
|---|-------------------|------------------|
| Guaranteed borrowings . . . . .               | 6,159,903,975.17  | 4,126,701,735.13 |
| Credit borrowings . . . . .                   | 1,659,470,318.56  | 1,166,549,556.40 |
| Pledged borrowings . . . . .                  | 4,128,113,282.24  | 2,410,825,955.03 |
| Guaranteed and pledged borrowings . . . . .   | 50,000,000.00     | 50,000,000.00    |
| Guaranteed and mortgaged borrowings . . . . . |                   | 316,751,400.00   |
| Interest on short-term borrowings . . . . .   | 22,335,127.70     | 12,951,198.14    |
| Total . . . . .                               | 12,019,822,703.67 | 8,083,779,844.70 |

(2) No overdue and outstanding short-term borrowings at the balance sheet date.

## 23. Held-for-trading financial liabilities

| Items   | Closing balance | Opening balance |
|---|-----------------|-----------------|
| Held-for-trading financial liabilities . . . . .      | 40,024,798.40   | 360,612.00      |
| Including: Derivative financial liabilities . . . . . | 40,024,798.40   | 360,612.00      |
| Total . . . . .                                       | 40,024,798.40   | 360,612.00      |

## 24. Derivative financial liabilities

| Items                              | Closing balance | Opening balance |
|------------------------------------|-----------------|-----------------|
| Hedged futures contracts . . . . . |                 | 104,821,710.25  |
| Total . . . . .                    |                 | 104,821,710.25  |

## 25. Notes payable

### (1) Details

| Items                      | Closing balance   | Opening balance  |
|----------------------------|-------------------|------------------|
| Trade acceptance . . . . . | 1,471,187,597.59  | 834,020,112.13   |
| Bank acceptance . . . . .  | 9,311,043,710.95  | 3,976,777,510.99 |
| Total . . . . .            | 10,782,231,308.54 | 4,810,797,623.12 |

(2) No overdue and outstanding notes payable at the balance sheet date.

## 26. Accounts payable

### (1) Details

| Items  | Closing balance   | Opening balance  |
|--|-------------------|------------------|
| Payments for goods . . . . .                     | 11,189,429,163.91 | 4,114,060,983.46 |
| Payments for engineering and equipment . . . . . | 3,373,461,269.89  | 2,089,527,914.24 |
| Others . . . . .                                 | 48,000,767.50     | 29,583,513.06    |
| Total . . . . .                                  | 14,610,891,201.30 | 6,233,172,410.76 |

(2) No material closing balance with age over one year.

## 27. Advances received

### (1) Details

| Items  | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Payments for equipment received in advance . . . . . |                 | 641,739,400.77  |
| Equity funds received in advance [Note] . . . . .    | 492,095,800.00  |                 |
| Others . . . . .                                     | 21,870.03       | 3,000,000.13    |
| Total . . . . .                                      | 492,117,670.03  | 644,739,400.90  |

*Note:* It refers to equity transfer fund of USD70.00 million received in advance for 10.00% of equity of Prospect Lithium, which was temporarily presented under advances received as the equity transfer was not yet completed.

(2) No material closing balance with age over one year.

## 28. Contract liabilities

| Items                        | Closing balance  | Opening balance |
|------------------------------|------------------|-----------------|
| Payments for goods . . . . . | 2,359,463,860.52 | 78,968,534.53   |
| Total . . . . .              | 2,359,463,860.52 | 78,968,534.53   |

## 29. Employee benefits payable

### (1) Details

| Items   | Opening balance | Increase         | Decrease         | Closing balance |
|---|-----------------|------------------|------------------|-----------------|
| Short-term employee benefits . . . . .                          | 472,038,306.75  | 3,284,715,320.00 | 3,080,846,409.88 | 675,907,216.87  |
| Post-employment benefits—defined<br>contribution plan . . . . . | 5,753,280.28    | 124,768,465.21   | 120,688,319.41   | 9,833,426.08    |
| Termination benefits . . . . .                                  |                 | 1,714,015.44     | 1,714,015.44     |                 |
| Total . . . . .   | 477,791,587.03  | 3,411,197,800.65 | 3,203,248,744.73 | 685,740,642.95  |

(2) Details of short-term employee benefits

| <u>Items</u>   | <u>Opening balance</u> | <u>Increase</u>  | <u>Decrease</u>  | <u>Closing balance</u> |
|--|------------------------|------------------|------------------|------------------------|
| Wage, bonus, allowance and subsidy . . . . .           | 466,802,744.59         | 2,843,275,383.31 | 2,646,142,694.99 | 663,935,432.91         |
| Employee welfare fund . . . . .                        |                        | 271,013,592.26   | 271,013,592.26   |                        |
| Social insurance premium . . . . .                     | 3,132,079.73           | 104,412,184.96   | 101,334,588.60   | 6,209,676.09           |
| Including: Medicare premium . . . . .                  | 2,691,534.74           | 95,955,768.09    | 93,012,653.20    | 5,634,649.63           |
| Occupational injuries premium . . . . .                | 339,092.00             | 6,094,177.59     | 5,953,067.17     | 480,202.42             |
| Maternity premium . . . . .                            | 101,452.99             | 2,362,239.28     | 2,368,868.23     | 94,824.04              |
| Housing provident fund . . . . .                       | 2,025,615.00           | 46,562,827.81    | 43,766,510.06    | 4,821,932.75           |
| Trade union fund and employee education fund . . . . . | 77,867.43              | 19,451,331.66    | 18,589,023.97    | 940,175.12             |
| Subtotal . . . . .                                     | 472,038,306.75         | 3,284,715,320.00 | 3,080,846,409.88 | 675,907,216.87         |

(3) Details of defined contribution plan

| <u>Items</u>                                | <u>Opening balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Closing balance</u> |
|---|------------------------|-----------------|-----------------|------------------------|
| Basic endowment insurance premium . . . . . | 5,561,105.73           | 120,584,524.20  | 116,621,374.12  | 9,524,255.81           |
| Unemployment insurance premium . . . . .    | 192,174.55             | 4,183,941.01    | 4,066,945.29    | 309,170.27             |
| Subtotal . . . . .                          | 5,753,280.28           | 124,768,465.21  | 120,688,319.41  | 9,833,426.08           |

30. Taxes and rates payable

| <u>Items</u>   | <u>Closing balance</u> | <u>Opening balance</u> |
|--|------------------------|------------------------|
| VAT . . . . .  | 90,551,767.13          | 330,301,986.69         |
| Enterprise income tax . . . . .                            | 264,952,268.88         | 578,084,644.05         |
| Personal income tax withheld for tax authorities . . . . . | 10,082,737.56          | 4,469,569.69           |
| Urban maintenance and construction tax . . . . .           | 805,813.17             | 14,163,787.73          |
| Housing property tax . . . . .                             | 7,024,583.39           | 4,400,149.92           |
| Land use tax . . . . .                                     | 1,909,353.15           | 762,699.64             |
| Education surcharge . . . . .                              | 345,728.74             | 6,070,194.76           |
| Local education surcharge . . . . .                        | 230,485.80             | 4,046,796.51           |
| Mineral tax . . . . .                                      | 125,291,332.19         | 101,683,794.16         |
| Others . . . . .   | 41,212,419.42          | 9,018,810.45           |
| Total . . . . .  | 542,406,489.43         | 1,053,002,433.60       |

31. Other payables

(1) Details

| <u>Items</u>   | <u>Closing balance</u> | <u>Opening balance</u> |
|--|------------------------|------------------------|
| Call loans and interest . . . . .                    | 2,595,440,936.93       | 921,453,985.70         |
| Repurchase obligation of restricted shares . . . . . | 631,014,574.20         | 339,232,639.00         |
| Security deposits . . . . .                          | 54,620,266.65          | 24,858,852.19          |
| Funds from sale and leaseback . . . . .              | 1,315,602,669.87       | 139,707,302.12         |
| Others . . . . .                                     | 16,031,748.12          | 9,340,406.86           |
| Total . . . . .                                      | 4,612,710,195.77       | 1,434,593,185.87       |

(2) No material closing balance with age over one year.

(3) Other remarks

- 1) Call loans and interest mainly include: a. balance of 1,049,603,252.21 yuan due to Glaucous International Pte. Ltd.; b. balance of 796,174,113.24 yuan due to Eve Asia Co., Limited; c. balance of 161,828,380.65 yuan due to Tsingshan Holding Group Co., Ltd.; d. balance of 60,775,000.00 yuan due to Huayou Holding; and e. balance of 520,022,108.07 yuan due to Newstride Technology.
- 2) Please refer to section V (I) 42 of notes to the financial statements for details on repurchase obligation of restricted shares.

32. *Non-current liabilities due within one year*

(1) Details

| <u>Items</u>  | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| Long-term borrowings due within one year . . . . .    | 3,985,827,625.43       | 1,911,767,314.98       |
| Call loans and interest . . . . .                     |                        | 18,477,837.35          |
| Sale and leaseback payments due within one year . . . | 1,722,020,059.88       | 679,795,502.76         |
| Lease liabilities due within one year . . . . .       | 50,080,626.56          | 25,917,330.55          |
| Total . . . . .                                       | 5,757,928,311.87       | 2,635,957,985.64       |

(2) Details of non-current liabilities due within one year

| <u>Items</u>                                  | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| Guaranteed borrowings . . . . .               | 1,464,821,176.89       | 1,160,122,228.30       |
| Guaranteed and mortgaged borrowings . . . . . | 2,412,029,199.34       | 524,552,687.31         |
| Guaranteed and pledged borrowings . . . . .   | 100,000,000.00         | 100,000,000.00         |
| Credit borrowings . . . . .                   |                        | 125,159,270.83         |
| Interest on borrowings . . . . .              | 8,977,249.20           | 1,933,128.54           |
| Total . . . . .                               | 3,985,827,625.43       | 1,911,767,314.98       |

33. *Other current liabilities*

(1) Details

| <u>Items</u>                          | <u>Closing balance</u> | <u>Opening balance</u> |
|---------------------------------------|------------------------|------------------------|
| Short-term bonds payable . . . . .    | 1,311,482,728.68       |                        |
| Output VAT to be recognized . . . . . | 235,500,632.27         | 4,147,523.95           |
| Total . . . . .                       | 1,546,983,360.95       | 4,147,523.95           |

(2) Current period movements

| <u>Bonds</u>   | <u>Par value</u> | <u>Issuing date</u> | <u>Maturity</u> | <u>Amount outstanding</u> | <u>Opening balance</u> | <u>Current period issuance</u> |
|--|------------------|---------------------|-----------------|---------------------------|------------------------|--------------------------------|
| 22 Huayou Cobalt SCP001<br>(Science and Technology<br>Notes) . . . . . | 600,000,000.00   | 8/16/2022           | 267 days        | 600,000,000.00            |                        | 600,000,000.00                 |
| 22 Huayou Cobalt SCP002<br>(Science and Technology<br>Notes) . . . . . | 700,000,000.00   | 10/27/2022          | 270 days        | 700,000,000.00            |                        | 700,000,000.00                 |
| Subtotal . . . . .   | 1,300,000,000.00 |                     |                 | 1,300,000,000.00          |                        | 1,300,000,000.00               |

(Continued)

| <b>Bonds</b>   | <b>Par value interest</b> | <b>Premium/Discount amortization</b> | <b>Current period repayment</b> | <b>Closing balance</b> |
|--|---------------------------|--------------------------------------|---------------------------------|------------------------|
| 22 Huayou Cobalt SCP001 (Science and Technology Notes) . . . . . | 8,707,500.00              | 660,000.00                           |                                 | 608,047,500.00         |
| 22 Huayou Cobalt SCP002 (Science and Technology Notes) . . . . . | 4,637,694.44              | 1,202,465.76                         |                                 | 703,435,228.68         |
| Subtotal . . . . .   | 13,345,194.44             | 1,862,465.76                         |                                 | 1,311,482,728.68       |

(3) Other remarks

1) 22 Huayou Cobalt SCP001 (Science and Technology Notes)

In August 2022, the Company publicly issued the phase I ultra-short-term financing bonds of Zhejiang Huayou Cobalt Co., Ltd. of 2022 (Science and Technology Notes) (the “22 Huayou Cobalt SCP001 (Science and Technology Notes)”) totaling 600.00 million yuan, which have been traded in the inter-bank bond market since August 19, 2022, with a term from August 16, 2022 to May 12, 2023.

2) 22 Huayou Cobalt SCP002 (Science and Technology Notes)

In October 2022, the Company publicly issued the phase II ultra-short-term financing bonds of Zhejiang Huayou Cobalt Co., Ltd. of 2022 (Science and Technology Notes) (the “22 Huayou Cobalt SCP002 (Science and Technology Notes)”) totaling 700.00 million yuan, which have been traded in the inter-bank bond market since November 1, 2022, with a term from October 27, 2022 to July 28, 2023.

34. *Long-term borrowings*

| <b>Items</b>   | <b>Closing balance</b> | <b>Opening balance</b> |
|--|------------------------|------------------------|
| Guaranteed borrowings . . . . .                        | 2,500,159,093.33       | 981,754,275.12         |
| Credit borrowings . . . . .                            | 125,000,000.00         |                        |
| Guaranteed, pledged and mortgaged borrowings . . . . . | 5,293,096,000.00       |                        |
| Guaranteed and mortgaged borrowings . . . . .          | 1,177,650,298.29       | 1,263,295,850.63       |
| Guaranteed and pledged borrowings . . . . .            | 2,788,820,678.14       | 4,485,420,000.00       |
| Interest on long-term borrowings . . . . .             | 43,055,662.03          | 7,790,519.67           |
| Total . . . . .  | 11,927,781,731.79      | 6,738,260,645.42       |

35. *Bonds payable*

(1) Details

| <b>Items</b>   | <b>Closing balance</b> | <b>Opening balance</b> |
|--|------------------------|------------------------|
| Convertible Corporate Bonds—Huayou Convertible Bonds . . . . . | 6,323,799,832.42       |                        |
| Total . . . . .  | 6,323,799,832.42       |                        |

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

| <b>Bonds</b>                       | <b>Par value</b> | <b>Issuing date</b> | <b>Maturity</b> | <b>Amount outstanding</b> | <b>Opening balance</b> | <b>Current period issuance</b> |
|------------------------------------|------------------|---------------------|-----------------|---------------------------|------------------------|--------------------------------|
| Huayou Convertible Bonds . . . . . | 7,600,000,000.00 | 2/24/2022           | 6 years         | 7,600,000,000.00          |                        | 7,600,000,000.00               |
| Subtotal . . . . .                 | 7,600,000,000.00 |                     |                 | 7,600,000,000.00          |                        | 7,600,000,000.00               |

(Continued)

| <u>Bonds</u>                       | <u>Par value interest</u> | <u>Premium/Discount amortization</u> | <u>Current period repayment (conversion)</u> | <u>Closing balance</u> |
|------------------------------------|---------------------------|--------------------------------------|--|------------------------|
| Huayou Convertible Bonds . . . . . | 12,908,889.52             | 1,288,156,475.64                     | 952,581.46                                   | 6,323,799,832.42       |
| Subtotal . . . . .                 | 12,908,889.52             | 1,288,156,475.64                     | 952,581.46                                   | 6,323,799,832.42       |

(3) Other remarks

1) Basic information of convertible corporate bonds

Pursuant to the “Approval of Zhejiang Huayou Cobalt Co., Ltd.’s Public Offering of Convertible Corporate Bonds” (Zheng Jian Xu Ke [2022] No. 209) by the China Securities Regulatory Commission, the Company publicly issued 76.00 million convertible corporate bonds on February 24, 2022 at par value of 100 yuan per share, totaling 7.60 billion yuan, with a term of 6 years.

Pursuant to the regulations in “CASBE 37—Presentation of Financial Instruments”, for convertible bonds that are non-derivative financial instruments containing both financial liability component and equity instrument component, financial liabilities and equity instruments shall be measured separately at initial recognition. Therefore, the fair value of the financial liability component was recognized as bonds payable at 6,063,498,791.20 yuan after deducting allocated issuance expenses, and the fair value of equity instrument component was recognized as other equity instruments at 1,490,340,831.42 yuan after deducting allocated issuance expenses.

2) Conversion of convertible corporate bonds

As of December 31, 2022, a total of 9,280 Huayou Convertible Bonds have been converted into A shares of the Company at a price of 84.24 yuan per share, and 2,340 Huayou Convertible Bonds have been converted into A shares of the Company at a price of 84.25 yuan per share, totaling 13,730 shares (each with par value of 1 yuan). Accordingly, the difference of 1,166,716.72 yuan, which equals to the sum of the balance of bonds payable of 951,307.18 yuan, interest payable of 1,274.28 yuan and other equity instruments of 227,865.26 yuan less the increased share capital of 13,730.00 yuan, is included in capital reserve (share premium).

36. *Lease liabilities*

| <u>Items</u>                                    | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| Unpaid lease payments . . . . .                 | 60,294,665.46          | 34,289,431.32          |
| Less: Unrecognized financing expenses . . . . . | 3,224,063.65           | 1,501,176.18           |
| Total . . . . .                                 | 57,070,601.81          | 32,788,255.14          |

37. *Long-term payables*

(1) Details

| <u>Items</u>  | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| Funds from sale and leaseback. . . . .              | 2,503,237,492.47       | 741,232,347.77         |
| Long-term call loans and interest thereon . . . . . | 2,652,140,756.41       | 319,993,726.26         |
| Total . . . . .                                     | 5,155,378,248.88       | 1,061,226,074.03       |



(2) Other remarks

- 1) Funds from sale and leaseback refer to funds from financial institutions such as Cinda Financial Leasing Co., Ltd., Industrial Bank Financial Leasing Co., Ltd., Everbright Financial Leasing Co., Ltd. through the sale and leaseback of fixed assets (of which, 1,722,020,059.88 yuan should be repaid in 2023 and has been transferred to non-current liabilities due within one year).
- 2) Long-term call loans and interest thereon mainly include: a. balance of 349,550,371.7 yuan due to Kaifei Investment (Hong Kong) Limited; b. balances of 599,162,779.65 yuan due to W-Source Holding Limited, Tsing Creation International Holding, Long Sincere Holding Limited; c. balance of 115,822,600.38 yuan due to Wintime Industrial Holding Limited; d. balance of 1,585,510,922.38 yuan due to Eve Asia Co., Limited.

38. Provisions

| <u>Items</u>                               | <u>Closing balance</u> | <u>Opening balance</u> | <u>Reasons for balance</u>  |
|--|------------------------|------------------------|---|
| Environment restoration expenses . . . . . | 42,977,538.13          | 26,769,294.11          | It is the environmental restoration costs accrued by the subsidiaries MIKAS Company, CDM Company and Prospect Lithium according to the Mining Code of the Democratic Republic of the Congo. |
| Total . . . . .                            | 42,977,538.13          | 26,769,294.11          |   |

39. Deferred income

(1) Details

| <u>Items</u>                | <u>Opening balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Closing balance</u> | <u>Reasons for balance</u>                |
|-----------------------------|------------------------|-----------------|-----------------|------------------------|---|
| Government grants . . . . . | 518,873,112.92         | 108,445,400.00  | 34,590,851.99   | 592,727,660.93         | Granted by the government free of charge. |
| Total . . . . .             | 518,873,112.92         | 108,445,400.00  | 34,590,851.99   | 592,727,660.93         |   |

(2) Details of government grants

| <u>Items</u>  | <u>Opening balance</u> | <u>Increase</u> | <u>Amount included into profit or loss [Note]</u> | <u>Closing balance</u> | <u>Related to assets/income</u> |
|---|------------------------|-----------------|---|------------------------|---------------------------------|
| Subsidies for infrastructure construction . . . . .         | 242,449,705.76         | 20,000,000.00   | 10,284,633.22                                     | 252,165,072.54         | Related to assets               |
| Fiscal subsidies for technological transformation . . . . . | 18,354,069.87          | 11,000,000.00   | 1,539,676.10                                      | 27,814,393.77          | Related to assets               |

| <b>Items</b>  | <b>Opening balance</b> | <b>Increase</b> | <b>Amount included into profit or loss [Note]</b> | <b>Closing balance</b> | <b>Related to assets/income</b> |
|---|------------------------|-----------------|---|------------------------|---------------------------------|
| Fiscal subsidies for technological innovation . . . . .   | 48,565,002.24          | 24,740,000.00   | 3,782,850.44                                      | 69,522,151.80          | Related to assets               |
| Subsidies for life cycle green manufacturing projects . . . . .   | 25,014,402.30          |                 | 1,202,091.60                                      | 23,812,310.70          | Related to assets               |
| Optimization and improvement of wastewater treatment and comprehensive utilization of renewable resources project . . | 11,288,492.88          |                 | 623,016.96  | 10,665,475.92          | Related to assets               |
| Special subsidies for energy conservation and industrial circular economy. . . . .                                    | 16,112,782.66          |                 | 689,131.19  | 15,423,651.47          | Related to assets               |
| Funds and supporting subsidies for provincial key enterprise research institutes . . . . .                            | 8,999,999.92           |                 | 1,000,000.08                                      | 7,999,999.84           | Related to assets               |
| Fiscal subsidies for industrial transformation and upgrading . . . . .  | 22,083,774.11          | 38,675,000.00   | 2,565,747.43                                      | 58,193,026.68          | Related to assets               |
| Supporting funds for enterprises . . . . .  | 26,704,611.80          |                 | 2,522,091.12                                      | 24,182,520.68          | Related to assets               |
| Central special funds for prevention and control of air pollution. . . . .  | 1,500,000.00           |                 | 180,000.00  | 1,320,000.00           | Related to assets               |
| Subsidies for the integration of informatization and industrialization . .  | 811,540.61             |                 | 66,206.04   | 745,334.57             | Related to assets               |
| Subsidies for collaborative innovation projects of high-quality development industries . . . . .                      | 14,333,333.33          |                 | 1,000,000.00                                      | 13,333,333.33          | Related to assets               |
| Subsidies for industrial productive investment projects . . . . .   | 8,816,657.57           |                 | 1,000,000.08                                      | 7,816,657.49           | Related to assets               |
| Subsidies for industrial Internet innovation and development projects . . . . .                                       | 7,873,500.00           | 1,398,600.00    | 568,584.15  | 8,703,515.85           | Related to assets               |

| Items  | Opening balance | Increase       | Amount included into profit or loss [Note] | Closing balance | Related to assets/income |
|--|-----------------|----------------|--|-----------------|--------------------------|
| Subsidies for innovation-driven funds projects . . . . .       | 17,813,446.85   |                | 2,364,871.48                               | 15,448,575.37   | Related to assets        |
| Subsidies for investment in fixed assets . . . . .             | 2,970,127.47    | 3,793,900.00   | 434,585.43                                 | 6,329,442.04    | Related to assets        |
| Special subsidies for technological transformation . . . . .   | 29,241,005.63   | 3,206,100.00   | 3,841,616.44                               | 28,605,489.19   | Related to assets        |
| Industrial chain collaborative innovation project . . . . .    | 13,500,000.00   |                |  | 13,500,000.00   | Related to assets        |
| Other piecemeal subsidies . . . . .                            | 1,355,306.85    | 760,016.13     | 436,383.76                                 | 1,678,939.22    | Related to assets        |
| Special funds for science and technology development . . . . . |                 | 3,604,800.00   |  | 3,604,800.00    | Related to income        |
| Other piecemeal subsidies . . . . .                            | 1,085,353.07    | 1,266,983.87   | 489,366.47                                 | 1,862,970.47    | Related to income        |
| Subtotal . . . . .   | 518,873,112.92  | 108,445,400.00 | 34,590,851.99                              | 592,727,660.93  |                          |

Note: Please refer to section V (IV) 3 of notes to the financial statements for details on government grants included into profit or loss.

#### 40. Share capital

##### (1) Details

| Items                  | Opening balance | Movements           |              |                               |          | Subtotal    | Closing balance |
|------------------------|-----------------|---------------------|--------------|-------------------------------|----------|-------------|-----------------|
|                        |                 | Issue of new shares | Bonus shares | Reserve transferred to shares | Others   |             |                 |
| Total shares . . . . . | 1,221,228,483   | 12,705,230          |              | 366,379,735                   | -635,220 | 378,449,745 | 1,599,678,228   |

##### (2) Other remarks

Total share capital was increased by 378,449,745 yuan in the current period. Please refer to section V (I) 42 of notes to the financial statements for details.

#### 41. Other equity instruments

##### (1) Current period movements of financial instruments such as preferred shares or perpetual bonds outstanding at the balance sheet date

| Items                              | Opening balance |                 | Increase      |                  | Decrease  |                 | Closing balance |                  |
|------------------------------------|-----------------|-----------------|---------------|------------------|-----------|-----------------|-----------------|------------------|
|                                    | Quantity        | Carrying amount | Quantity      | Carrying amount  | Quantity  | Carrying amount | Quantity        | Carrying amount  |
| Huayou Convertible Bonds . . . . . |                 |                 | 76,000,000.00 | 1,490,340,831.42 | 11,620.00 | 227,865.26      | 75,988,380.00   | 1,490,112,966.16 |
| Total . . . . .                    |                 |                 | 76,000,000.00 | 1,490,340,831.42 | 11,620.00 | 227,865.26      | 75,988,380.00   | 1,490,112,966.16 |

##### (2) Other remarks

Please refer to section V (I) 35 of notes to the financial statements for details on reasons and basis for movements of other equity instruments in the current period.

## 42. Capital reserve

### (1) Details

| Items                     | Opening balance   | Increase         | Decrease       | Closing balance   |
|---------------------------|-------------------|------------------|----------------|-------------------|
| Share premium . . . . .   | 9,686,588,328.31  | 683,648,569.98   | 758,333,707.38 | 9,611,903,190.91  |
| Other capital reserve . . | 531,708,256.11    | 385,245,312.46   | 130,351,394.89 | 786,602,173.68    |
| Total . . . . .           | 10,218,296,584.42 | 1,068,893,882.44 | 888,685,102.27 | 10,398,505,364.59 |

### (2) Other remarks

#### 1) Movements of share premium

Current increase of 683,648,569.98 yuan was due to the following:

- a. Pursuant to the restricted share incentive plan approved by the 26th meeting of the fifth session of the Board of Directors and the first extraordinary shareholders' meeting of 2021, it is determined that December 29, 2021 would be the grant date, and a total of 167,800 restricted shares would be granted to 37 incentive targets at a grant price of 58.07 yuan per share, with 167,800.00 yuan included in share capital and 9,576,346.00 yuan included in capital reserve (share premium). Such issuance of restricted shares had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 25 was issued thereon. Meanwhile, pursuant to the "Interpretation of China Accounting Standards for Business Enterprises No. 7", treasury shares were increased by 9,744,146.00 yuan and other payables were increased by 9,744,146.00 yuan based on the number of restricted shares issued and the corresponding repurchase obligations.
- b. Pursuant to the restricted share incentive plan approved by the 33rd meeting and 39th meeting of the fifth session of the Board of Directors and the second extraordinary shareholders' meeting of 2022, it is determined that June 23, 2022 would be the grant date, and a total of 10,487,900 restricted shares would be granted to 1,170 incentive targets at a grant price of 32.35 yuan per share, with 10,487,900.00 yuan included in share capital and 328,795,665.00 yuan included in capital reserve (share premium). Such issuance of restricted shares had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 330 was issued thereon. Meanwhile, pursuant to the "Interpretation of China Accounting Standards for Business Enterprises No. 7", treasury shares were increased by 339,283,565.00 yuan and other payables were increased by 339,283,565.00 yuan based on the number of restricted shares issued and the corresponding repurchase obligations.
- c. Pursuant to the restricted share incentive plan deliberated and approved by the 45th meeting of the fifth session of the Board of Directors under the authorization of the second extraordinary shareholders' meeting of 2022, it is determined that November 18, 2022 would be the grant date, and a total of 2,035,800 restricted shares would be granted to 441 incentive targets at a grant price of 31.61 yuan per share, with 2,035,800.00 yuan included in share capital and 62,315,838.00 yuan included in capital reserve (share premium). Such issuance of restricted shares had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2023] 18 was issued thereon. Meanwhile, pursuant to the "Interpretation of China Accounting Standards for Business Enterprises No. 7", treasury shares were increased by 64,351,638.00 yuan and other payables were increased by 64,351,638.00 yuan based on the number of restricted shares issued and the corresponding repurchase obligations.

- d. In the current period, share capital was increased by 13,730.00 yuan and capital reserve (share premium) was increased by 1,166,716.72 yuan, which were due to conversion of convertible bonds into shares. Please refer to section V (I) 35 of notes to the financial statements for details.
- e. Under the authorization of the first extraordinary shareholders' meeting of 2021 and the resolution of the 40th meeting of the fifth session of the Board of Directors, the unlocking conditions for the first unlocking period of restricted shares initially granted under the restricted share incentive plan of 2021 were met, with 691 incentive objects and unlockable shares of 2,588,196 shares. As a result, expenses related to share-based payment of 101,158,645.20 yuan were transferred from capital reserve (other capital reserve) to capital reserve (share premium), with treasury shares decreased by 74,838,682.80 yuan and other payables decreased by 74,838,682.80 yuan accordingly.
- f. Under the authorization of the first extraordinary shareholders' meeting of 2021 and the resolution of the 43rd meeting of the fifth session of the Board of Directors, the unlocking conditions for the first unlocking period of reserved restricted shares granted for the first time under the restricted share incentive plan of 2021 were met, with 240 incentive objects and unlockable shares of 543,465 shares. As a result, expenses related to share-based payment of 21,491,950.50 yuan were transferred from capital reserve (other capital reserve) to capital reserve (share premium), with treasury shares decreased by 22,382,397.00 yuan and other payables decreased by 22,382,397.00 yuan accordingly.
- g. As the subsidiary New Energy Quzhou brought in new investors, resulting in a change of the Company's holding proportion, the share premium was increased by 149,587,503.23 yuan based on the difference on the proportionate share of net assets before and after the capital increase.
- h. In the current period, the Company sold 10.00% of equity of the subsidiary Prospect Lithium, and capital reserve (share premium) was increased by 9,555,905.33 yuan based on the difference between the consideration received and the proportionate share of net assets from combination date to the acquisition date.

Current decrease of 758,333,707.38 yuan was due to the following events:

- a. Under the authorization of the first extraordinary shareholders' meeting of 2021 and the resolution of the 27th meeting of the fifth session of the Board of the Directors, the Company repurchased and cancelled 130,500 shares granted to 19 incentive targets but not unlocked, with share capital decreased by 130,500.00 yuan and capital reserve (share premium) decreased by 5,260,745.00 yuan. Meanwhile, treasury shares were decreased by 5,391,245.00 yuan and capital reserve (share premium) were decreased by 5,391,245.00 yuan accordingly. Such capital decrease had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 120 was issued thereon.
- b. Pursuant to the resolutions of the 32nd meeting of the fifth session of the Board of the Directors and the shareholders' meeting of 2021, the Company increased share capital by converting capital reserve in the proportion of 3 shares per 10 shares based on the total share of 1,221,265,783 shares. As a result, capital reserve (share premium) was decreased by 366,379,735.00 yuan and share capital was increased by 366,379,735.00 yuan, with treasury shares decreased by 2,508,420.00 yuan and other

payables decreased by 2,508,420.00 yuan accordingly due to equity distribution. Such capital increase had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 327 was issued thereon.

- c. Under the authorization of the first extraordinary shareholders' meeting of 2021 and the resolution of the 40th meeting of the fifth session of the Board of the Directors, the Company repurchased and cancelled 223,795 shares granted to 28 incentive targets but not unlocked, with share capital decreased by 223,795.00 yuan and capital reserve (share premium) decreased by 7,731,025.50 yuan. Meanwhile, treasury shares were decreased by 7,903,175.50 yuan and capital reserve (share premium) were decreased by 7,903,175.50 yuan accordingly. Such capital decrease had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 634 was issued thereon.
- d. Under the authorization of the first extraordinary shareholders' meeting of 2021, the second extraordinary shareholders' meeting of 2022, and the resolution of the 43rd meeting of the fifth session of the Board of the Directors, the Company repurchased and cancelled 280,925 shares granted to 34 incentive targets but not unlocked, with share capital decreased by 280,925.00 yuan and capital reserve (share premium) decreased by 8,334,043.50 yuan. Meanwhile, treasury shares were decreased by 8,573,493.50 yuan and other payables were decreased by 8,573,493.50 yuan. Such capital decrease had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 764 was issued thereon.
- e. The Company acquired non-controlling interest of the subsidiary Huayou New Energy, and capital reserve (share premium) was decreased by 350,087,848.89 yuan based on the difference between the consideration paid and the proportionate share of net assets.
- f. The Company acquired non-controlling interest of the subsidiary Feza Mining, and capital reserve (share premium) was decreased by 20,540,309.49 yuan based on the difference between the consideration paid and the proportionate share of net assets.

## 2) Movements of other capital reserve

According to the Company's equity incentive plan, expenses related to share-based payment for restricted shares was recognized at 385,245,312.46 yuan, which was included in the capital reserve (other capital reserve).

Current decrease of 130,351,394.89 yuan was due to the following events:

- a. As the restricted shares initially granted under the restricted share incentive plan of 2021 were partially unlocked, expenses related to share-based payment of 101,158,645.20 yuan were transferred from capital reserve (other capital reserve) to capital reserve (share premium).
- b. As the reserved restricted shares granted for the first time under the restricted share incentive plan of 2021 was partially unlocked, expenses related to share-based payment of 21,491,950.50 yuan were transferred from capital reserve (other capital reserve) to capital reserve (share premium).

- c. Capital reserve (other capital reserve) was decreased by 6,747,052.34 yuan based on the income tax effect on the excess of the pre-tax deductible amount of employee restricted shares over recognized related expenses.
- d. Capital reserve (other capital reserve) was decreased by 953,746.85 yuan based on the proportionate share in other changes in equity not belong to other comprehensive income in the equity of associates (other than net gains and losses) held by the Company.

#### 43. Treasury shares

##### (1) Details

| Items                       | Opening balance | Increase       | Decrease       | Closing balance |
|-----------------------------|-----------------|----------------|----------------|-----------------|
| Restricted shares . . . . . | 339,232,639.00  | 413,379,349.00 | 121,597,413.80 | 631,014,574.20  |
| Total . . . . .             | 339,232,639.00  | 413,379,349.00 | 121,597,413.80 | 631,014,574.20  |

##### (2) Other remarks

In the current period, treasury shares were increased by 291,781,935.20 yuan. Please refer to section V (I) 42 of notes to the financial statements for details.

#### 42. Other comprehensive income (OCI)

| Items   | Opening balance | Current period cumulative                   |                           |   |  |                | Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax) | Closing balance |
|---|-----------------|---|---------------------------|---|--|----------------|---|-----------------|
|   |                 | Net OCI after tax                           |                           | Less: OCI previously recognized but transferred to profit or loss in the current period |  |                |   |                 |
|   |                 | Current period cumulative before income tax | Less: Income tax expenses | Attributable to parent company  | Attributable to non-controlling shareholders |                |   |                 |
| Items not to be reclassified subsequently to profit or loss . . . . .             | -49,068,581.76  | 2,513,800.00                                |                           |   | 2,513,800.00                                 | 2,513,800.00   | -49,068,581.76  |                 |
| Including: Changes in fair value of other equity instrument investments . . . . . | -49,068,581.76  | 2,513,800.00                                |                           |   | 2,513,800.00                                 | 2,513,800.00   | -49,068,581.76  |                 |
| Items to be reclassified subsequently to profit or loss . . . . .                 | -370,294,761.80 | 1,324,471,828.46                            | -34,796.21                |   | 1,195,768,906.43                             | 128,737,718.24 | 825,474,144.63  |                 |
| Including: OCI to be transferred to profit or loss under equity method . . . . .  | -95,725,279.85  | 147,674,809.87                              | -34,796.21                |   | 147,709,606.08                               |                | 51,984,326.23   |                 |
| Translation reserves . . . . .  | -274,569,481.95 | 1,176,797,018.59                            |                           |   | 1,048,059,300.35                             | 128,737,718.24 | 773,489,818.40  |                 |
| Total . . . . .   | -419,363,343.56 | 1,326,985,628.46                            | -34,796.21                |   | 1,198,282,706.43                             | 128,737,718.24 | 776,405,562.87  |                 |



#### 45. Special reserve

##### (1) Details

| Items                           | Opening balance | Increase      | Decrease      | Closing balance |
|---------------------------------|-----------------|---------------|---------------|-----------------|
| Work safety fund . . . . .      | 22,627.13       | 64,860,001.79 | 64,882,628.92 |                 |
| Mine development fund . . . . . | 16,625,933.98   | 12,729,558.47 | 2,006,040.94  | 27,349,451.51   |
| Total . . . . .                 | 16,648,561.11   | 77,589,560.26 | 66,888,669.86 | 27,349,451.51   |

##### (2) Other remarks

Work safety fund was appropriated and used by the Company and its subsidiaries including Huayou Quzhou and New Energy Quzhou according to the document numbered Cai Qi [2012] 16 jointly issued by the Ministry of Finance and the State Administration of Work Safety. Mine development fund was appropriated by the subsidiaries CDM Company and MIKAS Company according to the Mining Code of the Democratic Republic of the Congo.

#### 46. Surplus reserve

##### (1) Details

| Items                               | Opening balance | Increase      | Decrease | Closing balance |
|-------------------------------------|-----------------|---------------|----------|-----------------|
| Statutory surplus reserve . . . . . | 309,732,264.90  | 18,466,340.44 |          | 328,198,605.34  |
| Total . . . . .                     | 309,732,264.90  | 18,466,340.44 |          | 328,198,605.34  |

##### (2) Other remarks

Current increase was due to the appropriation of statutory surplus reserve at 10% of net profit generated by the parent company in 2022.

#### 47. Undistributed profit

##### (1) Details

| Items  | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Opening balance . . . . .  | 8,376,281,013.68          | 4,807,657,608.58             |
| Add: Net profit attributable to owners of the parent company . . . . . | 3,909,880,668.82          | 3,897,503,525.74             |
| Derecognition of other equity instrument investments . . . . .         | 2,513,800.00              |                              |
| Less: Appropriation of statutory surplus reserve . . . . .             | 18,466,340.44             | 86,299,244.04                |
| Dividend payable on ordinary shares . . . . .                          | 366,286,614.90            | 242,580,876.60               |
| Closing balance . . . . .  | 11,903,922,527.16         | 8,376,281,013.68             |

##### (2) Other remarks

- Pursuant to the profit distribution plan of 2021 approved by the shareholders' meeting of 2021, the Company distributed cash dividends of 3.00 yuan (tax inclusive) per 10 shares to all shareholders based on the total share capital of 1,221,265,783 shares.

Later, the Company repurchased and cancelled the restricted shares, with cash dividend of 93,120.00 yuan reversed. As a result, the Company shall pay dividend on ordinary shares of 366,286,614.90 yuan.

- 2) Please refer to section V (I) 12 of notes to the financial statements for details on the derecognition of other equity instrument investments.

**(II) Notes to items of the consolidated income statement**

**1. Operating revenue/Operating cost**

**(1) Details**

| Items   | Current period cumulative |                   | Preceding period comparative |                   |
|---|---------------------------|-------------------|------------------------------|-------------------|
|   | Revenue                   | Cost              | Revenue                      | Cost              |
| Main operations . . . . .   | 61,676,007,943.04         | 50,253,913,561.91 | 34,260,483,178.74            | 27,315,814,905.28 |
| Other operations . . . . .  | 1,357,777,556.45          | 1,059,790,664.32  | 1,056,065,821.22             | 815,253,535.55    |
| Total . . . . .   | 63,033,785,499.49         | 51,313,704,226.23 | 35,316,548,999.96            | 28,131,068,440.83 |
| Including: Revenue<br>from contracts with<br>customers [Note] . . . . . | 63,021,772,408.18         | 51,308,627,447.42 | 35,300,204,306.80            | 28,122,012,006.82 |

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

**(2) Breakdown of revenue from contracts with customers**

**1) Breakdown of revenue by goods or services**

| Items                          | Current period cumulative |                   |
|--------------------------------|---------------------------|-------------------|
|                                | Revenue                   | Cost              |
| Cobalt products . . . . .      | 8,555,019,367.27          | 6,305,147,096.62  |
| Copper products . . . . .      | 4,398,719,705.59          | 2,810,769,789.36  |
| Nickel products . . . . .      | 2,746,313,568.09          | 2,251,925,426.80  |
| Lithium products . . . . .     | 1,349,877,126.86          | 725,609,889.05    |
| Ternary precursors . . . . .   | 9,929,126,975.61          | 7,884,161,258.87  |
| Cathode materials . . . . .    | 22,801,862,709.96         | 19,770,468,193.15 |
| Nickel intermediates . . . . . | 2,714,469,179.37          | 1,681,728,395.88  |
| Trade and others . . . . .     | 10,526,383,775.43         | 9,878,817,397.69  |
| Subtotal . . . . .             | 63,021,772,408.18         | 51,308,627,447.42 |

(Continued)

| Items                        | Preceding period comparative |                   |
|------------------------------|------------------------------|-------------------|
|                              | Revenue                      | Cost              |
| Cobalt products . . . . .    | 8,412,029,764.01             | 5,760,274,376.63  |
| Copper products . . . . .    | 5,378,197,687.90             | 2,737,758,347.72  |
| Nickel products . . . . .    | 251,221,594.20               | 217,406,096.48    |
| Ternary precursors . . . . . | 5,761,110,211.29             | 4,886,038,213.95  |
| Cathode materials . . . . .  | 4,763,925,346.54             | 4,213,440,382.36  |
| Trade and others . . . . .   | 10,733,719,702.86            | 10,307,094,589.68 |
| Subtotal . . . . .           | 35,300,204,306.80            | 28,122,012,006.82 |

2) Breakdown of revenue by operating regions

| Items              | Current period cumulative |                   | Preceding period comparative |                   |
|--------------------|---------------------------|-------------------|------------------------------|-------------------|
|                    | Revenue                   | Cost              | Revenue                      | Cost              |
| Domestic . . . . . | 25,203,647,851.09         | 19,543,493,990.70 | 16,584,104,400.71            | 12,360,411,280.92 |
| Overseas . . . . . | 37,818,124,557.09         | 31,765,133,456.72 | 18,716,099,906.09            | 15,761,600,725.90 |
| Subtotal . . . . . | 63,021,772,408.18         | 51,308,627,447.42 | 35,300,204,306.80            | 28,122,012,006.82 |

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

| Items                                   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Recognized at a point in time . . . . . | 63,021,772,408.18         | 35,300,204,306.80            |
| Subtotal . . . . .                      | 63,021,772,408.18         | 35,300,204,306.80            |

(3) Contract liabilities with opening balance of 76,792,630.01 yuan were carried over to revenue in the current period.

2. *Taxes and surcharges*

| Items  | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Urban maintenance and construction tax . . . . . | 30,940,735.81             | 19,449,572.64                |
| Education surcharge . . . . .                    | 13,265,836.15             | 8,344,669.70                 |
| Local education surcharge . . . . .              | 8,850,969.08              | 5,563,113.15                 |
| Mineral tax . . . . .                            | 350,508,042.47            | 252,331,683.53               |
| Housing property tax . . . . .                   | 17,499,609.15             | 2,184,510.75                 |
| Land use tax . . . . .                           | 6,851,473.50              | 1,196,828.35                 |
| Stamp duty . . . . .                             | 44,060,731.81             | 11,574,021.02                |
| Others . . . . .                                 | 3,563,508.80              | 3,315,788.96                 |
| Total . . . . .                                  | 475,540,906.77            | 303,960,188.10               |

3. *Selling expenses*

| Items                                 | Current period cumulative | Preceding period comparative |
|---------------------------------------|---------------------------|------------------------------|
| Employee benefits . . . . .           | 50,555,546.00             | 23,703,539.51                |
| Business traveling expenses . . . . . | 5,246,595.96              | 2,644,943.23                 |
| Service fees . . . . .                | 2,209,671.54              | 2,793,527.01                 |
| Sample charges . . . . .              | 7,743,314.61              | 2,287,648.99                 |
| Entertainment expenses . . . . .      | 5,610,648.92              | 2,280,232.56                 |
| Others . . . . .                      | 4,995,383.90              | 4,235,133.04                 |
| Total . . . . .                       | 76,361,160.93             | 37,945,024.34                |

4. *Administrative expenses*

| Items                                      | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Employee benefits and incentives . . . . . | 878,319,046.16            | 551,210,078.98               |
| Office expenses . . . . .                  | 150,566,644.40            | 68,936,442.36                |
| Service fees . . . . .                     | 218,160,493.61            | 127,267,676.23               |
| Business entertainment expenses . . . . .  | 20,263,709.80             | 17,650,251.77                |
| Depreciation and amortization . . . . .    | 162,526,205.72            | 131,597,162.53               |
| Insurance premiums . . . . .               | 35,245,383.31             | 25,417,747.21                |
| Aircraft usage fees . . . . .              | 25,615,667.20             | 17,838,084.62                |
| Share-based payments . . . . .             | 385,245,312.46            | 186,168,950.15               |
| Others . . . . .                           | 86,611,095.80             | 53,571,596.06                |
| Total . . . . .                            | 1,962,553,558.46          | 1,179,657,989.91             |

## 5. R&D expenses

| Items                                   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Employee benefits . . . . .             | 403,581,169.39               | 173,324,584.98                  |
| Materials consumption . . . . .         | 1,098,007,811.09             | 560,190,978.97                  |
| Depreciation and amortization . . . . . | 78,961,772.79                | 45,312,627.31                   |
| Others . . . . .                        | 128,063,489.34               | 37,442,016.10                   |
| Total . . . . .                         | 1,708,614,242.61             | 816,270,207.36                  |

## 6. Financial expenses

| Items   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Interest expenses . . . . .                   | 1,344,158,702.41             | 502,298,446.61                  |
| Interest income . . . . .                     | -117,648,467.64              | -74,079,354.47                  |
| Gains or losses on foreign exchange . . . . . | -26,386,374.70               | -30,173,497.39                  |
| Handling charges and others . . . . .         | 125,818,459.14               | 86,294,299.41                   |
| Total . . . . .                               | 1,325,942,319.21             | 484,339,894.16                  |

## 7. Other income

| Items   | Current period<br>cumulative | Preceding period<br>comparative | Amount included in<br>non-recurring profit<br>or loss |
|---|------------------------------|---------------------------------|---|
| Government grants related to<br>assets [Note] . . . . .                       | 34,101,485.52                | 18,563,114.54                   | 34,101,485.52   |
| Government grants related to<br>income [Note] . . . . .                       | 156,001,968.86               | 31,645,987.32                   | 156,001,968.86  |
| Refund of handling fees for<br>withholding individual<br>income tax . . . . . | 1,116,810.46                 | 572,918.39                      |   |
| Total . . . . .   | 191,220,264.84               | 50,782,020.25                   | 190,103,454.38  |

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

## 8. Investment income

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Investment income from long-term equity<br>investments under equity method . . . . . | 1,639,775,853.19             | 599,789,831.39                  |
| Investment income from disposal of long-term equity<br>investments . . . . .         | -7,445,388.77                | 100,646,800.54                  |
| Investment income from disposal of held-for-trading<br>financial assets . . . . .    | -54,670,204.95               | -7,324,184.23                   |
| Gains or losses on hedging . . . . .   | -88,054,133.56               | -5,626,825.16                   |
| Losses on discounting of receivables financing . . . . .                             | -126,054,122.99              | -49,415,734.06                  |
| Losses on derecognition of accounts receivable . . . . .                             | -17,624,568.57               | -2,570,177.84                   |
| Investment income from other debt investments<br>[Note] . . . . .                    | 13,744,035.66                | 9,742,561.82                    |
| Investment income from disposal of other debt<br>investments . . . . .               |                              | -9,277,757.88                   |
| Total . . . . .  | 1,359,671,470.01             | 635,964,514.58                  |

*Note:* It refers to interest income of 13,744,035.66 yuan on call loans provided by the subsidiary Huayou Mining Hong Kong to Veinstone.

9. *Gains on changes in fair value*

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Held-for-trading financial assets . . . . .  | -11,897,363.83               | 26,384,375.52                   |
| Including: Gains on changes in fair value of<br>derivative financial instruments . . . . . | -14,270,651.50               | 26,144,786.48                   |
| Gains on changes in fair value of<br>financial products . . . . .                          | 2,373,287.67                 | 239,589.04                      |
| Held-for-trading financial liabilities . . . . .   | -40,024,798.40               | 4,045,551.54                    |
| Including: Gains on changes in fair value of<br>derivative financial instruments . . . . . | -40,024,798.40               | 4,045,551.54                    |
| Gains or losses on hedging . . . . .   | -95,578,759.53               | -45,018,743.56                  |
| Total . . . . .  | -147,500,921.76              | -14,588,816.50                  |

10. *Credit impairment loss*

| Items               | Current period<br>cumulative | Preceding period<br>comparative |
|---------------------|------------------------------|---------------------------------|
| Bad debts . . . . . | -209,807,487.97              | -83,189,523.03                  |
| Total . . . . .     | -209,807,487.97              | -83,189,523.03                  |

11. *Assets impairment loss*

| Items                                     | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Inventory write-down loss . . . . .       | -1,290,236,057.45            | -15,648,918.02                  |
| Impairment loss of fixed assets . . . . . |                              | -31,303,698.33                  |
| Impairment loss of goodwill . . . . .     | -2,064,541.41                | -901,194.16                     |
| Total . . . . .                           | -1,292,300,598.86            | -47,853,810.51                  |

12. *Gains on asset disposal*

| Items   | Current period<br>cumulative | Preceding period<br>comparative | Amount included in<br>non-recurring profit<br>or loss |
|---|------------------------------|---------------------------------|---|
| Gains on disposal of fixed<br>assets . . . . .      | 2,413,571.80                 | -5,822,487.58                   | 2,413,571.80  |
| Gains on disposal of intangible<br>assets . . . . . |                              | 2,700,000.00                    |   |
| Total . . . . .                                     | 2,413,571.80                 | -3,122,487.58                   | 2,413,571.80  |

13. *Non-operating revenue*

| Items  | Current period<br>cumulative | Preceding period<br>comparative | Amount included in<br>non-recurring profit<br>or loss |
|--|------------------------------|---------------------------------|---|
| Gains on damage or retirement<br>of non-current assets . . . . .   | 639,963.04                   | 116,963.42                      | 639,963.04  |
| Including: Losses on damage or<br>retirement of fixed assets . . . | 639,963.04                   | 116,963.42                      | 639,963.04  |
| Indemnity income . . . . .   | 7,030,758.43                 | 2,106,593.67                    | 7,030,758.43  |
| Others . . . . .   | 1,261,704.10                 | 336,696.23                      | 1,261,704.10  |
| Total . . . . .  | 8,932,425.57                 | 2,560,253.32                    | 8,932,425.57  |

14. *Non-operating expenditures*

| Items  | Current period<br>cumulative | Preceding period<br>comparative | Amount included in<br>non-recurring profit<br>or loss |
|--|------------------------------|---------------------------------|---|
| Losses on damage or retirement<br>of non-current assets . . . . .  | 32,427,540.13                | 62,969,804.49                   | 32,427,540.13   |
| Including: Losses on damage or<br>retirement of fixed assets . . . | 32,427,540.13                | 62,969,804.49                   | 32,427,540.13   |
| Donations to external parties. . .                                 | 14,970,469.76                | 7,501,230.16                    | 14,970,469.76   |
| Others . . . . .   | 5,104,642.99                 | 5,109,508.19                    | 5,104,642.99  |
| Total . . . . .  | 52,502,652.88                | 75,580,542.84                   | 52,502,652.88   |

15. *Income tax expenses*

(1) Details

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Current period income tax expenses . . . . . | 576,437,919.18               | 896,003,065.80                  |
| Deferred income tax expenses . . . . .       | -252,053,244.58              | -91,364,135.03                  |
| Total . . . . .                              | 324,384,674.60               | 804,638,930.77                  |

(2) Reconciliation of accounting profit to income tax expenses

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Profit before tax . . . . .  | 6,031,195,156.03             | 4,828,278,862.95                |
| Income tax expenses based on tax rate applicable to<br>the parent company . . . . .  | 904,679,273.40               | 724,241,829.44                  |
| Effect of different tax rates applicable to<br>subsidiaries . . . . .  | -88,221,096.48               | 275,940,983.30                  |
| Effect of non-taxable income . . . . .   | -297,489,622.97              | -58,598,719.53                  |
| Effect of non-deductible costs, expenses and losses. .   | -205,402,132.17              | -124,116,928.93                 |
| Effect of deductible temporary differences or<br>deductible losses not recognized as deferred tax<br>assets in the current period. . . . . | 10,818,252.82                | -12,828,233.51                  |
| Income tax expenses . . . . .  | 324,384,674.60               | 804,638,930.77                  |

16. *Other comprehensive income, net of income tax*

Please refer to section V (I) 44 of notes to the financial statements for details.

***(III) Notes to items of the consolidated cash flow statement***

1. *Other cash receipts related to operating activities*

| Items   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Cash and bank balances not considered as cash and<br>cash equivalents . . . . . | 2,414,366,420.25             | 408,445,790.96                  |
| Government grants . . . . .   | 268,932,092.39               | 82,451,902.68                   |
| Interest income . . . . .   | 117,648,467.64               | 74,079,354.47                   |
| Others . . . . .  | 37,161,555.95                | 3,016,208.29                    |
| Total . . . . .   | 2,838,108,536.23             | 567,993,256.40                  |

2. *Other cash payments related to operating activities*

| Items   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Cash and bank balances not considered as cash and cash equivalents . . . . .                  | 4,240,290,655.66             | 1,596,883,996.13                |
| Expenses paid in cash . . . . .   | 1,133,437,282.37             | 596,247,488.76                  |
| Cost of holding position and losses on closing position in hedged futures contracts . . . . . | 1,890,252,907.19             | 40,587,146.72                   |
| Others . . . . .  | 49,727,197.72                | 45,464,494.46                   |
| Total . . . . .   | 7,313,708,042.94             | 2,279,183,126.07                |

3. *Other cash receipts related to investing activities*

| Items   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Cash and bank balances not considered as cash and cash equivalents . . . . .  | 581,423,112.40               | 325,750,397.20                  |
| Net cash receipts from acquisition of Huafei Indonesia . . . . .              | 76,809,320.82                |                                 |
| Receipt of equipment funds from Huafei Indonesia . . . . .                    | 32,873,089.83                | 641,739,400.77                  |
| Receipt of funds for transfer of creditor's right from SESA Company . . . . . |                              | 167,636,001.13                  |
| Receipt of interest on call loans from IWIP Company . . . . .                 |                              | 9,742,561.82                    |
| Receipt of interest on call loans from Veinstone . . . . .                    | 13,744,035.66                |                                 |
| Total . . . . .   | 704,849,558.71               | 1,144,868,360.92                |

4. *Other cash payments related to investing activities*

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Cash and bank balances not considered as cash and cash equivalents . . . . . | 1,606,380,618.04             | 238,601,618.28                  |
| Payment of call loans to PT Alam Hijau Environmental Services . . . . .      | 7,661,060.00                 |                                 |
| Payment of call loans to PPM Company . . . . .                               | 118,815,888.59               |                                 |
| Net cash payments for disposal of HANARI Company . . . . .                   | 168,995.28                   |                                 |
| Net cash payments for disposal of Hubei Youxing . . . . .                    | 2,173,349.69                 |                                 |
| Net cash payments for disposal of SHAD Company . . . . .                     | 1,016.55                     |                                 |
| Payments for equipment to Huafei Indonesia . . . . .                         | 638,573,248.02               | 1,352,590,413.37                |
| Payment of related debt of former shareholders of Prospect Lithium . . . . . | 79,699,836.87                |                                 |
| Total . . . . .  | 2,453,474,013.04             | 1,591,192,031.65                |

5. *Other cash receipts related to financing activities*

| Items   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Cash and bank balances not considered as cash and cash equivalents . . . . .        | 604,690,956.10               | 59,848,145.99                   |
| Receipts from repo transactions . . . . .   | 1,175,895,367.75             |                                 |
| Receipts from discounting of bank acceptance for financing purposes . . . . .       | 477,237,655.59               | 149,611,023.32                  |
| Receipts from sale and leaseback . . . . .  | 4,164,983,600.00             | 970,000,000.00                  |
| Receipt of call loans . . . . .   | 5,049,411,678.97             | 1,912,147,177.57                |
| Recovery of deposits for sale and leaseback . . . . .                               | 35,612,000.00                |                                 |
| Recovery of deposits for repo transactions . . . . .                                |                              | 21,370,393.00                   |
| Payments for transfer of partial equity of the subsidiary Wenzhou Huashan . . . . . |                              | 8,500,000.00                    |



| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Payments for transfer of partial equity of the subsidiary Jiangsu Huayou . . . . .   |                              | 5,000,000.00                    |
| Payments for transfer of partial equity of the subsidiary Prospect Lithium . . . . . | 270,032,292.00               |                                 |
| Total . . . . .  | 11,777,863,550.41            | 3,126,476,739.88                |

6. *Other cash payments related to financing activities*

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Cash and bank balances not considered as cash and cash equivalents . . . . .         | 858,267,753.46               | 620,221,956.10                  |
| Payments for sale and leaseback . . . . .  | 1,599,169,749.14             | 486,278,861.90                  |
| Payments of deposits for sale and leaseback . . . . .                                | 43,600,000.00                | 65,900,000.00                   |
| Bank acceptance for financing purposes with undertaking to pay at maturity . . . . . | 154,000,000.00               | 20,000,000.00                   |
| Payments for issuance fees . . . . .   | 10,818,424.66                | 7,480,766.06                    |
| Repayments for call loans and interest thereon . . . . .                             | 3,923,964,047.34             | 1,924,530,243.34                |
| Payments for acquisition of non-controlling interest of Feza Mining . . . . .        | 4,429,719.00                 |                                 |
| Payments for acquisition of non-controlling interest of Huayou New Energy . . . . .  | 1,240,248,109.00             |                                 |
| Repurchase of restricted shares . . . . .  | 21,961,034.00                |                                 |
| Payments for lease liabilities . . . . .   | 56,828,107.49                | 30,502,932.44                   |
| Payments for repo transactions. . . . .  |                              | 38,331,686.76                   |
| Total . . . . .  | 7,913,286,944.09             | 3,193,246,446.60                |

7. *Supplementary information to the cash flow statement*

(1) Supplementary information to the cash flow statement

| Supplementary information   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| 1) Reconciliation of net profit to cash flows from operating activities:                                    |                              |                                 |
| Net profit . . . . .  | 5,706,810,481.43             | 4,023,639,932.18                |
| Add: Provision for assets impairment . . . . .  | 1,502,108,086.83             | 131,043,333.54                  |
| Depreciation of fixed assets, oil and gas assets and productive biological assets . . . . .                 | 1,769,774,649.34             | 982,520,861.89                  |
| Depreciation of right-of-use assets . . . . .   | 41,283,772.70                | 21,898,654.49                   |
| Amortization of intangible assets . . . . .   | 106,542,897.02               | 88,642,075.64                   |
| Amortization of long-term prepayments . . . . .   | 26,753,374.81                | 28,503,304.53                   |
| Losses on disposal of fixed assets, intangible assets and other long-term assets<br>(Less: gains) . . . . . | -2,413,571.80                | 3,122,487.58                    |
| Fixed assets retirement loss (Less: gains) . . . . .  | 31,787,577.09                | 62,852,841.07                   |
| Losses on changes in fair value (Less: gains) . . . . .   | 147,500,921.76               | 14,588,816.50                   |
| Financial expenses (Less: gains) . . . . .  | 1,322,746,417.71             | 474,591,749.22                  |
| Investment losses (Less: gains) . . . . .   | -1,503,350,161.57            | -687,950,426.48                 |
| Decrease of deferred tax assets<br>(Less: increase) . . . . .   | -463,608,809.23              | -110,219,302.33                 |
| Increase of deferred tax liabilities<br>(Less: decrease) . . . . .  | 211,555,564.65               | 80,695,346.52                   |
| Decrease of inventories (Less: increase) . . . . .  | -9,947,123,095.06            | -3,846,764,208.40               |
| Decrease of operating receivables<br>(Less: increase) . . . . .   | -11,565,416,090.91           | -5,607,591,433.39               |
| Increase of operating payables<br>(Less: decrease) . . . . .  | 15,132,908,157.75            | 4,085,214,324.05                |
| Others . . . . .  | 395,946,202.86               | 193,503,053.71                  |

| <u>Supplementary information</u>  | <u>Current period<br/>cumulative</u> | <u>Preceding period<br/>comparative</u> |
|---|--------------------------------------|---|
| Net cash flows from operating activities . . . . .  | 2,913,806,375.38                     | -61,708,589.68                          |
| 2) Significant investing and financing activities not<br>related to cash receipts and payments: |                                      |   |
| Conversion of debt into capital . . . . .   |                                      |   |
| Convertible bonds due within one year . . . . .   |                                      |   |
| Fixed assets leased in under finance leases . . . . .   |                                      |   |
| 3) Net changes in cash and cash equivalents:  |                                      |   |
| Cash at the end of the period . . . . .   | 8,579,643,614.59                     | 6,108,393,395.75                        |
| Less: Cash at the beginning of the period . . . . .   | 6,108,393,395.75                     | 1,489,479,506.70                        |
| Add: Cash equivalents at the end of the<br>period . . . . .                                     |                                      |   |
| Less: Cash equivalents at the beginning of<br>the period . . . . .                              |                                      |   |
| Net increase of cash and cash equivalents . . . . .   | 2,471,250,218.84                     | 4,618,913,889.05                        |

(2) Net cash payments for acquisition of subsidiaries in the current period

| <u>Items</u>   | <u>Prospect Lithium</u> | <u>Huafei Indonesia</u>  |
|--|-------------------------|--------------------------|
| Cash and cash equivalents paid in the current period<br>as consideration for business combination in the<br>current period . . . . . | 2,477,249,826.07        |                          |
| Less: Cash and cash equivalents held by subsidiaries<br>at the acquisition date . . . . .  | 223,655.89              | 76,809,320.82            |
| Net cash payment for acquisition of subsidiaries in<br>the current period . . . . .  | 2,477,026,170.18        | -76,809,320.82<br>[Note] |

*Note:* Net cash payments for acquisition of Huafei Indonesia in the current period are presented under the “Other cash receipts related to investing activities” in the cash flow statement.

(3) Net cash receipts from disposal of subsidiaries in the current period

| <u>Items</u>  | <u>HANARI Company</u> | <u>Hubei Youxing</u> | <u>SHAD Company</u> |
|---|-----------------------|----------------------|---------------------|
| Cash and cash equivalents<br>received in the current period<br>for subsidiary disposal in the<br>current period . . . . . |                       | 1,000,000.00         |                     |
| Less: Cash and cash<br>equivalents held by<br>subsidiaries at the loss-of-<br>control date . . . . .                      | 168,995.28            | 3,173,349.69         | 1,016.55            |
| Net cash receipts from disposal<br>of subsidiaries in the current<br>period . . . . .                                     | -168,995.28           | -2,173,349.69        | -1,016.55           |

*Note:* Net cash receipts from disposal of HANARI Company, Hubei Youxing, and SHAD Company in the current period are presented under the “Other cash payments related to investing activities” in the cash flow statement.

(4) Composition of cash and cash equivalents

| <u>Items</u>  | <u>Closing balance</u> | <u>Opening balance</u> |
|---|------------------------|------------------------|
| 1) Cash . . . . .   | 8,579,643,614.59       | 6,108,393,395.75       |
| Including: Cash on hand . . . . .                                     | 25,777,978.79          | 30,717,041.97          |
| Cash in bank on demand for payment . . . . .                          | 8,030,335,929.04       | 6,028,851,637.85       |
| Other cash and bank balances on demand<br>for payment . . . . .       | 523,529,706.76         | 48,824,715.93          |
| 2) Cash equivalents . . . . .   |                        |                        |
| Including: Bond investments maturing within three<br>months . . . . . |                        |                        |

| Items  | Closing balance  | Opening balance  |
|--|------------------|------------------|
| 3) Cash and cash equivalents at the end of the period . . . . .                                      | 8,579,643,614.59 | 6,108,393,395.75 |
| Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions . . . . |                  |                  |

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

| Items  | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Amount of endorsed commercial acceptance . . . . .                                       | 2,356,529,958.46          | 1,320,042,637.44             |
| Including: Payments for acquisition of fixed assets and other long-term assets . . . . . | 2,356,529,958.46          | 1,320,042,637.44             |

(6) Remarks

Remarks on cash and bank balances not considered as cash and cash equivalents

Balances as at December 31, 2022 of the “cash and cash equivalents” in the consolidated cash flow statement and the “cash and bank balances” in the consolidated balance sheet were 8,579,643,614.59 yuan and 15,435,775,480.67 yuan respectively, with a difference of 6,856,131,866.08 yuan. It was due to a reduction of 6,856,131,866.08 from “cash and cash equivalents” in the consolidated cash flow statement, which was not considered as cash and cash equivalents.

Balances as at December 31, 2021 of the “cash and cash equivalents” in the consolidated cash flow statement and the “cash and bank balances” in the consolidated balance sheet were 6,108,393,395.75 yuan and 9,769,484,655.14 yuan respectively, with a difference of 3,661,091,259.39 yuan. It was due to a reduction of 3,661,091,259.39 from “cash and cash equivalents” in the consolidated cash flow statement, which was not considered as cash and cash equivalents.

**(IV) Others**

*1. Assets with title or use right restrictions*

(1) Details

| Items                                       | Carrying amount  | Reasons for restrictions  |
|---|------------------|---|
| Cash and bank balances . . . . .            | 6,856,131,866.08 | It refers to other cash and bank balances including deposits for bank acceptance of 5,143,202,945.20 yuan, deposits for letters of credit of 671,072,012.66 yuan, deposits for letters of guarantee of 12,603,250.00 yuan, deposits for borrowings of 865,659,311.06 yuan, deposits for forward exchange settlement of 111,232,263.43.50 yuan, deposits for environmental impact assessment of 39,879,493.01 yuan and other deposits of 12,482,590.72 yuan. |
| Held-for-trading financial assets . . . . . | 202,612,876.71   | Pledged for bank financing.   |

| Items                              | Carrying amount   | Reasons for restrictions   |
|------------------------------------|-------------------|--|
| Receivables financing . . . . .    | 1,058,742,915.84  | Pledged for bank financing.  |
| Inventories . . . . .              | 1,717,046,494.27  | Pledged for financing from financial institutions and inventories repurchased after sales. |
| Fixed assets . . . . .             | 12,888,440,521.18 | Mortgaged for bank financing and fixed assets leased back after sales.                     |
| Construction in progress . . . . . | 2,901,249,101.66  | Mortgaged for bank financing and construction in progress leased back after sales.         |
| Intangible assets . . . . .        | 327,322,387.75    | Mortgaged for bank financing.  |
| Other non-current assets. . . . .  | 126,006,000.00    | Payments for fixed assets leased back after sales.   |
| Total. . . . .                     | 26,077,552,163.49 |  |

(2) Other remarks

At the balance sheet date, the Company pledged 36.86% of equity of Tianjin B&M, 80.00% of equity of CDM Company, 80.68% of equity of Huayou Quzhou, 100.00% of equity of Huayuan Copper, 51.00% of Huafei Indonesia, 30.00% of Huake Nickel and 57.00% of Huayue Company for the Company's financing.

Pursuant to the account pledge agreement entered into between Huayue Company and Bank of China (Hong Kong) Limited Jakarta Branch, Huayue Company pledged part of its opened bank accounts to the bank. Please refer to section XII (I) of notes to the financial statements for details.

2. Monetary items in foreign currencies

(1) Details

| Items                         | Closing balance in foreign currencies | Exchange rate | RMB equivalent at the end of the period |
|-------------------------------|---------------------------------------|---------------|---|
| Cash and bank balances . . .  |                                       |               | 7,057,066,091.40                        |
| Including: USD . . . . .      | 987,906,574.24                        | 6.9646        | 6,880,374,126.95                        |
| EUR . . . . .                 | 662,958.56                            | 7.4229        | 4,921,075.10                            |
| HKD. . . . .                  | 1,172,081.37                          | 0.89327       | 1,046,985.13                            |
| IDR . . . . .                 | 367,477,062,097.25                    | 0.000445      | 163,527,292.63                          |
| ZAR. . . . .                  | 3,881,047.86                          | 0.411320      | 1,596,352.61                            |
| KRW . . . . .                 | 22,714,202.00                         | 0.005523      | 125,450.54                              |
| CDF . . . . .                 | 1,569,162,636.83                      | 0.003489      | 5,474,808.44                            |
| Accounts receivable . . . . . |                                       |               | 4,808,038,145.88                        |
| Including: USD . . . . .      | 689,436,524.71                        | 6.9646        | 4,801,649,620.00                        |
| IDR . . . . .                 | 13,920,347,413.00                     | 0.000445      | 6,194,554.60                            |
| ZAR. . . . .                  | 471,582.41                            | 0.411320      | 193,971.28                              |
| Other receivables . . . . .   |                                       |               | 38,907,674.38                           |
| Including: USD . . . . .      | 4,762,529.69                          | 6.9646        | 33,169,114.28                           |
| HKD. . . . .                  | 315,353.70                            | 0.89327       | 281,696.00                              |
| IDR . . . . .                 | 7,048,405,336.00                      | 0.000445      | 3,136,540.37                            |
| ZAR. . . . .                  | 67,000.00                             | 0.411320      | 27,558.44                               |
| KRW . . . . .                 | 412,269,400.00                        | 0.005523      | 2,276,963.90                            |
| CDF . . . . .                 | 4,528,916.00                          | 0.003489      | 15,801.39                               |
| Long-term receivables . . . . |                                       |               | 486,294,854.29                          |
| Including: USD . . . . .      | 52,763,829.32                         | 6.9646        | 367,478,965.70                          |
| IDR . . . . .                 | 267,001,996,830.00                    | 0.000445      | 118,815,888.59                          |

| Items   | Closing balance in foreign currencies | Exchange rate | RMB equivalent at the end of the period |
|---|---------------------------------------|---------------|---|
| Short-term borrowings . . . .                         |                                       |               | 1,414,962,639.52                        |
| Including: USD . . . . .                              | 185,737,877.45                        | 6.9646        | 1,293,590,021.29                        |
| EUR . . . . .   | 2,124,689.78                          | 7.4229        | 15,771,359.77                           |
| HKD . . . . .   | 118,218,745.13                        | 0.89327       | 105,601,258.46                          |
| Accounts payable . . . . .                            |                                       |               | 4,521,690,926.45                        |
| Including: USD . . . . .                              | 513,161,141.36                        | 6.9646        | 3,573,962,085.12                        |
| EUR . . . . .   | 1,012.12                              | 7.4229        | 7,512.87                                |
| IDR . . . . .   | 2,088,319,887,874.85                  | 0.000445      | 929,302,350.10                          |
| ZAR . . . . .   | 44,539,963.21                         | 0.411320      | 18,320,177.67                           |
| KRW . . . . .   | 17,888,954.00                         | 0.005523      | 98,800.69                               |
| Other payables . . . . .                              |                                       |               | 2,376,986,787.23                        |
| Including: USD . . . . .                              | 341,289,930.40                        | 6.9646        | 2,376,947,849.26                        |
| IDR . . . . .   | 87,501,056.00                         | 0.000445      | 38,937.97                               |
| Non-current liabilities due within one year . . . . . |                                       |               | 277,437,269.27                          |
| Including: USD . . . . .                              | 39,466,490.16                         | 6.9646        | 274,868,317.37                          |
| IDR . . . . .   | 3,218,725,098.00                      | 0.000445      | 1,432,332.67                            |
| KRW . . . . .   | 205,797,434.40                        | 0.005523      | 1,136,619.23                            |
| Long-term borrowings . . . .                          |                                       |               | 7,578,830,460.66                        |
| Including: USD . . . . .                              | 1,088,193,214.35                      | 6.9646        | 7,578,830,460.66                        |
| Lease liabilities . . . . .                           |                                       |               | 11,458,174.38                           |
| Including: IDR . . . . .                              | 13,993,245,847.00                     | 0.000445      | 6,226,994.40                            |
| KRW . . . . .   | 947,162,771.12                        | 0.005523      | 5,231,179.98                            |
| Long-term payables . . . . .                          |                                       |               | 2,652,140,756.69                        |
| Including: USD . . . . .                              | 380,803,026.26                        | 6.9646        | 2,652,140,756.69                        |

(2) Remarks on foreign operations

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

3. Government grants

(1) Details

1) Government grants related to assets

| Items   | Opening balance of |               |               | Closing balance of deferred income | Amortization presented under | Remarks |
|---|--------------------|---------------|---------------|------------------------------------|------------------------------|---------|
|   | deferred income    | Increase      | Amortization  |                                    |                              |         |
| Subsidies for infrastructure construction . . . . .         | 242,449,705.76     | 20,000,000.00 | 10,284,633.22 | 252,165,072.54                     | Other income                 |         |
| Fiscal subsidies for technological transformation . . . . . | 18,354,069.87      | 11,000,000.00 | 1,539,676.10  | 27,814,393.77                      | Other income                 |         |
| Fiscal subsidies for technological innovation . . . .       | 48,565,002.24      | 24,740,000.00 | 3,782,850.44  | 69,522,151.80                      | Other income                 |         |

| Items   | Opening balance of deferred income | Increase       | Amortization  | Closing balance of deferred income | Amortization presented under | Remarks |
|---|------------------------------------|----------------|---------------|------------------------------------|------------------------------|---------|
| Subsidies for life cycle green manufacturing projects . . . . .   | 25,014,402.30                      |                | 1,202,091.60  | 23,812,310.70                      | Other income                 |         |
| Optimization and improvement of wastewater treatment and comprehensive utilization of renewable resources project . . . . . | 11,288,492.88                      |                | 623,016.96    | 10,665,475.92                      | Other income                 |         |
| Special subsidies for energy conservation and industrial circular economy . . . . .   | 16,112,782.66                      |                | 689,131.19    | 15,423,651.47                      | Other income                 |         |
| Funds and supporting subsidies for provincial key enterprise research institutes . . . . .                                  | 8,999,999.92                       |                | 1,000,000.08  | 7,999,999.84                       | Other income                 |         |
| Fiscal subsidies for industrial transformation and upgrading . . . . .  | 22,083,774.11                      | 38,675,000.00  | 2,565,747.43  | 58,193,026.68                      | Other income                 |         |
| Supporting funds for enterprises . . . . .  | 26,704,611.80                      |                | 2,522,091.12  | 24,182,520.68                      | Other income                 |         |
| Central special funds for prevention and control of air pollution . . . . .   | 1,500,000.00                       |                | 180,000.00    | 1,320,000.00                       | Other income                 |         |
| Subsidies for the integration of informatization and industrialization . . . . .  | 811,540.61                         |                | 66,206.04     | 745,334.57                         | Other income                 |         |
| Subsidies for collaborative innovation projects of high-quality development industries . . . . .                            | 14,333,333.33                      |                | 1,000,000.00  | 13,333,333.33                      | Other income                 |         |
| Subsidies for industrial productive investment projects . . . . .   | 8,816,657.57                       |                | 1,000,000.08  | 7,816,657.49                       | Other income                 |         |
| Subsidies for industrial Internet innovation and development projects . . . . .   | 7,873,500.00                       | 1,398,600.00   | 568,584.15    | 8,703,515.85                       | Other income                 |         |
| Subsidies for innovation-driven funds projects . . . . .  | 17,813,446.85                      |                | 2,364,871.48  | 15,448,575.37                      | Other income                 |         |
| Subsidies for investment in fixed assets . . . . .  | 2,970,127.47                       | 3,793,900.00   | 434,585.43    | 6,329,442.04                       | Other income                 |         |
| Special subsidies for technological transformation . . . . .  | 29,241,005.63                      | 3,206,100.00   | 3,841,616.44  | 28,605,489.19                      | Other income                 |         |
| Industrial chain collaborative innovation project . . . . .   | 13,500,000.00                      |                |               | 13,500,000.00                      | Other income                 |         |
| Other piecemeal subsidies . . . . .   | 1,355,306.85                       | 760,016.13     | 436,383.76    | 1,678,939.22                       | Other income                 |         |
| Subtotal . . . . .  | 517,787,759.85                     | 103,573,616.13 | 34,101,485.52 | 587,259,890.46                     |                              |         |

2) Government grants related to income and used to compensate future relevant costs, expenses or losses

| Items  | Opening balance of deferred income | Increase     | Amounts carried forward | Closing balance of deferred income | Amounts carried forward presented under | Remarks |
|--|------------------------------------|--------------|-------------------------|------------------------------------|---|---------|
| Special funds for science and technology development . . . . . |                                    | 3,604,800.00 |                         | 3,604,800.00                       | Other income                            |         |
| Other piecemeal subsidies . . . . .                            | 1,085,353.07                       | 1,266,983.87 | 489,366.47              | 1,862,970.47                       | Other income                            |         |
| Subtotal . . . . .   | 1,085,353.07                       | 4,871,783.87 | 489,366.47              | 5,467,770.47                       |   |         |

3) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

| Items   | Amounts        | Presented under | Remarks |
|---|----------------|-----------------|---------|
| Tax refunds . . . . .                             | 76,052,000.00  | Other income    |         |
| Fiscal incentives . . . . .                       | 36,722,086.00  | Other income    |         |
| Subsidies from business polices . . .             | 23,198,400.00  | Other income    |         |
| Subsidies for stabilizing<br>employment . . . . . | 7,752,361.00   | Other income    |         |
| Extra deduction of input VAT . . . . .            | 1,679,718.42   | Other income    |         |
| Other piecemeal subsidies . . . . .               | 10,108,036.97  | Other income    |         |
| Subtotal . . . . .                                | 155,512,602.39 |                 |         |

4) Fiscal interest subvention

Interest subvention directly obtained

| Items                                | Opening balance of deferred income | Increase     | Amounts carried forward | Closing balance of deferred income | Amounts carried forward presented under | Remarks |
|--------------------------------------|------------------------------------|--------------|-------------------------|------------------------------------|---|---------|
| Fiscal interest subvention . . . . . |                                    | 4,974,090.00 | 4,974,090.00            |                                    | Financial expenses                      |         |
| Subtotal . . . . .                   |                                    | 4,974,090.00 | 4,974,090.00            |                                    |   |         |

(2) In the current period, government grants included into profit or loss totaled 195,077,544.38 yuan.

4. Hedging

Fair value hedge

Financial information related to fair value hedge is as follows:

| Hedged items                            | Hedging instruments      | Closing fair value of hedging instruments | Profit or loss of hedging instruments in the current period | Profit or loss of hedged items due to hedging risks |
|---|--------------------------|---|---|---|
| Nickel-containing inventories . . . . . | Nickel futures contracts | -842,827,596.01                           | -1,281,541,295.51   | 1,097,908,402.42                                    |
| Subtotal . . . . .                      |                          | -842,827,596.01                           | -1,281,541,295.51   | 1,097,908,402.42                                    |

During the reporting period, the Company holds nickel-containing inventories and adopts nickel futures contracts of Shanghai Futures Exchange or London Metal Exchange to hedge risks from changes in price of nickel metal, which is accounted for with hedge accounting methods. As of the balance sheet date, losses on changes in fair value of nickel futures contracts were 842,827,596.01 yuan. In the current period, losses on nickel futures contracts totaled 1,281,541,295.51 yuan, gains on nickel-containing inventories due to hedging risks totaled 1,097,908,402.42 yuan, and losses on ineffective hedge totaled 183,632,893.09 yuan (including losses on closed position of 88,054,133.56 yuan and losses on unsettled position of 95,578,759.53 yuan).

## VI. Changes in the consolidation scope

### (I) Business combination not under common control

#### 1. Business combination not under common control in the current period

##### (1) Basic information

| Acquirees                  | Equity acquisition date | Equity acquisition cost | Proportion of equity acquired | Equity acquisition method |
|----------------------------|-------------------------|-------------------------|-------------------------------|---------------------------|
|                            |                         |                         | (%)                           |                           |
| Prospect Lithium . . . . . | April 2022              | USD409,940,803.70       | 100.00                        | Transfer                  |
| Huafei Indonesia . . . . . | April 2022              | USD775,000.00           | 31.00                         | Transfer                  |

(Continued)

| Acquirees                  | Acquisition date | Determination basis for acquisition date          | Acquiree's income from acquisition date to period end | Acquiree's net profit from acquisition date to period end |
|----------------------------|------------------|---|---|---|
| Prospect Lithium . . . . . | April 2022       | Please refer to section VI (I) 1 (2) for details. |   | -23,460,351.58  |
| Huafei Indonesia . . . . . | April 2022       | Please refer to section VI (I) 1 (2) for details. |   | -347,456.81   |

##### (2) Other remarks

- 1) Pursuant to the resolution of the 25th meeting of the fifth session of the Board of Directors, the Company's subsidiary Huayou Mining Hong Kong acquired 100.00% of equity of Prospect Lithium and related creditor's right under "Intercompany Loan Agreement" at the consideration of USD422.00 million. As of April 30, 2022, the Company has paid the consideration of equity transfer, completed hand-over procedures of relevant property rights, and obtained the actual control over it. Therefore, Prospect Lithium was brought into the consolidation scope since then.
- 2) The Company held 20.00% of equity of Huafei Indonesia before. Pursuant to the resolutions of the 28th meeting of the fifth session of the Board of Directors and the first extraordinary shareholders' meeting of 2022, the Company's subsidiary Huayou International Cobalt acquired 31.00% of equity of Huafei Indonesia held by Yongrui Holdings Limited at the consideration of USD0.775 million. As of April 30, 2022, the Company has completed hand-over procedures of relevant property rights, and obtained the actual control over it. Therefore, Huafei Indonesia was brought into the consolidation scope since then.



## 2. Combination costs and goodwill

### Details

| Items  | Prospect Lithium | Huafei Indonesia |
|--|------------------|------------------|
| Combination costs  |                  |                  |
| Cash . . . . .   | 2,604,763,866.71 | 5,128,717.50     |
| Acquisition-date fair value of equity held before the acquisition date . . . . .                             |                  | 3,308,850.00     |
| Total combination costs . . . . .  | 2,604,763,866.71 | 8,437,567.50     |
| Less: Share of fair value of net identifiable assets acquired . . . . .                                      | 2,604,763,866.71 | 8,437,567.50     |
| Goodwill/Balance of fair value of net identified assets acquired after deducting combination costs . . . . . |                  |                  |

## 3. Acquisition-date identifiable assets and liabilities of acquirees

### (1) Details

| Items                                    | Prospect Lithium            |                                  | Huafei Indonesia            |                                  |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
|  | Acquisition-date fair value | Acquisition-date carrying amount | Acquisition-date fair value | Acquisition-date carrying amount |
| Assets . . . . .                         | 2,691,709,453.30            | 14,476,985.08                    | 2,560,224,929.06            | 2,532,502,699.35                 |
| Cash and bank balances . . . . .         | 223,655.89                  | 223,655.89                       | 172,614,839.10              | 172,614,839.10                   |
| Inventories . . . . .                    | 178,677.90                  | 178,677.90                       |                             |                                  |
| Other current assets . . . . .           | 2,200,574.85                | 2,200,574.85                     | 100,460,326.68              | 72,738,096.97                    |
| Fixed assets . . . . .                   | 10,433,332.47               | 10,433,332.47                    | 93,299,131.30               | 93,299,131.30                    |
| Construction in progress . . . . .       |                             |                                  | 765,447,655.06              | 765,447,655.06                   |
| Intangible assets . . . . .              | 2,678,673,212.19            | 1,440,743.97                     |                             |                                  |
| Other non-current assets . . . . .       |                             |                                  | 1,428,402,976.92            | 1,428,402,976.92                 |
| Liabilities . . . . .                    | 86,945,586.59               | 86,945,586.59                    | 2,543,680,679.06            | 2,543,680,679.06                 |
| Payables . . . . .                       | 3,569,389.64                | 3,569,389.64                     | 57,214,089.16               | 57,214,089.16                    |
| Other liabilities . . . . .              | 83,376,196.95               | 83,376,196.95                    | 2,486,466,589.90            | 2,486,466,589.90                 |
| Net assets . . . . .                     | 2,604,763,866.71            | -72,468,601.51                   | 16,544,250.00               | -11,177,979.71                   |
| Less: Non-controlling interest . . . . . |                             |                                  | 8,106,682.50                | -5,477,210.06                    |
| Net assets acquired . . . . .            | 2,604,763,866.71            | -72,468,601.51                   | 8,437,567.50                | -5,700,769.65                    |

### (2) Fair value determination method on identifiable assets and liabilities

#### 1) Prospect Lithium

Pursuant to “Appraisal Report on Identifiable Assets, Liabilities and Contingent Liabilities of Prospect Lithium Zimbabwe (Pvt) Ltd. Related to Proposed Prepared Financial Report” (Zhong Lian Guo Ji Zi Zi [2022] No. TKMQB0828) issued by China United International Appraisal Consulting Co., Ltd., which took April 20, 2022 as the evaluation benchmark date, and in combination with appropriate reviews, the Company recognized the acquisition-date fair value of identifiable assets of Prospect Lithium at 2,691.71 million yuan and the acquisition-date fair value of identifiable liabilities at 86.95 million yuan.

#### 2) Huafei Indonesia

The Company recognized the acquisition-date fair value of identifiable assets and liabilities of Huafei Indonesia according to the consideration of equity and the status of assets and liabilities of the acquiree.

## (II) Disposal of subsidiaries

### One-time disposal leading to loss of control over a subsidiary

#### 1. Details

| Subsidiaries         | Equity disposal consideration | Equity disposal proportion | Equity disposal method | Loss of control date | Determination basis for loss of control date  | Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level |
|----------------------|-------------------------------|----------------------------|------------------------|----------------------|---|---|
|                      |                               | (%)                        |                        |                      |   |   |
| HANARI Company . . . | 0.00                          | 70.00                      | Transfer               | May 2022             | Please refer to section VI (II) 2 of notes to the financial statements for details. | -7,553,519.45   |
| Hubei Youxing . . .  | 1,000,000.00                  | 100.00                     | Transfer               | August 2022          | Please refer to section VI (II) 2 of notes to the financial statements for details. | 7,824.10  |
| SHAD Company . . .   | 0.00                          | 82.00                      | Transfer               | March 2022           | Please refer to section VI (II) 2 of notes to the financial statements for details. | -259,473.95   |

(Continued)

| Subsidiaries         | Proportion of remaining equity at the loss of control date | Carrying amount of remaining equity at the loss of control date | Fair value of remaining equity at the loss of control date | Gains/Losses on fair value remeasurement of remaining equity | Determination method and major assumption on fair value of remaining equity at the loss of control date | Changes in other comprehensive income/equity related to former subsidiary's equity investment transferred to investment income |
|----------------------|--|---|--|--|---|--|
| HANARI Company . . . |  |   |  |  |   | -5,821,240.38  |
| Hubei Youxing . . .  |  |   |  |  |   |  |
| SHAD Company . . .   |  |   |  |  |   | 575,568.71   |

#### 2. Other remarks

- (1) The Company's subsidiary Huayou Mining Hong Kong holds 70.00% of equity of HANARI Company. Pursuant to the Equity Transfer Agreement entered into between the two parties, Huayou Mining Hong Kong transferred 70.00% of equity of HANARI Company to HANAQ Company at the consideration of 0.00 yuan. As of May 7, 2022, Huayou Mining Hong Kong has completed hand-over procedures of relevant property rights. As Huayou Mining Hong Kong has lost actual control over HANARI Company, HANARI Company was excluded from the consolidation scope since then.

- (2) The Company holds 100.00% of equity of Hubei Youxing. Pursuant to the Equity Transfer Agreement entered into between the two parties, the Company transferred 100.00% of equity of Hubei Youxing to Huayou Holding at the consideration of 1.00 million yuan. As of August 1, 2022, the Company has received the payments for equity transfer, completed hand-over procedures of relevant property rights. As the Company has lost actual control over Hubei Youxing, Hubei Youxing was excluded from the consolidation scope since then.
- (3) The Company holds 82.00% of equity of SHAD Company. Pursuant to the Equity Transfer Agreement entered into between the two parties, the Company transferred 82.00% of equity of SHAD Company to University of Lubumbashi free of charge. As of March 2022, the Company has completed hand-over procedures of relevant property rights. As the Company has lost actual control over SHAD Company, SHAD Company was excluded from the consolidation scope since then.

### (III) Changes in the consolidation scope due to other reasons

#### Entities brought into the consolidation scope

| Entities   | Equity acquisition method | Equity acquisition date | Capital contribution | Capital contribution proportion (%) |
|--|---------------------------|-------------------------|----------------------|-------------------------------------|
| Hubei Youxing . . . . .                          | Establishment             | January 2022            | 1,000,000.00         | 100.00                              |
| Guangxi Regeneration . . .                       | Establishment             | March 2022              | Not paid yet.        | 100.00                              |
| Guangxi Lithium. . . . .                         | Establishment             | April 2022              | 265,000,000.00       | 100.00                              |
| Tongxiang Huazheng . . . .                       | Establishment             | June 2022               | 34,695,000.00        | 69.39                               |
| Huaxing Hong Kong . . . .                        | Establishment             | January 2022            | Not paid yet.        | 100.00                              |
| Huasheng Hong Kong . . . .                       | Establishment             | January 2022            | USD700,000.00        | 100.00                              |
| Huasheng Indonesia. . . . .                      | Establishment             | May 2022                | USD700,000.00        | 70.00                               |
| Wenzhou Huajian . . . . .                        | Establishment             | June 2022               | Not paid yet.        | 69.39                               |
| IPIP Company . . . . .                           | Establishment             | July 2022               | USD7,000,000.00      | 70.00                               |
| Huachang Trade . . . . .                         | Establishment             | August 2022             | Not paid yet.        | 70.00                               |
| Huayou International Resources . . . . .         | Establishment             | July 2022               | Not paid yet.        | 100.00                              |
| Huaqi Hong Kong . . . . .                        | Establishment             | August 2022             | Not paid yet.        | 100.00                              |
| Huachi Hong Kong . . . . .                       | Establishment             | April 2022              | Not paid yet.        | 100.00                              |
| Huayou International Lithium . . . . .           | Establishment             | April 2022              | Not paid yet.        | 100.00                              |
| Quzhou Huayou Environmental Protection . . . . . | Establishment             | September 2022          | 14,000,000.00        | 70.00                               |
| Kolaka Port . . . . .                            | Establishment             | December 2022           | IDR51,078,650,000.00 | 95.00                               |
| Huashun Hong Kong . . . .                        | Establishment             | September 2022          | Not paid yet.        | 100.00                              |
| Shanghai Xinsheng . . . .                        | Establishment             | January 2022            | Not paid yet.        | 70.00                               |
| Huajin Hong Kong . . . . .                       | Establishment             | September 2022          | Not paid yet.        | 100.00                              |
| Huaming Hong Kong . . . .                        | Establishment             | September 2022          | Not paid yet.        | 100.00                              |
| Huaqun Hong Kong . . . . .                       | Establishment             | September 2022          | Not paid yet.        | 100.00                              |
| Huabin Hong Kong . . . . .                       | Establishment             | September 2022          | Not paid yet.        | 100.00                              |
| Huawu Hong Kong . . . . .                        | Establishment             | September 2022          | Not paid yet.        | 100.00                              |
| Huaqi Singapore . . . . .                        | Establishment             | November 2022           | Not paid yet.        | 100.00                              |
| Guangxi Huayou Industrial Investment . .         | Establishment             | November 2022           | Not paid yet.        | 100.00                              |
| Guangxi Huayou Enterprise Investment . .         | Establishment             | December 2022           | Not paid yet.        | 100.00                              |
| Huajun International Investment . . . . .        | Establishment             | December 2022           | Not paid yet.        | 100.00                              |
| Huayao International Investment . . . . .        | Establishment             | December 2022           | Not paid yet.        | 100.00                              |
| Huaze International Investment . . . . .         | Establishment             | December 2022           | Not paid yet.        | 100.00                              |

## VII. Interest in other entities

### (I) Interest in significant subsidiaries

#### 1. Significant subsidiaries

##### (1) Basic information

| Subsidiaries                 | Main operating place                 | Place of registration                | Business nature  | Holding proportion (%)  |          | Acquisition method                            |
|------------------------------|--------------------------------------|--------------------------------------|--|---|----------|---|
|                              |                                      |                                      |  | Direct  | Indirect |   |
| Huayou Quzhou . . .          | Quzhou City, Zhejiang Province       | Quzhou City, Zhejiang Province       | Manufacturing  | 100.00  |          | Establishment                                 |
| Huayou Hong Kong . . . . .   | Hong Kong, SAR                       | Hong Kong, SAR                       | Trade and wholesale  | 100.00  |          | Establishment                                 |
| CDM Company . . .            | The Democratic Republic of the Congo | The Democratic Republic of the Congo | Manufacturing  | 100.00  |          | Establishment                                 |
| MIKAS Company . .            | The Democratic Republic of the Congo | The Democratic Republic of the Congo | Mine development and sales of mineral products             | 100.00  |          | Business combination not under common control |
| New Energy Quzhou . . . . .  | Quzhou City, Zhejiang Province       | Quzhou City, Zhejiang Province       | Manufacturing  | 83.86   |          | Establishment                                 |
| Resource Recycling . . . . . | Quzhou City, Zhejiang Province       | Quzhou City, Zhejiang Province       | Technology promotion and application service industry      | 100.00  |          | Establishment                                 |
| Huajin Company . . .         | Quzhou City, Zhejiang Province       | Quzhou City, Zhejiang Province       | Chemical raw materials and chemical products manufacturing | 51.00   |          | Establishment                                 |
| Huayou-Posco . . . .         | Tongxiang City, Zhejiang Province    | Tongxiang City, Zhejiang Province    | Wholesale  | 60.00   |          | Establishment                                 |
| Huayue Company . .           | Republic of Indonesia                | Republic of Indonesia                | Manufacturing  | 57.00   |          | Establishment                                 |
| Tianjin B&M . . . . .        | Tianjin City                         | Tianjin City                         | Manufacturing  | Please refer to section VII (I) 1 (2) of notes to the financial statements for details. |          | Business combination not under common control |
| Chengdu B&M . . . .          | Jintang County, Sichuan Province     | Jintang County, Sichuan Province     | Manufacturing  | Please refer to section VII (I) 1 (2) of notes to the financial statements for details. |          | Business combination not under common control |

(2) Other remarks

The Company directly holds 36.86% of equity of Tianjin B&M, and Huayou Holding entrusted voting right and other rights over 25.20% of equity of Tianjin B&M to the Company, therefore, Tianjin B&M was brought into the consolidation scope. Chengdu B&M is the wholly-owned subsidiary of Tianjin B&M.

2. Significant not wholly-owned subsidiaries

| Subsidiaries             | Holding proportion of non-controlling shareholders | Non-controlling shareholders' profit or loss | Dividend declared to non-controlling shareholders | Closing balance of non-controlling interest |
|--------------------------|--|--|---|---|
|                          | (%)  |  |   |   |
| New Energy Quzhou . .    | 16.14  |  |   | 550,412,496.77                              |
| Huajin Company . . . . . | 49.00  | -50,434,289.25                               |   | 443,546,465.96                              |
| Huayou-Posco . . . . .   | 40.00  | -16,889,431.08                               |   | 538,683,913.03                              |
| Huayue Company . . . .   | 43.00  | 972,830,037.61                               |   | 1,779,173,288.20                            |
| Tianjin B&M . . . . .    | 63.14  | 917,596,684.27                               |   | 2,463,897,491.32                            |

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

| Subsidiaries                | Closing balance   |                    |                   |                     |                         |                   |
|-----------------------------|-------------------|--------------------|-------------------|---------------------|-------------------------|-------------------|
|                             | Current assets    | Non-current assets | Total assets      | Current liabilities | Non-current liabilities | Total liabilities |
| New Energy Quzhou . . . . . | 8,188,700,872.25  | 4,513,503,920.64   | 12,702,204,792.89 | 7,647,142,838.46    | 1,645,649,691.38        | 9,292,792,529.84  |
| Huajin Company . . . . .    | 1,473,393,977.70  | 1,074,476,537.92   | 2,547,870,515.62  | 1,535,507,954.41    | 107,165,691.90          | 1,642,673,646.31  |
| Huayou-Posco . . . . .      | 517,406,593.26    | 1,174,462,964.84   | 1,691,869,558.10  | 277,745,202.27      | 67,414,573.26           | 345,159,775.53    |
| Huayue Company . . . . .    | 3,322,594,989.14  | 8,564,026,670.81   | 11,886,621,659.95 | 946,037,194.51      | 6,840,744,304.34        | 7,786,781,498.85  |
| Tianjin B&M . . . . .       | 18,121,093,155.34 | 4,023,848,084.13   | 22,144,941,239.47 | 16,897,718,092.48   | 1,344,828,804.97        | 18,242,546,897.45 |

(Continued)

| Subsidiaries                | Opening balance  |                    |                  |                     |                         |                   |
|-----------------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
|                             | Current assets   | Non-current assets | Total assets     | Current liabilities | Non-current liabilities | Total liabilities |
| New Energy Quzhou . . . . . |                  |                    |                  |                     |                         |                   |
| Huajin Company . . . . .    | 1,174,398,796.08 | 1,036,281,736.03   | 2,210,680,532.11 | 1,138,249,969.78    | 64,306,572.11           | 1,202,556,541.89  |
| Huayou-Posco . . . . .      | 134,676,295.67   | 548,447,419.35     | 683,123,715.02   | 295,417,498.35      | 76,972,856.40           | 372,390,354.75    |
| Huayue Company . . . . .    | 1,255,265,126.21 | 6,607,150,094.34   | 7,862,415,220.55 | 2,443,041,860.94    | 3,828,586,905.89        | 6,271,628,766.83  |
| Tianjin B&M . . . . .       | 6,551,133,327.66 | 3,139,229,284.99   | 9,690,362,612.65 | 6,372,398,036.48    | 868,887,233.57          | 7,241,285,270.05  |

(2) Profit or loss and cash flows

| Subsidiaries           | Current period cumulative |                  |                            |                                      | Preceding period comparative |                |                            |                                      |
|------------------------|---------------------------|------------------|----------------------------|--------------------------------------|------------------------------|----------------|----------------------------|--------------------------------------|
|                        | Operating revenue         | Net profit       | Total comprehensive income | Cash flows from operating activities | Operating revenue            | Net profit     | Total comprehensive income | Cash flows from operating activities |
| New Energy Quzhou . .  | 8,114,026,137.10          | 327,016,330.89   | 327,016,330.89             | 4,218,295,734.58                     |                              |                |                            |                                      |
| Huajin Company . . . . | 3,178,603,184.19          | -102,927,120.91  | -102,927,120.91            | 377,063,183.77                       | 989,905,933.53               | -83,401,013.86 | -83,401,013.86             | -284,012,691.88                      |
| Huayou-Posco . . . . . | 216,237,334.73            | -42,223,577.70   | -42,223,577.70             | 22,773,625.43                        | 176,934,342.73               | -21,355,146.58 | -21,355,146.58             | -23,683,436.74                       |
| Huayue Company . . . . | 6,567,525,179.00          | 2,262,395,436.31 | 2,509,053,707.38           | 826,360,024.82                       |                              | -50,611,797.09 | -88,383,934.16             | -410,974,026.53                      |
| Tianjin B&M . . . . .  | 23,386,486,117.90         | 1,453,316,999.42 | 1,453,316,999.42           | 1,702,070,322.66                     | 4,976,281,811.27             | 174,617,170.20 | 174,617,170.20             | 615,613,264.86                       |

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

### 1. Changes in subsidiaries' equity

| Subsidiaries                | Date of change | Holding proportion | Holding proportion |
|-----------------------------|----------------|--------------------|--------------------|
|                             |                | before change      | after change       |
|                             |                | (%)                | (%)                |
| Feza Mining . . . . .       | May 2022       | 75.00              | 100.00             |
| Huayou New Energy . . . . . | June 2022      | 40.23              | 84.04              |
| Prospect Lithium . . . . .  | June 2022      | 100.00             | 90.00              |
| New Energy Quzhou . . . . . | December 2022  | 100.00             | 83.86              |

### 2. Effect of transactions on non-controlling interest and equity attributable to parent company

| Items  | Feza Mining    | Huayou<br>New Energy | Prospect Lithium | New<br>Energy Quzhou |
|--|----------------|----------------------|------------------|----------------------|
| Acquisition costs/Disposal considerations . . . .  |                |                      |                  |                      |
| Cash . . . . .   | 4,429,719.00   | 1,240,248,109.00     | 270,032,292.00   | 700,000,000.00       |
| Total acquisition costs/disposal considerations . . . .  | 4,429,719.00   | 1,240,248,109.00     | 270,032,292.00   | 700,000,000.00       |
| Less: Share in subsidiaries' net assets based on acquired/disposed net assets proportion . . . . . | -16,110,590.49 | 890,160,260.11       | 260,476,386.67   | 550,412,496.77       |
| Balance . . . . .  | 20,540,309.49  | 350,087,848.89       | 9,555,905.33     | 149,587,503.23       |
| Including: Capital reserve adjusted . .  | -20,540,309.49 | -350,087,848.89      | 9,555,905.33     | 149,587,503.23       |

## (III) Interest in joint ventures or associates

### 1. Significant joint ventures or associates

#### (1) Basic information

| Joint ventures or associates | Main operating place                 | Place of registration             | Business nature                        | Holding proportion (%) |          | Accounting treatment on investments in joint ventures or associates |
|------------------------------|--------------------------------------|-----------------------------------|--|------------------------|----------|---|
|                              |                                      |                                   |  | Direct                 | Indirect |   |
|                              |                                      |                                   |  |                        |          |   |
| Puhua Company . .            | Tongxiang City, Zhejiang Province    | Tongxiang City, Zhejiang Province | Non-metallic mineral products industry | 40.00                  |          | Equity method   |
| AVZ Company . . .            | The Democratic Republic of the Congo | Mt Hawthorn Wa Australia          | Mineral exploration                    | 6.14                   |          | Equity method   |

| Joint ventures or associates                                | Main operating place                          | Place of registration                         | Business nature                        | Holding proportion (%) |          | Accounting treatment on investments in joint ventures or associates |
|---|---|---|--|------------------------|----------|---|
|   |   |   |  | Direct                 | Indirect |   |
|   |   |   |  |                        |          |   |
| Leyou Company . . .   | Wuxi City, Jiangsu Province                   | Wuxi City, Jiangsu Province                   | Non-metallic mineral products industry | 49.00                  |          | Equity method   |
| Veinstone . . . . .   | Hong Kong, SAR                                | Hong Kong, SAR                                | Services                               | 24.00                  |          | Equity method   |
| IWIP Company . . .  | Halmahera Island, North Maluku, Indonesia     | Jakarta, Indonesia                            | Industrial park                        | 24.00                  |          | Equity method   |
| Newstride Technology . . . .                                | Hong Kong, SAR                                | Hong Kong, SAR                                | Industrial investments                 | 30.00                  |          | Equity method   |
| Quzhou Anyou . . . .  | Quzhou City, Zhejiang Province                | Quzhou City, Zhejiang Province                | Capital market services                | 49.92                  |          | Equity method   |
| PHC Company . . . .   | Gwangyang, South Jeolla Province, South Korea | Gwangyang, South Jeolla Province, South Korea | Manufacturing                          | 35.00                  |          | Equity method   |
| Guangxi Times Li-ion Investment Management Center . . . . . | Yulin City, Guangxi Zhuang Autonomous Region  | Yulin City, Guangxi Zhuang Autonomous Region  | Capital market services                | 49.47                  |          | Equity method   |
| Guangxi Times Li-ion Industry Fund . . . . .                | Yulin City, Guangxi Zhuang Autonomous Region  | Yulin City, Guangxi Zhuang Autonomous Region  | Capital market services                | 31.32                  |          | Equity method   |
| Hunan Yacheng . . . .                                       | Changsha City, Hunan Province                 | Changsha City, Hunan Province                 | Manufacturing                          | 10.07                  |          | Equity method   |
| Quzhou Xinhua . . . .                                       | Quzhou City, Zhejiang Province                | Quzhou City, Zhejiang Province                | Capital market services                | 49.96                  |          | Equity method   |

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

- 1) As the Company is a significant shareholder of AVZ Company with holding proportion over 5% and has the right to participate in the decision-making process on financial and operational policies, it has a significant influence over AVZ Company.
- 2) The Company's holding proportion over Hunan Yacheng is 10.07%. As the Company appoints one director to the entity, it has a significant influence over Hunan Yacheng.

2. Main financial information of significant associates

| Items  | Closing balance/Current period cumulative |                  |                  |                  |
|--|---|------------------|------------------|------------------|
|  | Puhua Company                             | AVZ Company      | Leyou Company    | Veinstone        |
| Current assets . . . . .                                     | 569,226,353.67                            | 294,326,636.31   | 5,207,158,971.73 | 811,258,486.11   |
| Non-current assets . . . . .                                 | 696,834,881.35                            | 710,456,002.68   | 1,897,336,959.04 | 929,621,204.46   |
| Total assets . . . . .                                       | 1,266,061,235.02                          | 1,004,782,638.99 | 7,104,495,930.77 | 1,740,879,690.57 |
| Current liabilities . . . . .                                | 144,091,479.98                            | 4,512,167.20     | 3,310,899,861.29 | 926,295,045.96   |
| Non-current liabilities . . . . .                            | 10,294,485.23                             | 5,340,773.11     | 135,061,499.66   | 37,796.88        |
| Total liabilities . . . . .                                  | 154,385,965.21                            | 9,852,940.31     | 3,445,961,360.95 | 926,332,842.84   |
| Non-controlling interest . . . . .                           |   |                  |                  | 73,769,709.94    |
| Equity attributable to owners<br>of parent company . . . . . | 1,111,675,269.81                          | 994,929,698.68   | 3,658,534,569.82 | 740,777,137.79   |
| Net profit . . . . .   | 112,799,220.68                            | -94,014,960.25   | 1,674,464,327.61 | 123,412,114.46   |
| Total comprehensive<br>income . . . . .                      | 112,799,220.68                            | -84,592,421.68   | 1,674,464,327.61 | 180,531,804.50   |

(Continued)

| Items  | Closing balance/Current period cumulative |                         |                  |                  |
|--|---|-------------------------|------------------|------------------|
|  | IWIP Company                              | Newstride<br>Technology | Quzhou Anyou     | PHC Company      |
| Current assets . . . . .                                     | 863,567,872.55                            | 6,237,448,115.60        | 19,717,797.37    | 102,924,422.61   |
| Non-current assets . . . . .                                 | 1,749,054,916.21                          | 5,292,504,382.43        | 1,173,288,352.20 | 996,655,924.01   |
| Total assets . . . . .                                       | 2,612,622,788.76                          | 11,529,952,498.03       | 1,193,006,149.57 | 1,099,580,346.62 |
| Current liabilities . . . . .                                | 575,066,451.81                            | 2,237,259,136.82        | 2,786,326.37     | 139,580,858.10   |
| Non-current liabilities . . . . .                            | 873,497,137.92                            | 46,563,344.90           |                  | 341,296,167.64   |
| Total liabilities . . . . .                                  | 1,448,563,589.73                          | 2,283,822,481.72        | 2,786,326.37     | 480,877,025.74   |
| Non-controlling interest . . . . .                           |   | 3,410,190,235.54        |                  |                  |
| Equity attributable to owners<br>of parent company . . . . . | 1,164,059,199.03                          | 5,835,939,780.77        | 1,190,219,823.20 | 618,703,320.88   |
| Net profit . . . . .   | 357,517,990.35                            | 4,558,685,779.69        | -8,640,169.16    | -32,116,305.35   |
| Total comprehensive<br>income . . . . .                      | 443,762,088.50                            | 4,912,643,539.29        | -8,640,169.16    | -13,375,520.39   |

(Continued)

| Items  | Closing balance/Current period cumulative                  |  |                  |                  |
|--|--|--|------------------|------------------|
|  | Guangxi Times<br>Li-ion Investment<br>Management<br>Center | Guangxi Times<br>Li-ion Industry<br>Fund | Hunan Yacheng    | Quzhou Xinhua    |
| Current assets . . . . .                                     | 2,948,174.05   | 1,643,113,367.16                         | 1,629,027,737.77 | 50,318,213.57    |
| Non-current assets . . . . .                                 | 1,196,995,203.62   | 2,959,697,915.73                         | 1,972,182,626.41 | 2,319,268,429.01 |
| Total assets . . . . .                                       | 1,199,943,377.67   | 4,602,811,282.89                         | 3,601,210,364.18 | 2,369,586,642.58 |
| Current liabilities . . . . .                                | 285,600,000.00   | 560,080,799.25                           | 1,527,729,962.56 | 1,926,821.91     |
| Non-current liabilities . . . . .                            |  | 1,278,890,655.33                         | 714,785,797.43   |                  |
| Total liabilities . . . . .                                  | 285,600,000.00   | 1,838,971,454.58                         | 2,242,515,759.99 | 1,926,821.91     |
| Non-controlling interest . . . . .                           |  | -1,898.25                                | 178,882,076.96   |                  |
| Equity attributable to owners<br>of parent company . . . . . | 914,343,377.67   | 2,763,841,726.84                         | 1,179,812,527.23 | 2,367,659,820.67 |
| Net profit . . . . .   | -3,504,796.38  | -9,914,256.15                            | 172,134,321.53   | -12,340,179.33   |
| Total comprehensive<br>income . . . . .                      | -3,504,796.38  | -9,914,256.15                            | 172,134,321.53   | -12,340,179.33   |



(Continued)

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

(Continued)

| Items   | Opening balance/Preceding period comparative |                  |                  |                    |                |
|---|--|------------------|------------------|--------------------|----------------|
|   | Newstride Technology                         | Huafei Indonesia | Quzhou Anyou     | Shenzhen Phoenicia | PHC Company    |
| Current assets . . . . .                                  | 1,663,322,305.16                             | 1,308,094,593.20 | 1,321,148,991.17 | 14,681,046.32      | 472,395,289.13 |
| Non-current assets . . . . .                              | 5,050,358,536.95                             | 321,314,748.21   | 486,653,466.66   | 28,649,951.08      | 213,106,234.98 |
| Total assets . . . . .                                    | 6,713,680,842.11                             | 1,629,409,341.41 | 1,807,802,457.83 | 43,330,997.40      | 685,501,524.11 |
| Current liabilities . . . . .                             | 873,597,926.83                               | 1,620,565,317.26 | 608,842,566.19   | 10,933,087.19      | 21,530,470.73  |
| Non-current liabilities . . . . .                         | 1,182,752,698.94                             |                  |                  | 1,246,332.30       | 31,892,212.11  |
| Total liabilities . . . . .                               | 2,056,350,625.77                             | 1,620,565,317.26 | 608,842,566.19   | 12,179,419.49      | 53,422,682.84  |
| Non-controlling interest . . . . .                        | 1,169,305,792.07                             |                  | 99,899.27        |                    |                |
| Equity attributable to owners of parent company . . . . . | 3,488,024,424.27                             | 8,844,024.15     | 1,198,859,992.37 | 31,151,577.91      | 632,078,841.27 |
| Net profit . . . . .                                      | 2,243,124,765.42                             | -7,178,244.80    | -1,140,007.63    | -541,244.31        | -8,033,798.73  |
| Total comprehensive income . . . . .                      | 1,932,741,642.99                             | -7,352,225.85    | -1,140,007.63    | -541,244.31        | -47,328,596.42 |

### 3. Aggregated financial information of insignificant joint ventures and associates

| Items  | Closing balance/Current period cumulative | Opening balance/Preceding period comparative |
|--|---|--|
| Joint ventures                                 |   |  |
| Total carrying amount of investments . . . . . | 5,754,684.53                              | 6,305,745.11                                 |
| Proportionate shares in the following items    |   |  |
| Net profit . . . . .                           | -528,384.54                               | 1,909,052.45                                 |
| Other comprehensive income . . . . .           | -22,676.04                                | 466,612.36                                   |
| Total comprehensive income . . . . .           | -551,060.58                               | 2,375,664.81                                 |
| Associates                                     |   |  |
| Total carrying amount of investments . . . . . | 11,780,669.01                             | 9,997,989.00                                 |
| Proportionate shares in the following items    |   |  |
| Net profit . . . . .                           | -24,449.67                                | -4,172,213.39                                |
| Other comprehensive income . . . . .           | 7,129.68                                  | 3,530,244.43                                 |
| Total comprehensive income . . . . .           | -17,329.99                                | -641,968.96                                  |

## VIII. Risks related to financial instruments

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

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

### *(I) Credit risk*

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

#### *1. Credit risk management practice*

##### *(1) Evaluation method of credit risk*

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

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

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

##### *(2) Definition of default and credit-impaired assets*

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

- (1) significant financial difficulty of the debtor;
- (2) a breach of binding clause of contract;

- (3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- (4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

## 2. *Measurement of expected credit losses*

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. *Please refer to section V (I) 4, 5 and 7 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.*

## 4. *Exposure to credit risk and concentration of credit risk*

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

### (1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

### (2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2022, the Company has certain concentration of credit risk, and 54.03% (December 31, 2021: 46.94%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

## **(II) *Liquidity risk***

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

*Financial liabilities classified based on remaining time period till maturity*

| Items   | Closing balance   |                                    |                   |                   |                   |
|---|-------------------|------------------------------------|-------------------|-------------------|-------------------|
|   | Carrying amount   | Contract amount not yet discounted | Within 1 year     | 1-3 years         | Over 3 years      |
| Bank borrowings . . . . .                             | 27,933,432,060.89 | 30,390,754,814.60                  | 17,028,532,051.85 | 7,410,668,383.51  | 5,951,554,379.24  |
| Held-for-trading financial liabilities . . . . .      | 40,024,798.40     | 40,024,798.40                      | 40,024,798.40     |                   |                   |
| Notes payable . . . . .                               | 10,782,231,308.54 | 10,782,231,308.54                  | 10,782,231,308.54 |                   |                   |
| Accounts payable . . . . .                            | 14,610,891,201.30 | 14,610,891,201.30                  | 14,610,891,201.30 |                   |                   |
| Non-current liabilities due within one year . . . . . | 1,772,100,686.44  | 2,045,716,316.30                   | 2,045,716,316.30  |                   |                   |
| Other payables . . . . .                              | 4,612,710,195.77  | 4,643,101,465.63                   | 4,643,101,465.63  |                   |                   |
| Other non-current liabilities . . . . .               | 1,311,482,728.68  | 1,654,602,779.88                   | 1,654,602,779.88  |                   |                   |
| Bonds payable . . . . .                               | 6,323,799,832.42  | 8,162,727,162.57                   |                   | 682,130,867.86    | 7,480,596,294.71  |
| Lease liabilities . . . . .                           | 57,070,601.81     | 60,294,665.46                      |                   | 52,382,919.92     | 7,911,745.54      |
| Long-term payables . . . . .                          | 5,155,378,248.88  | 5,516,949,998.39                   |                   | 2,541,468,653.90  | 2,975,481,344.49  |
| Subtotal . . . . .                                    | 72,599,121,663.13 | 77,907,294,511.07                  | 50,805,099,921.90 | 10,686,650,825.19 | 16,415,543,763.98 |

(Continued)

| Items   | December 31, 2021 |                                    |                   |                  |                  |
|---|-------------------|------------------------------------|-------------------|------------------|------------------|
|   | Carrying amount   | Contract amount not yet discounted | Within 1 year     | 1-3 years        | Over 3 years     |
| Bank borrowings . . . . .                             | 16,733,807,805.10 | 17,821,904,609.25                  | 10,423,301,820.84 | 3,194,046,807.07 | 4,204,555,981.34 |
| Held-for-trading financial liabilities . . . . .      | 360,612.00        | 360,612.00                         | 360,612.00        |                  |                  |
| Derivative financial liabilities . . . . .            | 104,821,710.25    | 104,821,710.25                     | 104,821,710.25    |                  |                  |
| Notes payable . . . . .                               | 4,810,797,623.12  | 4,810,797,623.12                   | 4,810,797,623.12  |                  |                  |
| Accounts payable . . . . .                            | 6,233,172,410.76  | 6,233,172,410.76                   | 6,233,172,410.76  |                  |                  |
| Non-current liabilities due within one year . . . . . | 724,190,670.66    | 793,561,947.97                     | 793,561,947.97    |                  |                  |
| Other payables . . . . .                              | 1,434,593,185.87  | 1,467,133,622.51                   | 1,467,133,622.51  |                  |                  |
| Other current liabilities . . . . .                   |                   |                                    |                   |                  |                  |
| Bonds payable . . . . .                               |                   |                                    |                   |                  |                  |
| Lease liabilities . . . . .                           | 32,788,255.14     | 34,289,431.32                      |                   | 32,418,807.58    | 1,870,623.74     |
| Long-term payables . . . . .                          | 1,061,226,074.03  | 1,108,713,679.68                   | 22,217,543.26     | 1,086,496,136.42 |                  |
| Subtotal . . . . .                                    | 31,135,758,346.93 | 32,374,755,646.86                  | 23,855,367,290.71 | 4,312,961,751.07 | 4,206,426,605.08 |

### (III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

#### 1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2022, balance of borrowings with interest accrued at floating interest rate totaled 11,942,119,524.41 yuan (December 31, 2021: 9,219,358,463.54 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, financial effect on the Company would be a/an decrease/increase of 59.71 million yuan (December 31, 2021: a/an decrease/increase of 46.10 million yuan) in equity, a/an decrease/increase of 59.71 million yuan (2021: a/an decrease/increase of 46.10 million yuan) in net profit.

#### 2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to section V (IV) 2 of notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

## IX. Fair value disclosure

### (I) Details of fair value of assets and liabilities at fair value at the balance sheet date

| Items  | Fair value as at the balance sheet date |                                      |                                      | Total            |
|--|---|--------------------------------------|--------------------------------------|------------------|
|  | Level 1<br>fair value<br>measurement    | Level 2<br>fair value<br>measurement | Level 3<br>fair value<br>measurement |                  |
| Recurring fair value measurement                 |   |                                      |                                      |                  |
| 1. Held-for-trading financial assets and other   |   |                                      |                                      |                  |
| non-current financial assets . . . . .           | 49,378,614.12                           |                                      | 730,122,243.60                       | 779,500,857.72   |
| Equity instrument investments. . . . .           |   |                                      | 527,509,366.89                       | 527,509,366.89   |
| Derivative financial assets . . . . .            | 49,378,614.12                           |                                      |                                      | 49,378,614.12    |
| Short-term bank financial products . . . . .     |   |                                      | 202,612,876.71                       | 202,612,876.71   |
| 2. Derivative financial assets. . . . .          | 608,711,611.68                          |                                      |                                      | 608,711,611.68   |
| 3. Receivables financing . . . . .               |   |                                      | 2,437,994,963.68                     | 2,437,994,963.68 |
| 4. Other equity instrument investments . . . . . |   |                                      | 42,647,182.81                        | 42,647,182.81    |

| Items  | Fair value as at the balance sheet date |                                      |                                      | Total            |
|--|---|--------------------------------------|--------------------------------------|------------------|
|  | Level 1<br>fair value<br>measurement    | Level 2<br>fair value<br>measurement | Level 3<br>fair value<br>measurement |                  |
| 5. Inventories—Changes in fair value of hedged items. . . . .  | 698,873,451.32                          |                                      |                                      | 698,873,451.32   |
| Total assets at recurring fair value measurement. . . . .      | 1,356,963,677.12                        |                                      | 3,210,764,390.09                     | 4,567,728,067.21 |
| 6. Held-for-trading financial liabilities . . . .              |   |                                      | 40,024,798.40                        | 40,024,798.40    |
| Derivative financial liabilities . . . . .                     |   |                                      | 40,024,798.40                        | 40,024,798.40    |
| Total liabilities at recurring fair value measurement. . . . . |   |                                      | 40,024,798.40                        | 40,024,798.40    |

***(II) Basis for determining level 1 fair value at recurring and non-recurring fair measurement***

| Items  | Closing fair value | Valuation technique   |
|--|--------------------|---|
| Derivative financial assets. . . . .                                   | 608,711,611.68     | The fair value of futures contracts is determined based on the settlement price determined in futures transactions and the fair value of hedged items is determined based on settlement price in spot market. |
| Held-for-trading financial assets—Derivative financial assets. . . . . | 49,378,614.12      |   |
| Inventories—Changes in fair value of hedged items. . . . .             | 698,873,451.32     |   |

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

| Items   | Closing fair value | Valuation technique  |
|---|--------------------|--|
| Held-for-trading financial liabilities—Derivative financial liabilities . . . . . | 40,024,798.40      | <p>The fair value of forward foreign exchange settlement contracts = the amount of foreign currencies sold * (forward exchange rate agreed in contracts – closing forward exchange rate of forward foreign exchange settlement contracts with similar delivery date)/(1+discount rate * number of days from balance sheet date to delivery date/360);</p> <p>The fair value of foreign exchange swap transactions = the amount of currencies bought agreed in contracts * (forward exchange rate agreed in contracts – closing forward exchange rate of swap transactions with similar delivery date) * exchange rate of foreign currencies to RMB at the balance sheet date/(1+ discount rate * number of days from balance sheet date to delivery date/360);</p> <p>The fair value of foreign exchange futures contracts with sale transactions = premium income agreed in contracts * number of days from transaction date to balance sheet date/number of days from transaction date to delivery date.</p> |

| Items   | Closing fair value | Valuation technique   |
|---|--------------------|---|
| Receivables financing . . . .                 | 2,437,994,963.68   | The carrying amount is used as the fair value as there is little difference between them.   |
| Equity instrument investments . . . . .       | 527,509,366.89     | The carrying amount is used as the fair value as there is little difference between them.   |
| Short-term bank financial products . . . . .  | 202,612,876.71     | The principal plus expected income as of the end of the period.   |
| Other equity instrument investments . . . . . | 42,647,182.81      | For Inner Mongolia Sinuo, HANAQ Company and Shenzhen Phoenicia, the carrying amount is used as the fair value as there is little difference between them. |

## **X. Related party relationships and transactions**

### ***(I) Related party relationships***

#### *1. Controlling shareholder*

##### *(1) Controlling shareholder of the Company*

| Controlling shareholder | Place of registration             | Business nature   | Registered capital | Holding proportion over the Company<br>(%) | Voting right proportion over the Company<br>(%) |
|-------------------------|-----------------------------------|-------------------|--------------------|--|---|
| Huayou Holding . . .    | Tongxiang City, Zhejiang Province | Business services | 70,092,039.94      | 16.27                                      | 16.27   |

(2) The Company’s ultimate controlling party is Chen Xuehua, who holds 23.15% of the Company’s equity by direct holding and indirect holding through Huayou Holding.

2. *Please refer to section VII of notes to the financial statements for details on the Company’s subsidiaries.*

#### *3. Joint ventures and associates of the Company*

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

| Joint ventures or associates | Relationships with the Company  |
|------------------------------|---|
| IWIP Company . . . . .       | Associate   |
| HANAQ Company . . . . .      | The former associate. As the Company’s holding proportion over it was decreased to 8% in October 2021, it was no longer the related party of the Company since November 2021.   |
| Puhua Company . . . . .      | Associate   |
| Shenzhen Phoenicia. . . . .  | The former associate. As the Company’s holding proportion over it was decreased to 5% in March 2022, it was no longer the related party of the Company since April 2022.  |
| Leyou Company . . . . .      | Associate   |
| TMR Company . . . . .        | Joint venture of the Company’s former subsidiary Town Mining Co., Ltd. (the “TMC Company”). As the Company transferred out 70.00% of TMC Company’s equity on April 6, 2021, it was no longer the related party of the Company since then. |



| <u>Joint ventures or associates</u>   | <u>Relationships with the Company</u>   |
|---|---|
| Zhejiang Times Li-ion Material Co., Ltd. (the “Times Li-ion Company”). . . . .                                  | The associates Quzhou Xinhua and Quzhou Anyou hold 35.30% and 17.88% of its equity respectively, being its first and second largest shareholders.                 |
| PHC Company . . . . .   | Associate   |
| Huafei Indonesia . . . . .  | The former associate. As the Company’s holding proportion over it was increased to 51% in April 2022, it was brought into the consolidation scope since May 2022. |
| Newstride Technology . . . . .  | Associate   |
| PT Wedabay Nickel Indonesia (the “WBN Company”) . . . . .   | Subsidiary of Newstride Technology  |
| Veinstone . . . . .   | Associate   |
| PT Weda Bay Energi (the “WBE Company”) . . . . .  | Subsidiary of Veinstone   |
| Indonesia Huatuo . . . . .  | Associate   |
| Guangxi Times Huineng Lithium Battery Material Technology Co., Ltd. (the “Guangxi Times Huineng”) . . . . .     | Subsidiary of the associate Guangxi Times Li-ion Industry Fund.   |
| Yulin Times Juneng Thermal Energy Co., Ltd. (the “Yulin Times Juneng”) . . . . .                                | Subsidiary of the associate Guangxi Times Li-ion Industry Fund.   |
| Yulin Times Green Water Environmental Protection Technology Co., Ltd. (the “Yulin Times Green Water”) . . . . . | Subsidiary of the associate Guangxi Times Li-ion Industry Fund.   |
| Yulin Times Sky Blue Gas Co., Ltd. (the “Yulin Times Sky Blue”) . . . . .                                       | Subsidiary of the associate Guangxi Times Li-ion Industry Fund.   |
| Alam Hijau . . . . .  | Joint venture   |

#### 4. *Other related parties of the Company*

| <u>Other related parties</u>  | <u>Relationships with the Company</u>  |
|---|--|
| Qiu Jinhua . . . . .  | Close family member of the ultimate controller Chen Xuehua.  |
| Anhui Huachuang New Material Co., Ltd. (the “Anhui Huachuang”, formerly known as Tongling Huachuang New Material Co., Ltd.) . . . . .   | Under the control of Huayou Holding.   |
| Guangxi Huayou Construction Operation Management Co., Ltd. (the “Guangxi Huayou Construction”) . . . . .  | Under the control of Huayou Holding.   |
| Zhejiang Beilinde Enterprise Management Co., Ltd. (the “Beilinde Company”) . . . . .  | Associate of Huayou Holding.   |
| Inner Mongolia Shengfan Technology New Energy Co., Ltd. (the “Inner Mongolia Shengfan”) . . . . .   | Under the control of Huayou Holding.   |
| Sichuan Hope Ready New Energy Materials Co., Ltd. (the “Sichuan Hope Ready”) Inner Mongolia Hope Ready New Energy Materials Co., Ltd. (the “Inner Mongolia Hope Ready”) . . . . . | The former associates of Huayou Holding. As Huayou Holding transferred all the equity it held in August 2022, they were no longer the related party of the Company since September 2022. |



| Other related parties   | Relationships with the Company       |
|---|--------------------------------------|
| Guangxi Huachuang New Material Copper Foil Co., Ltd. (the “Guangxi Huachuang”) . . .                              | Under the control of Huayou Holding. |
| Guangxi Times New Energy Lithium Battery Material Technology Co., Ltd. (the “Guangxi Times New Energy”) . . . . . | Under the control of Huayou Holding. |

**(II) Related party transactions**

**1. Purchase and sale of goods, rendering and receiving of services**

**(1) Purchase of goods and receiving of services**

| Related parties                   | Content of transactions | Current period cumulative | Preceding period comparative |
|-----------------------------------|-------------------------|---------------------------|------------------------------|
| IWIP Company . . . . .            | Service fees            | 264,222,380.59            | 33,786,115.14                |
| HANAQ Company . . . . .           | Service fees            |                           | 3,252,026.40                 |
| Puhua Company . . . . .           | Goods                   | 2,699,824.09              | 1,766,778.22                 |
|                                   | Service fees            | 509,328.08                | 1,632,299.41                 |
| Shenzhen Phoenicia . . . . .      | Goods                   |                           | 1,447,251.33                 |
| Leyou Company . . . . .           | Goods                   | 13,804,456.64             | 25,664,986.02                |
| Tianjin B&M . . . . .             | Goods                   |                           | 1,511,492.04                 |
| Chengdu B&M . . . . .             | Goods                   |                           | 2,175,297.35                 |
| WBE Company . . . . .             | Energy fees             | 4,963,660.97              | 221,460.99                   |
| Guangxi Times Huineng . . . . .   | Goods                   | 19,420,600.02             |                              |
|                                   | Processing fees         | 5,524,002.18              |                              |
|                                   |                         | [Note]                    |                              |
| Inner Mongolia Shengfan . . . . . | Service fees            | 1,163,212.50              |                              |
|                                   | Goods                   | 240,265.49                |                              |
| Times Li-ion Company . . . . .    | Goods                   | 46,190,102.16             |                              |
|                                   | Processing fees         | 24,468,305.62             |                              |
|                                   |                         | [Note]                    |                              |
| WBN Company . . . . .             | Royalties               | 3,333,827.51              |                              |
|                                   | Goods                   | 327,929,444.59            |                              |
| Total . . . . .                   |                         | 714,469,410.44            | 71,457,706.90                |

*Note:* The Company sells raw materials to Guangxi Times Huineng and Times Li-ion Company for further processing and repurchases the finished products. In the current period, the Company sold raw materials of 146,774,197.83 yuan to Guangxi Times Huineng and 1,260,379,457.23 yuan to Times Li-ion Company, and repurchased finished products of 115,158,973.21 yuan and 977,321,574.11 yuan respectively. As of the balance sheet date, part of finished products has not been repurchased. As the substance of these transactions is consignment for further processing, the Company recognizes them as processing fees on a net basis.

**(2) Sale of goods and rendering of services**

| Related parties            | Content of transactions | Current period cumulative | Preceding period comparative |
|----------------------------|-------------------------|---------------------------|------------------------------|
| TMR Company . . . . .      | Goods, service fees     |                           | 1,280,810.94                 |
| Puhua Company . . . . .    | Goods                   | 641,700,077.63            | 315,258,019.90               |
|                            | Service fees, royalties | 13,529,397.93             | 13,156,275.79                |
| Leyou Company . . . . .    | Goods                   | 961,467,841.00            | 97,391,874.00                |
|                            | Service fees            | 526,786.62                | 371,555.90                   |
| Beilinde Company . . . . . | Service fees            | 947.50                    | 1,764.00                     |

| <u>Related parties</u>                | <u>Content of transactions</u> | <u>Current period cumulative</u> | <u>Preceding period comparative</u> |
|---------------------------------------|--------------------------------|----------------------------------|-------------------------------------|
| Times Li-ion Company . . . . .        | Goods                          | 126,225,455.67                   |                                     |
|                                       | Service fees                   | 45,041,997.09                    | 219,663.98                          |
| Huayou Holding . . . . .              | Goods                          | 17,776.84                        | 26,048.36                           |
|                                       | Service fees                   | 247,049.12                       | 166,055.36                          |
| PHC Company . . . . .                 | Service fees                   | 3,335,223.21                     | 500,603.57                          |
| Tianjin B&M . . . . .                 | Goods                          |                                  | 488,530,518.73                      |
|                                       | Processing fees                |                                  | 394,435.21                          |
| Chengdu B&M . . . . .                 | Goods                          |                                  | 567,405,882.31                      |
|                                       | Processing fees                |                                  | 331,224.87                          |
| Inner Mongolia Shengfan . . . . .     | Goods                          | 176,442,424.79                   | 56,584,070.81                       |
|                                       | Service fees                   | 597.50                           |                                     |
| Guangxi Huayou Construction . . . . . | Service fees                   | 18,147,897.17                    | 154,755.50                          |
| Huafei Indonesia . . . . .            | Goods                          | 269,647,996.17                   | 59,848,405.47                       |
|                                       | Service fees                   | 4,002,090.00                     | 1,277,120.00                        |
| Anhui Huachuang . . . . .             | Goods                          |                                  | 1,911.51                            |
| WBE Company . . . . .                 | Processing fees                | 7,839,757.68                     |                                     |
| Guangxi Huachuang . . . . .           | Service fees                   | 45,718.78                        |                                     |
| Guangxi Times Huineng . . . . .       | Goods                          | 78,312,200.91                    |                                     |
|                                       | Service fees                   | 80,883,852.33                    |                                     |
| Guangxi Times New Energy . . . . .    | Goods                          | 398.23                           |                                     |
|                                       | Service fees                   | 28,236,131.65                    |                                     |
| Yulin Times Juneng . . . . .          | Service fees                   | 13,780,890.18                    |                                     |
| Yulin Times Green Water . . . . .     | Service fees                   | 6,450,791.57                     |                                     |
| Yulin Times Sky Blue . . . . .        | Service fees                   | 7,248,148.97                     |                                     |
| Total . . . . .                       |                                | 2,483,131,448.54                 | 1,602,900,996.21                    |

In addition, the Company collected and paid energy fees of 24,326,118.02 yuan on behalf of Puhua Company and 6,465,416.02 yuan on behalf of Times Li-ion Company in the current period, which were disclosed in the financial statements on a net basis.

## 2. Related party leases

| <u>Lessees</u>           | <u>Types of assets leased</u> | <u>Lease income recognized in the current period</u> | <u>Lease income recognized in preceding period</u> |
|--------------------------|-------------------------------|--|--|
| Huayou Holding . . . . . | Buildings and structures      | 45,871.56  | 45,871.56  |
| TMR Company . . . . .    | Buildings and structures      |  | 131,389.45   |
| Total . . . . .          |                               | 45,871.56  | 177,261.01   |

## 3. Related party guarantees

### (1) The Company and its subsidiaries as guaranteed parties

| <u>Guarantors</u>     | <u>Guaranteed parties</u> | <u>Lending financial institutions</u>                                | <u>Content guaranteed</u> | <u>Amount guaranteed</u>                       | <u>Commencement date</u> | <u>Maturity date</u>  | <u>Whether the guarantee is mature</u> |
|-----------------------|---------------------------|--|---------------------------|--|--------------------------|-----------------------|--|
| Chen Xuehua . . . . . | The Company               | Industrial and Commercial Bank of China Limited Tongxiang Sub-branch | Borrowings                | 942,000,000.00<br>(A total of 11 transactions) | 7/11/2020-<br>9/8/2022   | 1/6/2023-<br>9/7/2025 | No                                     |

| Guarantors                               | Guaranteed parties | Lending financial institutions   | Content guaranteed   | Amount guaranteed  | Commencement date         | Maturity date            | Whether the guarantee is mature |
|--|--------------------|--|----------------------|--|---------------------------|--------------------------|---------------------------------|
| Chen Xuehua,<br>Qiu Jinhua . . . . .     | The Company        | Bank of China Limited<br>Tongxiang Sub-branch                                    | Borrowings           | 220,000,000.00<br>(A total of 4 transactions)                                  | 9/6/2022-<br>10/20/2022   | 2/28/2023-<br>4/18/2023  | No                              |
|  |                    |  | Letters of credit    | 259,868,125.26<br>(USD37,312,713.62)<br>(A total of 8 transactions)            | 5/23/2022-<br>9/21/2022   | 1/31/2023-<br>8/13/2023  | No                              |
|  |                    |  | Letters of guarantee | 175,362,800.00<br>(Including: USD18,000,000.00)<br>(A total of 2 transactions) | 1/11/2022-<br>12/27/2022  | 3/31/2023-<br>3/27/2023  | No                              |
|  |                    |  | Borrowings           | 350,000,000.00<br>(A total of 3 transactions)                                  | 2/22/2022-<br>12/30/2022  | 2/18/2023-<br>12/18/2023 | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . .     | The Company        | Shanghai Pudong<br>Development Bank Co.,<br>Ltd. Jiaxing Tongxiang<br>Sub-branch | Letters of credit    | 47,048,264.16<br>(USD6,755,343.33)<br>(A total of 1 transaction)               | 5/31/2022                 | 1/26/2023                | No                              |
|  |                    |  | Borrowings           | 260,000,000.00<br>(A total of 4 transactions)                                  | 8/17/2022-<br>11/17/2022  | 6/27/2023-<br>6/28/2023  | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . .     | The Company        | China Citic Bank Co., Ltd.<br>Jiaxing Tongxiang<br>Sub-branch                    | Borrowings           | 505,177,303.36<br>(Including: USD33,767,524.82)<br>(A total of 6 transactions) | 6/17/2022-<br>8/16/2022   | 1/6/2023-<br>5/24/2023   | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . .     | The Company        | China Minsheng Banking<br>Corp., Ltd. Jiaxing<br>Branch                          | Borrowings           | 30,000,000.00<br>(A total of 1 transaction)                                    | 12/30/2022                | 12/30/2023               | No                              |
| Chen Xuehua . . . . .                    | The Company        | Bank of Communications<br>Co., Ltd. Jiaxing<br>Tongxiang<br>Sub-branch           | Borrowings           | 274,000,000.00<br>(A total of 2 transactions)                                  | 11/2/2022-<br>12/14/2022  | 6/9/2023-<br>8/15/2023   | No                              |
| Chen Xuehua . . . . .                    | The Company        | Huaxia Bank Co., Ltd.<br>Jiaxing Tongxiang<br>Sub-branch                         | Borrowings           | 223,575,200.00<br>(Including: USD12,000,000.00)<br>(A total of 3 transactions) | 1/20/2022-<br>11/14/2022  | 1/20/2023-<br>6/23/2023  | No                              |
|  |                    |  | Letters of credit    | 56,733,357.68<br>(USD8,145,960.67)<br>(A total of 1 transaction)               | 11/14/2022                | 7/19/2023                | No                              |
| Chen Xuehua . . . . .                    | The Company        | China Guangfa Bank Co.,<br>Ltd. Jiaxing Branch                                   | Borrowings           | 100,000,000.00<br>(A total of 1 transaction)                                   | 12/2/2022                 | 12/1/2023                | No                              |
| Chen Xuehua . . . . .                    | Huayou Quzhou      | Bank of Beijing Co., Ltd.<br>Quzhou Branch                                       | Borrowings           | 34,000,000.00<br>(A total of 1 transaction)                                    | 1/26/2022                 | 1/25/2023                | No                              |
|  |                    |  | Bank acceptance      | 176,000,000.00<br>(A total of 50 transactions)                                 | 9/29/2022-<br>10/12/2022  | 4/12/2023-<br>9/29/2023  | No                              |
|  |                    |  | Letters of credit    | 266,705,250.18<br>(Including: USD1,149,419.95)<br>(A total of 4 transactions)  | 4/18/2022-<br>4/19/2022   | 2/27/2023-<br>5/15/2023  | No                              |
| Chen Xuehua . . . . .                    | Huayou Quzhou      | China Guangfa Bank Co.,<br>Ltd. Jiaxing Branch                                   | Letters of credit    | 147,647,695.62<br>(USD21,199,738.05)<br>(A total of 4 transactions)            | 10/13/2022-<br>12/13/2022 | 7/4/2023-<br>9/1/2023    | No                              |
|  |                    |  | Bank acceptance      | 25,500,000.00<br>(A total of 1 transaction)                                    | 9/28/2022                 | 9/28/2023                | No                              |
| Chen Xuehua . . . . .                    | Huayou Quzhou      | Industrial and Commercial<br>Bank of China Limited<br>Quhua Sub-branch           | Borrowings           | 532,500,000.00<br>(A total of 11 transactions)                                 | 7/16/2021-<br>7/29/2022   | 1/14/2023-<br>7/29/2024  | No                              |
| Chen Xuehua, Huayou<br>Holding . . . . . | Huayou Quzhou      | Bank of Communications<br>Co., Ltd. Quzhou<br>Branch                             | Borrowings           | 400,000,000.00<br>(A total of 4 transactions)                                  | 3/15/2022                 | 3/2/2023-<br>3/11/2023   | No                              |
|  |                    |  | Letters of credit    | 263,430,000.00<br>(A total of 5 transactions)                                  | 6/29/2022-<br>10/14/2022  | 7/25/2023-<br>12/25/2023 | No                              |
| Chen Xuehua . . . . .                    | Huayou Quzhou      | The Export-Import Bank of<br>China Zhejiang Branch                               | Borrowings           | 872,292,000.00<br>(Including: USD20,000,000.00)<br>(A total of 9 transactions) | 3/31/2022-<br>12/22/2022  | 3/17/2023-<br>12/6/2024  | No                              |
|  |                    |  | Letters of credit    | 44,158,873.57<br>(USD6,340,475.20)<br>(A total of 1 transaction)               | 8/18/2022                 | 1/23/2023                | No                              |

| Guarantors                           | Guaranteed parties                    | Lending financial institutions   | Content guaranteed   | Amount guaranteed  | Commencement date         | Maturity date            | Whether the guarantee is mature |
|--------------------------------------|---------------------------------------|--|----------------------|--|---------------------------|--------------------------|---------------------------------|
| Chen Xuehua,<br>Qiu Jinhua . . . . . | Huayou Quzhou                         | Shanghai Pudong<br>Development Bank Co.,<br>Ltd. Quzhou Sub-branch       | Borrowings           | 300,000,000.00<br>(A total of 5 transactions)  | 1/29/2022-<br>11/23/2022  | 1/28/2023-<br>5/29/2023  | No                              |
| Chen Xuehua . . . . .                | Huayou Quzhou                         | China Zheshang Bank Co.,<br>Ltd. Quzhou Branch                           | Letters of credit    | 147,945,213.75<br>(A total of 2 transactions)  | 4/12/2022-<br>9/13/2022   | 4/9/2023-<br>9/8/2023    | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . . | Huayou Quzhou                         | Bank of China Limited<br>Quzhou Branch                                   | Borrowings           | 115,734,759.75<br>(Including: EUR2,119,759.09)<br>(A total of 4 transactions)                    | 8/15/2022-<br>12/6/2022   | 2/3/2023-<br>11/10/2023  | No                              |
|                                      |                                       |  | Letters of guarantee | 200,000.00<br>(A total of 1 transaction)   | 8/10/2022                 | 7/31/2024                | No                              |
|                                      |                                       |  | Letters of credit    | 224,854,654.30<br>(Including: USD20,044,692.04<br>EUR 815,232.88)<br>(A total of 9 transactions) | 6/8/2022-<br>11/28/2022   | 1/14/2023-<br>10/11/2023 | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . . | Huayou Quzhou                         | China Citic Bank Co., Ltd.<br>Quzhou Branch                              | Borrowings           | 94,684,746.31<br>(A total of 2 transactions)   | 12/22/2022-<br>12/30/2022 | 3/22/2023-<br>9/15/2023  | No                              |
| Chen Xuehua . . . . .                | New Energy Quzhou                     | Bank of Beijing Co., Ltd.<br>Quzhou Branch                               | Borrowings           | 300,000,000.00<br>(A total of 2 transactions)  | 1/26/2022-<br>9/29/2022   | 1/25/2023-<br>10/28/2023 | No                              |
|                                      |                                       |  | Bank acceptance      | 199,025,066.64<br>(A total of 54 transactions)   | 10/18/2022-<br>11/15/2022 | 4/18/2023-<br>5/15/2023  | No                              |
| Chen Xuehua . . . . .                | New Energy Quzhou                     | Bank of Communications<br>Co., Ltd. Quzhou<br>Branch                     | Letters of credit    | 296,822,784.77<br>(A total of 3 transactions)  | 3/9/2022-<br>4/28/2022    | 6/25/2023-<br>7/25/2023  | No                              |
| Chen Xuehua . . . . .                | New Energy Quzhou                     | Industrial and Commercial<br>Bank of China Limited<br>Quhua Sub-branch   | Borrowings           | 29,500,000.00<br>(A total of 1 transaction)  | 4/21/2022                 | 4/19/2023-<br>4/19/2024  | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . . | New Energy Quzhou                     | Shanghai Pudong<br>Development Bank Co.,<br>Ltd. Quzhou Sub-branch       | Borrowings           | 120,000,000.00<br>(A total of 2 transactions)  | 1/29/2022-<br>11/11/2022  | 1/28/2023-<br>5/9/2023   | No                              |
| Chen Xuehua . . . . .                | New Energy Quzhou                     | China Zheshang Bank Co.,<br>Ltd. Quzhou Branch                           | Borrowings           | 25,000,000.00<br>(A total of 1 transaction)  | 11/9/2022                 | 5/8/2023                 | No                              |
|                                      |                                       |  | Letters of credit    | 219,908,202.70<br>(Including: USD6,591,720.96)<br>(A total of 4 transactions)                    | 6/21/2022-<br>9/23/2022   | 3/12/2023-<br>9/13/2023  | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . . | New Energy Quzhou                     | China Citic Bank Co., Ltd.<br>Quzhou Branch                              | Borrowings           | 30,000,000.00<br>(A total of 1 transaction)  | 12/30/2022                | 9/28/2023                | No                              |
|                                      |                                       |  | Letters of credit    | 41,719,555.88<br>(Including: USD4,554,397.36)<br>(A total of 2 transactions)                     | 3/31/2022-<br>10/18/2022  | 1/1/2023-<br>10/12/2023  | No                              |
|                                      |                                       |  | Bank acceptance      | 25,500,000.00<br>(A total of 1 transaction)  | 8/25/2022                 | 2/24/2023                | No                              |
| Huayou Holding . . . . .             | The Company/<br>Chengdu B&M<br>[Note] | Industrial and Commercial<br>Bank of China Limited<br>Jintang Sub-branch | Borrowings           | 99,000,000.00<br>(A total of 2 transactions)   | 5/13/2022-<br>11/16/2022  | 4/27/2022-<br>11/15/2023 | No                              |
|                                      |                                       |  | Bank acceptance      | 180,238,367.99<br>(A total of 59 transactions)   | 11/25/2022-<br>12/29/2022 | 5/25/2023-<br>6/29/2023  | No                              |
| Huayou Holding . . . . .             | The Company/<br>Chengdu B&M<br>[Note] | China Construction Bank<br>Corporation Chengdu<br>Jincheng Sub-branch    | Borrowings           | 592,120,000.00<br>(A total of 4 transactions)  | 4/23/2021-<br>6/23/2022   | 2/24/2023-<br>4/22/2026  | No                              |
|                                      |                                       |  | Bank acceptance      | 385,971,480.00<br>(A total of 68 transactions)   | 7/12/2022-<br>12/30/2022  | 1/12/2022-<br>6/30/2023  | No                              |
| Huayou Holding . . . . .             | The Company/<br>Chengdu B&M<br>[Note] | Agricultural Bank of China<br>Limited Jintang County<br>Sub-branch       | Borrowings           | 100,000,000.00<br>(A total of 2 transactions)  | 5/25/2022-<br>11/29/2022  | 5/24/2023-<br>11/28/2023 | No                              |
|                                      |                                       |  | Bank acceptance      | 285,899,568.00<br>(A total of 94 transactions)   | 7/20/2022-<br>12/16/2022  | 1/20/2023-<br>6/16/2023  | No                              |
| Huayou Holding . . . . .             | The Company/<br>Chengdu B&M<br>[Note] | Cinda Financial Leasing<br>Co., Ltd.                                     | Finance lease        | 199,583,333.35<br>(共 2 transactions)   | 9/16/2021-<br>10/15/2021  | 1/16/2023-<br>10/15/2024 | No                              |

| Guarantors                               | Guaranteed parties                    | Lending financial institutions  | Content guaranteed                        | Amount guaranteed  | Commencement date         | Maturity date            | Whether the guarantee is mature |
|--|---------------------------------------|---|---|--|---------------------------|--------------------------|---------------------------------|
| Huayou Holding . . . . .                 | The Company/<br>Chengdu B&M<br>[Note] | SINO IC Leasing Co., Ltd.   | Finance lease                             | 293,403,000.00<br>(A total of 1 transaction)                           | 5/12/2022                 | 5/12/2023-<br>5/11/2025  | No                              |
| Huayou Holding . . . . .                 | The Company/<br>Chengdu B&M<br>[Note] | CMB Financial Leasing<br>Co., Ltd.  | Finance lease                             | 202,158,672.21<br>(A total of 1 transaction)                           | 1/7/2022                  | 1/7/2023-<br>1/7/2025    | No                              |
| Huayou Holding . . . . .                 | Zhejiang B&M<br>[Note]                | Shanghai Pudong<br>Development Bank Co.,<br>Ltd. Quzhou Sub-branch                | Borrowings                                | 365,597,821.24<br>(A total of 13 transactions)                         | 8/4/2022-<br>12/31/2022   | 6/20/2024-<br>12/20/2026 | No                              |
| Chen Xuehua,<br>Qiu Jinhua . . . . .     | CDM Company                           | China Citic Bank Co., Ltd.<br>Jiaxing Tongxiang<br>Sub-branch                     | Borrowings                                | 32,234,500.00<br>(USD4,628,334.72)<br>(A total of 1 transaction)       | 6/19/2020                 | 6/18/2023                | No                              |
| Chen Xuehua . . . . .                    | Huayue Company                        | The Export-Import Bank of<br>China Zhejiang Branch                                | (Huayue Syndicated<br>loan) Borrowings    | 1,191,643,060.00<br>(USD171,100,000.00)<br>(A total of 4 transactions) | 10/27/2021-<br>2/14/2022  | 3/21/2024-<br>3/21/2029  | No                              |
|  |                                       | China Citic Bank Co., Ltd.<br>Jiaxing Tongxiang<br>Sub-branch                     |   | 821,822,800.00<br>(USD118,000,000.00)<br>(A total of 2 transactions)   | 10/28/2021-<br>1/30/2022  | 3/21/2024-<br>3/21/2029  |                                 |
|  |                                       | Agricultural Bank of China<br>Limited Tongxiang<br>Sub-branch                     |   | 410,911,400.00<br>(USD59,000,000.00)<br>(A total of 2 transactions)    | 10/29/2021-<br>2/11/2022  | 3/21/2024-<br>3/21/2029  |                                 |
|  |                                       | China Minsheng Banking<br>Corp., Ltd. Shanghai<br>Pilot Free Trade Zone<br>Branch |   | 410,911,400.00<br>(USD59,000,000.00)<br>(A total of 2 transactions)    | 10/29/2021-<br>2/15/2022  | 3/21/2024-<br>3/21/2029  |                                 |
|  |                                       | Ping An Bank Co., Ltd.<br>Hangzhou Branch   |   | 205,455,700.00<br>(USD29,500,000.00)<br>(A total of 2 transactions)    | 10/29/2021-<br>1/18/2022  | 3/21/2024-<br>3/21/2029  |                                 |
|  |                                       | China Everbright Bank<br>Co., Ltd. Hangzhou<br>Branch                             |   | 82,182,280.00<br>(USD11,800,000.00)<br>(A total of 2 transactions)     | 11/1/2021-<br>2/11/2022   | 3/21/2024-<br>3/21/2029  |                                 |
| Chen Xuehua . . . . .                    | Huake Indonesia                       | Agricultural Bank of China<br>Limited Zhejiang Branch                             | Borrowings                                | 285,024,862.08<br>(USD40,924,800.00)<br>(A total of 1 transaction)     | 6/30/2022                 | 6/30/2026                | No                              |
| Chen Xuehua . . . . .                    | Resource Recycling                    | Bank of Beijing Co., Ltd.<br>Quzhou Branch  | Borrowings                                | 141,000,000.00<br>(A total of 9 transactions)                          | 10/14/2022-<br>11/28/2022 | 4/21/2023-<br>12/27/2023 | No                              |
| Chen Xuehua . . . . .                    | Resource Recycling                    | Industrial and Commercial<br>Bank of China Limited<br>Quhua Sub-branch            | Borrowings                                | 94,500,000.00<br>(A total of 2 transactions)                           | 12/26/2018-<br>5/27/2022  | 5/24/2023-<br>5/24/2024  | No                              |
| Chen Xuehua . . . . .                    | Huayuan Copper                        | Kaifei Investment (Hong<br>Kong) Limited  | Borrowings                                | 348,230,000.00<br>(USD50,000,000.00)<br>(A total of 1 transaction)     | 3/11/2020                 | 3/11/2023                | No                              |
| Chen Xuehua, Huayou<br>Holding . . . . . | The Company/Tianjin<br>B&M [Note]     | Bank of Beijing Co., Ltd.<br>Tianjin Hongqiao<br>Sub-branch                       | Borrowings                                | 100,000,000.00<br>(A total of 1 transaction)                           | 12/29/2022                | 12/26/2023               | No                              |
| Chen Xuehua . . . . .                    | The Company                           | Industrial and Commercial<br>Bank of China Limited<br>Tongxiang Sub-branch        | Forward foreign<br>exchange<br>settlement | 17,132,916.00<br>(USD2,460,000.00)<br>(A total of 1 transaction)       | 9/21/2022                 | 6/30/2023                | No                              |
| Total . . . . .                          |                                       |   |   | 15,221,915,014.80  |                           |                          |                                 |

*Note:* The Company provides a guarantee for Chengdu B&M, Tianjin B&M and Zhejiang B&M, and Huayou Holding provides a counter guarantee for the Company.

#### 4. Call loans between related parties

| <u>Related parties</u>                    | <u>Opening balance</u> | <u>Increase [Note]</u> | <u>Decrease</u>  | <u>Closing balance</u> |
|---|------------------------|------------------------|------------------|------------------------|
| Call loans from related parties . . . . . |                        |                        |                  |                        |
| Newstride Technology . . . . .            | 14,107,267.34          | 505,932,305.40         |                  | 520,039,572.74         |
| Huayou Holding . . . . .                  |                        | 2,940,250,000.00       | 2,879,475,000.00 | 60,775,000.00          |
| Beilinde Company . . . . .                |                        | 800,000,000.00         | 800,000,000.00   |                        |
| Subtotal . . . . .                        | 14,107,267.34          | 4,246,182,305.40       | 3,679,475,000.00 | 580,814,572.74         |
| Call loans to related parties . . . . .   |                        |                        |                  |                        |
| IWIP Company . . . . .                    | 177,116,946.00         | 16,359,642.00          |                  | 193,476,588.00         |
| Veinstone . . . . .                       | 104,357,457.60         | 9,639,115.20           |                  | 113,996,572.80         |
| Indonesia Huatuo . . . . .                | 3,187,850.00           | 294,450.00             |                  | 3,482,300.00           |
| Alam Hijau . . . . .                      |                        | 7,661,060.00           |                  | 7,661,060.00           |
| Subtotal . . . . .                        | 284,662,253.60         | 33,954,267.20          |                  | 318,616,520.80         |

*Note:* Current increase includes effect from changes in exchange rate in foreign currency translation.

In the current period, the Company should pay fund occupation fees of 4,850,050.65 yuan to Huayou Holding and 96,666.67 yuan to Beilinde Company. As of the balance sheet date, the Company has paid interests mentioned above to related parties.

In the current period, the Company should collect fund occupation fees of 13,744,035.66 yuan from Veinstone. As of the balance sheet date, the Company has received interests mentioned above from related parties.

#### 5. Assets transfer and debt restructuring of the related parties

| <u>Related parties</u>                | <u>Content of related party transactions</u> | <u>Current period cumulative</u> | <u>Preceding period comparative</u> |
|---------------------------------------|--|----------------------------------|-------------------------------------|
| IWIP Company . . . . .                | Acquisition of land use right                |                                  | 900,101.04                          |
| Guangxi Huayou Construction . . . . . | Acquisition of long-term assets              |                                  | 674,204.64                          |
| Hangzhou Hongyuan . . . . .           | Acquisition of equity of Tianjin B&M         |                                  | 1,351,200,000.00                    |
| Huayou Holding . . . . .              | Sale of equity of Hubei Xingyou              | 24,500,000.00                    |                                     |
|                                       | Sale of equity of Hubei Youxing              | 1,000,000.00                     |                                     |
|                                       | Sale of long-term assets                     | 3,584.07                         |                                     |
| Guangxi Times New Energy . . . . .    | Sale of long-term assets                     | 185,828.70                       |                                     |
| Times Li-ion Company . . . . .        | Sale of long-term assets                     | 1,206,506.20                     |                                     |
| Yulin Times Green Water . . . . .     | Sale of long-term assets                     | 7,017.70                         |                                     |
| Guangxi Huachuang . . . . .           | Acquisition of long-term assets              | 344,742.94                       |                                     |
| Subtotal . . . . .                    |  | 27,247,679.61                    | 1,352,774,305.68                    |

6. *Key management's emoluments*

Unit: in ten thousand yuan

| Items                                 | Current period<br>cumulative | Preceding period<br>comparative |
|---------------------------------------|------------------------------|---------------------------------|
| Key management's emoluments . . . . . | 7,396.57                     | 5,711.48                        |

7. *Other related party transactions*

Pursuant to the “Proposal on Joint External Investment with Related Parties and Related Party Transactions” deliberated and approved by the 28th meeting of the fifth session of the Board of Directors dated January 28, 2022, the Company and the controlling shareholder Huayou Holding jointly invested in Hunan Yacheng. Pursuant to the resolution of the first meeting of the sixth session of the Board of Directors of Beijing Hezong Science & Technology Co., Ltd. dated January 28, 2022, its wholly-owned subsidiary Hunan Yacheng intends to bring in strategic investors through capital increase and share expansion based on the net assets with carrying amount of 487.83 million yuan (taking October 31, 2021 as the benchmark date). The registered capital of Hunan Yacheng will increase from 350.00 million yuan to 427.87 million yuan, of which, increased registered capital of 51.92 million yuan is subscribed by the Company with 120.00 million yuan, and increased registered capital of 25.96 million yuan is subscribed by Huayou Holding with 60.00 million yuan. As of the balance sheet date, the Company has actually paid the contribution of 120.00 million yuan.

(III) *Balance due to or from related parties*

1. *Balance due from related parties*

| Items                           | Related parties             | Closing balance |                            | Opening balance |                            |
|---------------------------------|-----------------------------|-----------------|----------------------------|-----------------|----------------------------|
|                                 |                             | Book balance    | Provision for<br>bad debts | Book balance    | Provision for<br>bad debts |
| Accounts receivable . . . . .   | Leyou Company               | 240,641,180.00  | 12,032,059.00              | 47,433.04       | 2,371.65                   |
|                                 | Inner Mongolia Hope Ready   |                 |                            | 162,000.00      | 162,000.00                 |
|                                 | Sichuan Hope Ready          |                 |                            | 474,200.00      | 474,200.00                 |
|                                 | Huayou Holding              |                 |                            | 5,006.68        | 250.33                     |
|                                 | Puhua Company               | 42,631,305.31   | 2,131,565.27               | 14,679,082.10   | 733,954.10                 |
|                                 | Beilinde Company            |                 |                            | 1,394.96        | 69.75                      |
|                                 | Times Li-ion Company        | 63,633,497.32   | 3,181,674.87               | 174,645.97      | 8,732.30                   |
|                                 | Huafei Indonesia            |                 |                            | 157,224.76      | 7,861.24                   |
|                                 | WBE Company                 | 4,875,320.90    | 243,766.04                 |                 |                            |
|                                 | Guangxi Huayou Construction | 19,471,470.23   | 973,573.51                 |                 |                            |
|                                 | Guangxi Times Huineng       | 223,788,646.91  | 11,189,432.35              |                 |                            |
|                                 | Guangxi Times New Energy    | 30,083,911.85   | 1,504,195.59               |                 |                            |
|                                 | Inner Mongolia Shengfan     | 633.35          | 31.67                      |                 |                            |
|                                 | Yulin Times Juneng          | 6,019,493.56    | 300,974.68                 |                 |                            |
|                                 | Yulin Times Green Water     | 4,258,269.05    | 212,913.45                 |                 |                            |
|                                 | Yulin Times Sky Blue        | 602,265.24      | 30,113.26                  |                 |                            |
| Subtotal . . . . .              |                             | 636,005,993.72  | 31,800,299.69              | 15,700,987.51   | 1,389,439.37               |
| Receivables financing . . . . . | Inner Mongolia Shengfan     |                 |                            | 9,000,000.00    |                            |
|                                 | Guangxi Times Huineng       | 3,813,448.00    |                            |                 |                            |
|                                 | Times Li-ion Company        | 68,817,491.25   |                            |                 |                            |
| Subtotal . . . . .              |                             | 72,630,939.25   |                            | 9,000,000.00    |                            |
| Advances paid. . . . .          | Alam Hijau                  | 5,223,450.00    |                            |                 |                            |
| Subtotal . . . . .              |                             | 5,223,450.00    |                            |                 |                            |

| Items                           | Related parties       | Closing balance |                         | Opening balance |                         |
|---------------------------------|-----------------------|-----------------|-------------------------|-----------------|-------------------------|
|                                 |                       | Book balance    | Provision for bad debts | Book balance    | Provision for bad debts |
| Dividend receivable . . . . .   | Leyou Company         | 163,980,830.12  |                         |                 |                         |
| Subtotal . . . . .              |                       | 163,980,830.12  |                         |                 |                         |
| Other receivables . .           | Indonesia Huatuo      | 3,482,300.00    | 1,741,150.00            | 3,187,850.00    | 637,570.00              |
|                                 | Times Li-ion Company  |                 |                         | 72,019.20       | 3,600.96                |
|                                 | Alam Hijau            | 7,661,060.00    | 383,053.00              |                 |                         |
|                                 | Guangxi Times Huineng | 52,776.39       | 2,638.82                |                 |                         |
| Subtotal . . . . .              |                       | 11,196,136.39   | 2,126,841.82            | 3,259,869.20    | 641,170.96              |
| Long-term receivables . . . . . | IWIP Company          | 193,476,588.00  |                         | 177,116,946.00  |                         |
|                                 | Veinstone             | 113,996,572.80  |                         | 104,357,457.60  |                         |
| Subtotal . . . . .              |                       | 307,473,160.80  |                         | 281,474,403.60  |                         |

2. *Balance due to related parties*

| Items                          | Related parties       | Closing balance  | Opening balance |
|--------------------------------|-----------------------|------------------|-----------------|
| Notes payable . . . . .        | Times Li-ion Company  | 4,883,507.46     |                 |
| Subtotal . . . . .             |                       | 4,883,507.46     |                 |
| Accounts payable . . . . .     | IWIP Company          | 5,469,940.00     | 31,602,903.70   |
|                                | WBE Company           |                  | 47,517.57       |
|                                | Leyou Company         | 3,503,124.74     | 7,439,051.94    |
|                                | Shenzhen Phoenicia    |                  | 55,269.00       |
|                                | Guangxi Times Huineng | 185,708,233.47   |                 |
|                                | Puhua Company         | 21,604.92        |                 |
|                                | Times Li-ion Company  | 1,246,063,814.14 |                 |
|                                | WBN Company           | 324,716,695.43   |                 |
| Subtotal . . . . .             |                       | 1,765,483,412.70 | 39,144,742.21   |
| Advances received . . . . .    | Huafei Indonesia      |                  | 641,739,400.77  |
| Subtotal . . . . .             |                       |                  | 641,739,400.77  |
| Contract liabilities . . . . . | Shenzhen Phoenicia    |                  | 127,370.00      |
|                                | Inner Mongolia        |                  | 49,200.00       |
|                                | Shengfan              |                  |                 |
| Subtotal . . . . .             |                       |                  | 176,570.00      |
| Other payables . . . . .       | Newstride Technology  | 520,039,572.74   | 14,107,267.34   |
|                                | Huayou Holding        | 60,775,000.00    |                 |
|                                | Times Li-ion Company  | 64,363.68        |                 |
| Subtotal . . . . .             |                       | 580,878,936.42   | 14,107,267.34   |



## XI. Share-based payment

### (I) Overall information

#### 1. Details

| Items   | The Company                            |
|---|--|
| Restricted shares initially granted in 2021   |  |
| Total equity instruments granted in the current period . . . . .  |  |
| Total equity instruments vested in the current period . . . . .   | Restricted shares of 2,588,196 shares  |
| Total equity instruments expired in the current period . . . . .  | Restricted shares of 418,080 shares    |
| Reserved restricted shares granted for the first time in 2021   |  |
| Total equity instruments granted in the current period . . . . .  |  |
| Total equity instruments vested in the current period . . . . .   | Restricted shares of 543,465 shares    |
| Total equity instruments expired in the current period . . . . .  | Restricted shares of 130,910 shares    |
| Reserved restricted shares granted for the second time in 2021  |  |
| Total equity instruments granted in the current period . . . . .  |  |
| Total equity instruments vested in the current period . . . . .   |  |
| Total equity instruments expired in the current period . . . . .  | Restricted shares of 24,180 shares     |
| Restricted shares initially granted in 2022   |  |
| Total equity instruments granted in the current period . . . . .  | Restricted shares of 10,487,900 shares |
| Total equity instruments vested in the current period . . . . .   |  |
| Total equity instruments expired in the current period . . . . .  | Restricted shares of 101,200 shares    |
| Reserved restricted shares granted for the first time in 2022   |  |
| Total equity instruments granted in the current period . . . . .  | Restricted shares of 2,035,800 shares  |
| Total equity instruments vested in the current period . . . . .   |  |
| Total equity instruments expired in the current period . . . . .  |  |
| Total   |  |
| Total equity instruments granted in the current period . . . . .  | Restricted shares of 12,523,700 shares |
| Total equity instruments vested in the current period . . . . .   | Restricted shares of 3,131,661 shares  |
| Total equity instruments expired in the current period . . . . .  | Restricted shares of 674,370 shares    |
| The range of exercise prices of share options outstanding at the end of the period and the remaining contractual life . . . . . | —                                      |

| Items  | The Company   |
|--|---|
| The range of exercise prices of other equity instruments at the end of the period and the remaining contractual life . . . . . | The exercise price of restricted shares initially granted in 2021 is 37.89 yuan per share, which will be unlocked in 3 years from the completion date of registration till 2024; the exercise price of reserved restricted shares granted for the first time in 2021 is 53.84 yuan per share, which will be unlocked in 3 years from the completion date of registration till 2024; the exercise price of reserved restricted shares granted for the second time in 2021 is 58.07 yuan per share, which will be unlocked in 3 years from the completion date of registration till 2025; the exercise price of restricted shares initially granted in 2022 is 32.35 yuan per share, which will be unlocked in 3 years from the completion date of registration till 2025; the exercise price of reserved restricted shares granted for the first time in 2022 is 31.61 yuan per share, which will be unlocked in 2 years from the completion date of registration till 2025. |

*Note:* Pursuant to the resolution of the 32nd meeting of the fifth session of the Board of Directors of the Company and the resolution of the shareholders' meeting of 2021, based on the total shares of 1,221,265,783 shares on the equity registration date (i.e., June 7, 2022), the Company distributed cash dividend of 0.3 yuan per share (tax inclusive) and increased shares by converting capital reserve in the proportion of 0.3 shares per share to all shareholders. After the capital increase through conversion, restricted shares initially granted in 2021 were increased from 6,727,400.00 shares 8,745,620.00 shares, reserved restricted shares granted for the first time in 2021 were increased from 1,466,200.00 shares to 1,906,060.00 shares, and reserved restricted shares granted for the second time in 2021 were increased from 167,800.00 shares to 218,140.00 shares. The above-mentioned restricted shares are presented based on the number after the capital increase through conversion.

## 2. *Other remarks*

Pursuant to the restricted share incentive plan approved by the 33rd meeting and 39th meeting of the fifth session of the Board of Directors and the second extraordinary shareholders' meeting of 2022, it is determined that June 23, 2022 will be the grant date, and a total of 10,749,500 restricted shares will be granted to 1,200 incentive objects at a grant price of 32.35 yuan per share. In the process of making payment after the grant date is determined, 20 incentive objects voluntarily gave up subscription for part of restricted shares to be granted due to personal reasons, and 30 incentive objects voluntarily gave up subscription for all restricted shares to be granted due to personal reasons, totaling 261,600 shares. Therefore, the number of incentive objects under such incentive plan was adjusted from 1,200 to 1,170, and the number of restricted shares actually granted was adjusted from 10,749,500 shares to 10,487,900 shares.

Pursuant to the restricted share incentive plan approved by the 33rd meeting and 45th meeting of the fifth session of the Board of Directors and the second extraordinary shareholders' meeting of 2022, it is determined that November 18, 2022 will be the grant date, and a total of 2,645,800 restricted shares will be granted to 574 incentive objects at a grant price of 31.61 yuan per share. In the process of making payment after the grant date is determined, 29 incentive objects voluntarily gave up subscription for part of restricted shares to be granted due to personal reasons, and 133 incentive objects voluntarily gave up subscription for all restricted shares to be granted due to personal reasons, totaling 610,000 shares. Therefore, the number of incentive objects under such incentive plan was adjusted from 574 to 441, and the number of restricted shares actually granted was adjusted from 2,645,800 shares to 2,035,800 shares.

## ***(II) Equity-settled share-based payment***

### *The Company's restricted shares*

|   |  |
|---|--|
| Determination method for grant-date fair value of equity instruments . . . . .                                | The closing price of the Company's shares on the grant date.   |
| Determination method for the number of equity instruments expected to vest . . . . .                          | Based on the number of restricted shares granted, as well as a comprehensive consideration of changes in the number of employees eligible to exercise on each balance sheet date, the Company's performance assessment indicators for each exercising year, and the individual performance appraisal of incentive objects. |
| Reasons for significant difference between the estimates in the current period and preceding period . . . . . | None   |
| Capital reserve accumulated due to equity-settled share-based payment . . . . .                               | 499,031,798.61   |
| Total expenses incurred due to equity-settled share-based payment . . . . .                                   | 385,245,312.46   |

## **XII. Commitments and contingencies**

### ***(I) Significant commitments***

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

Pursuant to the account pledge agreement between Huayue Company and Bank of China (Hong Kong) Limited Jakarta Branch, Huayue Company pledged part of its accounts opened with such bank as security for the Loan Agreement of USD760,000,000. Huayue Company made external payments in accordance with the payment priority stipulated in the loan agreement, and the closing balance of the above pledged accounts was 437,272,900.61 yuan.

### ***(II) Contingencies***

As of December 31, 2022, the progress of the land dispute between GENILAND and the subsidiary CDM Company is as follows:

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

the Democratic Republic of the Congo” issued by Edmond Cibamba Diata, a lawyer from Emery Mukendi Wafwana & Associés in August 2020, there is no legal basis to sustain the GENILAND’s claim due to the following reasons:

According to Article 64 of the 2002 Mining Code, the exploitation license entitles its holder to the exclusive right to carry out, within the perimeter over which it has been granted, and during its term of validity, exploration, development, construction and exploitation works in connection with the mineral substances for which the license has been granted. CDM Company, as the holder of Mining Concession No. 527, has the right to enter the mining area to carry out mining operations. As GENILAND acquired the long-term lease concession (land) on May 25, 2012, later than the date when CDM Company acquired Mining Concession No. 527, GENILAND cannot consider the mining operations or the construction of installations and infrastructures required for mining exploitation conducted by CDM Company within the exploitation perimeter as illegal activities, nor can it claim any compensation on such basis.

GENILAND filed a motion seeking damages of USD22.65 million. However, according to Article 281 of the 2002 Mining Code, the fair compensation for disputes over land occupation between the holder of the mining rights and the holder of the surface rights shall be the value of the land at the time of its occupation plus fifty per cent (50%). Based on the legal opinion issued by the DRC lawyer in September 2020 as well as the investigation conducted by the Land Bureau where the land in question is located, it is confirmed that the land price in the area where the land in question located ranges from USD500 to USD800 per hectare and the land in question is 26.83 hectares, thus the maximum amount of compensation will not exceed USD32,196.00 according to the above-mentioned compensation standard.

In summary, the Company believes that it is not liable for any compensation concerning the above lawsuit and therefore accrues no provisions.

### **XIII. Other significant events**

#### ***(I) Significant non-adjusting events***

The Company received the “Reply to Approval for the Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange AG by Zhejiang Huayou Cobalt Co., Ltd.” (Zheng Jian Xu Ke [2023] No. 708) issued by China Securities Regulatory Commission on March 30, 2023. Pursuant to such document, the Company is approved to issue underlying A shares of no more than 100.00 million shares, therefore, the corresponding global depository receipts (GDRs) issued shall be no more than 50.00 million shares based on the conversion ratio determined by the Company. If the conversion ratio were to be adjusted, the number of GDRs issued will be adjusted accordingly. After the completion of this offering, the Company’s shares can be listed on the SIX Swiss Exchange AG. As certain prerequisites are still pending for the issuance of GDRs and listing on the SIX Swiss Exchange AG, including but not limited to the obtaining the final approval of related supervisory authority in Switzerland, there is some uncertainty involved in such event.

#### ***(II) Profit distribution after the balance sheet date***

|  |   |
|--|---|
| Profit or dividend planned to be distributed . . . . . | The Company intends to distribute cash dividend of 2 yuan (tax inclusive) for every 10 shares to all shareholders after the appropriation of statutory surplus reserve at 10% of net profit generated by the parent company in 2022. Such profit distribution plan is to be submitted to the shareholders’ meeting for deliberation and approval. |
|--|---|

#### XIV. Other significant events

##### (I) Segment information

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

##### (II) Leases

###### 1. The Company as lessee

- (1) Please refer to section V (I) 16 of notes to the financial statements for details on right-of-use assets.
- (2) Please refer to section III (XXIX) of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Expense relating to short-term leases . . . . .  | 16,821,408.86                | 3,088,592.10                    |
| Expense relating to leases of low-value assets<br>(excluding short-term leases). . . . . | 20,080,787.09                | 22,334,877.30                   |
| Total . . . . .  | 36,902,195.95                | 25,423,469.40                   |

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

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Interest expenses on lease liabilities . . . . . | 5,485,655.54                 | 3,597,007.25                    |
| Total cash outflows related to leases . . . . .  | 93,730,303.44                | 55,926,401.84                   |

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

###### 2. The Company as lessor

###### Operating lease

###### (1) Lease income

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Lease income . . . . .   | 12,013,091.31                | 16,344,693.16                   |
| Including: Income relating to variable lease payments<br>not included in the measurement of the lease<br>liabilities . . . . . |                              |                                 |

(2) Assets leased out under operating leases

| Items                  | Closing balance | December 31, 2021 |
|------------------------|-----------------|-------------------|
| Fixed assets . . . . . | 9,401,223.41    | 12,716,111.26     |
| Subtotal . . . . .     | 9,401,223.41    | 12,716,111.26     |

Please refer to section V (I) 14 of notes to the financial statements for details on fixed assets leased out under operating leases.

(3) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

| Remaining years         | Closing balance | December 31, 2021 |
|-------------------------|-----------------|-------------------|
| Within 1 year . . . . . |                 | 41,666.67         |
| Total . . . . .         |                 | 41,666.67         |

**XV. Notes to items of parent company financial statements**

***(I) Notes to items of parent company balance sheet***

*1. Accounts receivable*

(1) Details

1) Details on categories

| Categories   | Opening balance |            |                         |                      | Carrying amount |
|--|-----------------|------------|-------------------------|----------------------|-----------------|
|  | Book balance    |            | Provision for bad debts |                      |                 |
|  | Amount          | % to total | Amount                  | Provision proportion |                 |
|  |                 |            |                         | (%)                  |                 |
| Accounts receivable with provision made on an individual basis . . . . . | 402,048.00      | 0.09       | 402,048.00              | 100.00               |                 |
| Accounts receivable with provision made on a collective basis . . . . .  | 454,917,235.88  | 99.91      | 4,286,190.59            | 0.94                 | 450,631,045.29  |
| Total . . . . .  | 455,319,283.88  | 100.00     | 4,688,238.59            | 1.03                 | 450,631,045.29  |

(Continued)

| Categories   | Opening balance |            |                         |                      | Carrying amount |
|--|-----------------|------------|-------------------------|----------------------|-----------------|
|  | Book balance    |            | Provision for bad debts |                      |                 |
|  | Amount          | % to total | Amount                  | Provision proportion |                 |
|  |                 |            |                         | (%)                  |                 |
| Accounts receivable with provision made on an individual basis . . . . . | 6,885,027.34    | 1.83       | 6,885,027.34            | 100.00               |                 |
| Accounts receivable with provision made on a collective basis . . . . .  | 368,669,867.08  | 98.17      | 8,062,408.23            | 2.19                 | 360,607,458.85  |
| Total . . . . .  | 375,554,894.42  | 100.00     | 14,947,435.57           | 3.98                 | 360,607,458.85  |

2) Accounts receivable with provision made on an individual basis

| Debtors            | Book balance | Provision for<br>bad debts | Provision<br>proportion<br><br>(%) | Reasons for provision made   |
|--------------------|--------------|----------------------------|------------------------------------|--|
| Others . . . . .   | 402,048.00   | 402,048.00                 | 100.00                             | The balances are unlikely to recover due to the debtors' difficulties in operations. |
| Subtotal . . . . . | 402,048.00   | 402,048.00                 |                                    |  |

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

| Items   | Closing balance |                            |                                    |
|---|-----------------|----------------------------|------------------------------------|
|   | Book balance    | Provision for<br>bad debts | Provision<br>proportion<br><br>(%) |
| Portfolio grouped with ages . . . . .   | 84,565,443.23   | 4,286,190.59               | 5.07                               |
| Portfolio grouped with balances due from related parties within the consolidation scope . . . . . | 370,351,792.65  |                            |                                    |
| Subtotal . . . . .  | 454,917,235.88  | 4,286,190.59               | 0.94                               |

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

| Ages                    | Closing balance |                            |                                    |
|-------------------------|-----------------|----------------------------|------------------------------------|
|                         | Book balance    | Provision for<br>bad debts | Provision<br>proportion<br><br>(%) |
| Within 1 year . . . . . | 84,504,476.46   | 4,225,223.82               | 5.00                               |
| Over 3 years . . . . .  | 60,966.77       | 60,966.77                  | 100.00                             |
| Subtotal . . . . .      | 84,565,443.23   | 4,286,190.59               | 5.07                               |

(2) Age analysis

| Ages                    | Closing book<br>balance |
|-------------------------|-------------------------|
| Within 1 year . . . . . | 428,250,791.18          |
| 1-2 years . . . . .     | 8,202,275.39            |
| 2-3 years . . . . .     | 8,487,545.19            |
| Over 3 years . . . . .  | 10,378,672.12           |
| Total . . . . .         | 455,319,283.88          |

(3) Changes in provision for bad debts

| Items  | Opening balance | Increase      |          |        | Decrease |              |        | Closing balance |
|--|-----------------|---------------|----------|--------|----------|--------------|--------|-----------------|
|  |                 | Accrual       | Recovery | Others | Reversal | Write-off    | Others |                 |
| Receivables with provision made on an individual basis . . . . . | 6,885,027.34    |               |          |        |          | 6,482,979.34 |        | 402,048.00      |
| Receivables with provision made on a collective basis . . . . .  | 8,062,408.23    | -3,776,217.64 |          |        |          |              |        | 4,286,190.59    |
| Total . . . . .  | 14,947,435.57   | -3,776,217.64 |          |        |          | 6,482,979.34 |        | 4,688,238.59    |

(4) Accounts receivable written off in the current period

1) Accounts receivable actually written off in the current period totaled 6,482,979.34 yuan.

2) Significant accounts receivable written off in the current period

| Debtors  | Nature of receivables | Amount written off | Reasons for write-off | Write-off procedures performed                | Whether arising from related party transactions |
|--|-----------------------|--------------------|-----------------------|---|---|
| Jiangxi Jialong New Material Co., Ltd. . . . . | Payments for goods    | 5,717,261.90       | Irrecoverable         | Approval signed by the Chairman of the Board. | No  |
| Others. . . . .                                | Payments for goods    | 765,717.44         | Irrecoverable         | Approval signed by the Chairman of the Board. | No  |
| Subtotal. . . . .                              |                       | 6,482,979.34       |                       |   |   |

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

Closing balance of top 5 debtors totaled 355,193,774.38 yuan, accounting for 78.01% of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled 2,840,230.04 yuan.

2. *Other receivables*

(1) Details

| Items                         | Closing balance  | Opening balance  |
|-------------------------------|------------------|------------------|
| Dividend receivable . . . . . | 198,313,600.00   |                  |
| Other receivables . . . . .   | 5,811,419,375.91 | 3,114,862,819.44 |
| Total . . . . .               | 6,009,732,975.91 | 3,114,862,819.44 |

(2) Dividend receivable

1) Details

| Items                   | Closing balance | Opening balance |
|-------------------------|-----------------|-----------------|
| Huayou Quzhou . . . . . | 198,313,600.00  |                 |
| Subtotal . . . . .      | 198,313,600.00  |                 |



(2) No material closing balance with age over one year.

(3) Other receivables

1) Details

a. Details on categories

| Categories   | Closing balance  |            |                         |                          |                  |
|--|------------------|------------|-------------------------|--------------------------|------------------|
|  | Book balance     |            | Provision for bad debts |                          |                  |
|  | Amount           | % to total | Amount                  | Provision proportion (%) | Carrying amount  |
| Receivables with provision made on an individual basis . . . . . |                  |            |                         |                          |                  |
| Receivables with provision made on a collective basis . . . . .  | 5,812,458,918.48 | 100.00     | 1,039,542.57            | 0.02                     | 5,811,419,375.91 |
| Total . . . . .  | 5,812,458,918.48 | 100.00     | 1,039,542.57            | 0.02                     | 5,811,419,375.91 |

(Continued)

| Categories   | Opening balance  |            |                         |                          |                  |
|--|------------------|------------|-------------------------|--------------------------|------------------|
|  | Book balance     |            | Provision for bad debts |                          |                  |
|  | Amount           | % to total | Amount                  | Provision proportion (%) | Carrying amount  |
| Receivables with provision made on an individual basis . . . . . |                  |            |                         |                          |                  |
| Receivables with provision made on a collective basis . . . . .  | 3,116,525,269.32 | 100.00     | 1,662,449.88            | 0.05                     | 3,114,862,819.44 |
| Total . . . . .  | 3,116,525,269.32 | 100.00     | 1,662,449.88            | 0.05                     | 3,114,862,819.44 |

b. Other receivables with provision made on a collective basis

| Portfolios  | Closing balance  |                         |                          |
|---|------------------|-------------------------|--------------------------|
|   | Book balance     | Provision for bad debts | Provision proportion (%) |
| Portfolio grouped with balances due from related parties within the consolidation scope . . . . . | 5,806,177,352.89 |                         |                          |
| Portfolio grouped with ages . . . . .   | 6,281,565.59     | 1,039,542.57            | 16.55                    |
| Including: Within 1 year . . . . .  | 3,826,550.55     | 191,327.53              | 5.00                     |
| 1-2 years . . . . .   | 2,008,500.00     | 401,700.00              | 20.00                    |
| Over 3 years . . . . .  | 446,515.04       | 446,515.04              | 100.00                   |
| Subtotal . . . . .  | 5,812,458,918.48 | 1,039,542.57            | 0.02                     |

2) Age analysis

| Ages                    | Closing book<br>balance |
|-------------------------|-------------------------|
| Within 1 year . . . . . | 4,979,367,494.63        |
| 1-2 years. . . . .      | 829,019,599.18          |
| 2-3 years. . . . .      | 23,190.40               |
| Over 3 years . . . . .  | 4,048,634.27            |
| Total . . . . .         | 5,812,458,918.48        |

3) Changes in provision for bad debts

| Items  | Stage 1<br>12-month expected<br>credit losses | Stage 2<br>Lifetime expected<br>credit losses (credit<br>not impaired) | Stage 3<br>Lifetime expected<br>credit losses (credit<br>impaired) | Total        |
|--|---|--|--|--------------|
| Opening balance . . . . .                                | 487,089.55                                    | 800,000.00   | 375,360.33   | 1,662,449.88 |
| Opening balance in the<br>current period . . . . .       |   |  |  |              |
| —Transferred to stage 2 . . .                            | -100,425.00                                   | 100,425.00   |  |              |
| —Transferred to stage 3 . . .                            |   | -223,257.52  | 223,257.52   |              |
| —Reversed to stage 2 . . . . .                           |   |  |  |              |
| —Reversed to stage 1 . . . . .                           |   |  |  |              |
| Provision made in the<br>current period . . . . .        | -195,337.02                                   | -275,467.48  | -152,102.81  | -622,907.31  |
| Provision recovered in the<br>current period . . . . .   |   |  |  |              |
| Provision reversed in the<br>current period . . . . .    |   |  |  |              |
| Provision written off in the<br>current period . . . . . |   |  |  |              |
| Other changes . . . . .                                  |   |  |  |              |
| Closing balance . . . . .                                | 191,327.53                                    | 401,700.00   | 446,515.04   | 1,039,542.57 |

4) No other receivables actually written off in the current period.

5) Other receivables categorized by nature

| Nature of receivables          | Closing balance  | Opening balance  |
|--------------------------------|------------------|------------------|
| Security deposits . . . . .    | 3,864,319.81     | 10,916,715.99    |
| Temporary borrowings . . . . . | 5,806,544,968.39 | 3,104,501,272.67 |
| Petty cash . . . . .           | 2,039,779.64     | 1,099,000.00     |
| Others . . . . .               | 9,850.64         | 8,280.66         |
| Total . . . . .                | 5,812,458,918.48 | 3,116,525,269.32 |

6) Details of the top 5 debtors with largest balances

| Debtors                 | Nature of<br>receivables | Book balance     | Ages   | Proportion<br>to the total<br>balance of<br>other<br>receivables<br>(%) | Provision for<br>bad debts |
|-------------------------|--------------------------|------------------|--|---|----------------------------|
| Huayou Hong Kong . . .  | Temporary<br>borrowings  | 1,920,142,158.50 | Within 1 year  | 33.03   |                            |
| Tongxiang Huashan . . . | Temporary<br>borrowings  | 1,467,565,323.90 | Within 1 year:<br>1,065,228,574.60<br>yuan, 1-2 years:<br>402,336,749.30<br>yuan | 25.25   |                            |

| Debtors                              | Nature of receivables | Book balance     | Ages  | Proportion to the total balance of other receivables | Provision for bad debts |
|--------------------------------------|-----------------------|------------------|---|--|-------------------------|
|                                      |                       |                  |   | (%)  |                         |
| Huayou New Energy . .                | Temporary borrowings  | 1,087,862,606.98 | Within 1 year   | 18.72  |                         |
| Guangxi Huayou Engineering . . . . . | Temporary borrowings  | 280,148,041.32   | Within 1 year:<br>212,293,112.38<br>yuan, 1-2 years:<br>67,854,928.94<br>yuan | 4.82   |                         |
| Tongxiang Huazheng . .               | Temporary borrowings  | 211,000,601.37   | Within 1 year   | 3.63   |                         |
| Subtotal . . . . .                   |                       | 4,966,718,732.07 |   | 85.45  |                         |

### 3. Long-term equity investments

#### (1) Details

| Items  | Closing balance   |                          |                   | Opening balance   |                          |                   |
|--|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|  | Book balance      | Provision for impairment | Carrying amount   | Book balance      | Provision for impairment | Carrying amount   |
| Investments in subsidiaries . .                  | 20,482,717,464.96 |                          | 20,482,717,464.96 | 13,038,601,252.16 | 518,166.20               | 13,038,083,085.96 |
| Investments in associates and joint ventures . . | 3,275,579,013.84  |                          | 3,275,579,013.84  | 598,430,946.19    |                          | 598,430,946.19    |
| Total . . . . .                                  | 23,758,296,478.80 |                          | 23,758,296,478.80 | 13,637,032,198.35 | 518,166.20               | 13,636,514,032.15 |

#### (2) Investments in subsidiaries

| Investees                            | Opening balance  | Increase         | Decrease | Closing balance  | Provision for impairment made in the current period | Closing balance of provision for impairment |
|--------------------------------------|------------------|------------------|----------|------------------|---|---|
| Like Cobalt . . . . .                | 33,171,333.03    |                  |          | 33,171,333.03    |   |   |
| Huayou Import & Export . . . . .     | 100,587,951.00   |                  |          | 100,587,951.00   |   |   |
| Huayou Hong Kong . .                 | 458,040,203.00   |                  |          | 458,040,203.00   |   |   |
| CDM Company . . . . .                | 480,447,838.92   |                  |          | 480,447,838.92   |   |   |
| OIM Company . . . . .                | 3,958,802.50     |                  |          | 3,958,802.50     |   |   |
| MIKAS Company . . . .                | 263,815,386.00   |                  |          | 263,815,386.00   |   |   |
| Huayou Quzhou . . . .                | 2,488,000,000.00 |                  |          | 2,488,000,000.00 |   |   |
| Huayou Mining Hong Kong . . . . .    | 3,871,579,971.51 | 4,163,031,270.00 |          | 8,034,611,241.51 |   |   |
| New Energy Quzhou . .                | 1,770,000,000.00 | 130,000,000.00   |          | 1,900,000,000.00 |   |   |
| Huayou Recycling . . .               | 1,250,000,000.00 |                  |          | 1,250,000,000.00 |   |   |
| Huayou New Energy . .                | 700,000,000.00   | 1,240,248,109.00 |          | 1,940,248,109.00 |   |   |
| Youqing Trading . . . .              | 2,850,000.00     | 2,850,000.00     |          | 5,700,000.00     |   |   |
| Tongxiang Hua'ang . . .              | 1,140,000.00     | 1,710,000.00     |          | 2,850,000.00     |   |   |
| Beijing Youhong . . . .              | 1,710,000.00     |                  |          | 1,710,000.00     |   |   |
| Guangxi Huayou Engineering . . . . . | 50,000,000.00    |                  |          | 50,000,000.00    |   |   |
| Guangxi B&M . . . . .                | 100,000,000.00   | 1,499,000,000.00 |          | 1,599,000,000.00 |   |   |
| Tongxiang Hualing . . .              | 18,040,800.00    |                  |          | 18,040,800.00    |   |   |
| Tongxiang Huawang . .                | 18,040,800.00    |                  |          | 18,040,800.00    |   |   |

| Investees                             | Opening balance   | Increase         | Decrease     | Closing balance   | Provision for impairment made in the current period | Closing balance of provision for impairment |
|---------------------------------------|-------------------|------------------|--------------|-------------------|---|---|
| Wenzhou Huashan . . . . .             | 25,500,000.00     |                  |              |                   | 25,500,000.00                                       |   |
| Tianjin B&M. . . . .                  | 1,351,200,000.00  |                  |              |                   | 1,351,200,000.00                                    |   |
| Resource Recycling. . . . .           | 50,000,000.00     | 88,000,000.00    |              | 138,000,000.00    |   |   |
| Guangxi Lithium . . . . .             |                   | 265,000,000.00   |              | 265,000,000.00    |   |   |
| Tongxiang Huashan. . . . .            |                   | 5,100,000.00     |              | 5,100,000.00      |   |   |
| Tongxiang Huazheng . . . . .          |                   | 34,695,000.00    |              | 34,695,000.00     |   |   |
| Hubei Youxing . . . . .               |                   | 1,000,000.00     | 1,000,000.00 |                   |   |   |
| Guangxi Huayou New Material . . . . . |                   | 15,000,000.00    |              | 15,000,000.00     |   |   |
| Subtotal . . . . .                    | 13,038,083,085.96 | 7,445,634,379.00 | 1,000,000.00 | 20,482,717,464.96 |   |   |

(3) Investments in associates and joint ventures

| Investees  | Opening balance | Increase/Decrease     |                       | Investment income recognized under equity method | Adjustment in other comprehensive income |
|--|-----------------|-----------------------|-----------------------|--|--|
|  |                 | Investments increased | Investments decreased |  |  |
| Associates. . . . .  |                 |                       |                       |  |  |
| Quzhou Anyou . . . . .                                     | 598,430,946.19  |                       |                       | -4,312,884.44                                    |  |
| Guangxi Times Li-ion Investment Management Center. . . . . |                 | 710,488,575.00        |                       | -1,733,821.53                                    |  |
| Guangxi Times Li-ion Industry Fund. . . . .                |                 | 660,800,000.00        |                       | -2,809,341.58                                    |  |
| Hubei Xingyou . . . . .                                    |                 | 24,500,000.00         | 23,342,636.19         | -1,157,363.81                                    |  |
| Hunan Yacheng . . . . .                                    |                 | 120,000,000.00        |                       | 11,053,666.21                                    |  |
| Quzhou Xinhua . . . . .                                    |                 | 1,189,000,000.00      |                       | -6,164,904.72                                    |  |
| Zhejiang Power Investment . . . . .                        |                 | 1,800,000.00          |                       |  |  |
| Tongxiang Lithium Times . . . . .                          |                 |                       |                       | -19,474.44                                       |  |
| Total. . . . .   | 598,430,946.19  | 2,706,588,575.00      | 23,342,636.19         | -5,144,124.31                                    |  |

(Continued)

| Investees   | Changes in other equity | Increase/Decrease                              |                          |        | Closing balance  | Closing balance of provision for impairment |
|---|-------------------------|--|--------------------------|--------|------------------|---|
|   |                         | Cash dividend/Profit declared for distribution | Provision for impairment | Others |                  |   |
| Associates. . . . .   |                         |  |                          |        |                  |   |
| Quzhou Anyou . . . . .                                      |                         |  |                          |        | 594,118,061.75   |   |
| Guangxi Times Li-ion Investment Management Center . . . . . |                         |  |                          |        | 708,754,753.47   |   |
| Guangxi Times Li-ion Industry Fund. . . . .                 |                         |  |                          |        | 657,990,658.42   |   |
| Hubei Xingyou . . . . .                                     |                         |  |                          |        |                  |   |
| Hunan Yacheng . . . . .                                     | -953,746.85             |  |                          |        | 130,099,919.36   |   |
| Quzhou Xinhua . . . . .                                     |                         |  |                          |        | 1,182,835,095.28 |   |
| Zhejiang Power Investment . . . . .                         |                         |  |                          |        | 1,800,000.00     |   |
| Tongxiang Lithium Times . . . . .                           |                         |  |                          |        | -19,474.44       |   |
| Total . . . . .   | -953,746.85             |  |                          |        | 3,275,579,013.84 |   |

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

**1. Operating revenue/Operating cost**

**(1) Details**

| Items   | Current period cumulative |                  | Preceding period comparative |                  |
|---|---------------------------|------------------|------------------------------|------------------|
|   | Revenue                   | Cost             | Revenue                      | Cost             |
| Main operations . . . . .   | 3,802,289,804.22          | 2,675,631,158.21 | 3,214,350,884.78             | 1,984,069,994.65 |
| Other operations . . . . .  | 972,736,669.35            | 628,756,575.19   | 122,064,911.41               | 40,059,139.61    |
| Total . . . . .   | 4,775,026,473.57          | 3,304,387,733.40 | 3,336,415,796.19             | 2,024,129,134.26 |
| Including: Revenue<br>from contracts with<br>customers [Note] . . . . . | 4,771,153,224.45          | 3,301,940,449.96 | 3,329,989,151.85             | 2,018,947,056.34 |

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

**(2) Breakdown of revenue from contracts with customers by main categories**

**1) Breakdown of revenue by goods or services**

| Items                     | Current period cumulative |                  | Preceding period comparative |                  |
|---------------------------|---------------------------|------------------|------------------------------|------------------|
|                           | Revenue                   | Cost             | Revenue                      | Cost             |
| Cobalt products . . . . . | 3,795,614,454.67          | 2,671,456,042.28 | 3,086,043,659.84             | 1,855,641,726.75 |
| Others . . . . .          | 975,538,769.78            | 630,484,407.68   | 243,945,492.01               | 163,305,329.59   |
| Subtotal . . . . .        | 4,771,153,224.45          | 3,301,940,449.96 | 3,329,989,151.85             | 2,018,947,056.34 |

**2) Breakdown of revenue by operating regions**

| Items              | Current period cumulative |                  | Preceding period comparative |                  |
|--------------------|---------------------------|------------------|------------------------------|------------------|
|                    | Revenue                   | Cost             | Revenue                      | Cost             |
| Domestic . . . . . | 3,436,683,133.83          | 2,404,454,592.80 | 2,530,229,591.22             | 1,525,522,545.78 |
| Overseas . . . . . | 1,334,470,090.62          | 897,485,857.16   | 799,759,560.63               | 493,424,510.56   |
| Subtotal . . . . . | 4,771,153,224.45          | 3,301,940,449.96 | 3,329,989,151.85             | 2,018,947,056.34 |

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

| Items                                   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Recognized at a point in time . . . . . | 4,771,153,224.45          | 3,329,989,151.85             |
| Subtotal . . . . .                      | 4,771,153,224.45          | 3,329,989,151.85             |

(3) Contract liabilities with opening balance of 415,530,025.78 yuan were carried over to revenue in the current period.

**2. R&D expenses**

| Items                                   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Employee benefits . . . . .             | 75,082,996.17             | 52,363,779.16                |
| Materials consumption . . . . .         | 87,484,723.45             | 77,470,509.73                |
| Depreciation and amortization . . . . . | 8,480,780.99              | 3,694,320.91                 |
| Others . . . . .                        | 15,045,566.04             | 2,503,215.30                 |
| Total . . . . .                         | 186,094,066.65            | 136,031,825.10               |

### 3. Investment income

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| Investment income from long-term equity investments under equity method . . . . .        | -5,144,124.31                | -3,406,932.38                   |
| Investment income from long-term equity investments under cost method [Note 1] . . . . . | 198,313,600.00               | 275,447,674.72                  |
| Investment income from disposal of long-term equity investments. . . . .                 | 1,284,563.81                 |                                 |
| Losses on discounting of receivables financing. . . . .                                  | -13,002,440.11               | -10,627,224.26                  |
| Losses on derecognition of accounts receivable . . . . .                                 | -364,000.00                  | -7,209,802.76                   |
| Investment income from disposal of held-for-trading financial assets . . . . .           | 12,244,956.26                | -5,135,843.92                   |
| Interest income from other debt investments [Note 2] . . . . .                           | 120,354,193.80               | 13,969,715.30                   |
| Total . . . . .  | 313,686,749.45               | 263,037,586.70                  |

Note 1: It refers to dividend income of 198,313,600.00 yuan from the subsidiary Huayou Quzhou.

Note 2: It refers to interest on call loans of 120,354,193.80 yuan from subsidiaries within the consolidation scope.

## XVI. Other supplementary information

### (I) Non-recurring profit or loss

#### Schedule of non-recurring profit or loss

| Items   | Amount         | Remarks |
|---|----------------|---------|
| Gains on disposal of non-current assets, including write-off of provision for impairment . . . . .  | -36,819,394.06 |         |
| Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality . . . . .   |                |         |
| Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards). . . . . | 195,077,544.38 |         |
| Fund possession charge from non-financial entities and included in profit or loss . . . . .   | 13,744,035.66  |         |
| Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost . . . . .  |                |         |
| Gains on non-cash assets exchange . . . . .   |                |         |
| Gains on assets consigned to the third party for investment or management . . . . .   |                |         |
| Assets impairment loss incurred due to force majeure such as natural disasters. . . . .   |                |         |
| Gains on debt restructuring . . . . .   |                |         |
| Entity restructuring expenses, such as staffing and integrating expenses. . . . .   |                |         |
| Gains on transactions with unfair value . . . . .   |                |         |
| Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date . . . . .  |                |         |
| Contingent gains on non-operating activities. . . . .   |                |         |

| Items  | Amount          | Remarks |
|--|-----------------|---------|
| Gains or losses on changes in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments, excluding those arising from hedging business related to operating activities . . . . . | -290,225,260.27 |         |
| The reversed provision for impairment of receivables and contract assets based on impairment testing on an individual basis . . . . .  |                 |         |
| Gains on designated loans . . . . .  |                 |         |
| Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode . . .   |                 |         |
| Gains on reconciliation of current period profit or loss following legal and regulative requirements on taxation, accounting, etc. . . . .   |                 |         |
| Management charges for consigned operations . . . . .  |                 |         |
| Other non-operating revenue or expenditures . . . . .  | -11,782,650.22  |         |
| Other profit or loss satisfying the definition of non-recurring profit or loss. . . . .  |                 |         |
| Subtotal . . . . .   | -130,005,724.52 |         |
| Less: Enterprise income tax affected . . . . .   | 13,385,122.11   |         |
| Non-controlling interest affected (after tax) . . . . .  | -72,904,661.25  |         |
| Net non-recurring profit or loss attributable to shareholders of the parent company . . . . .  | -70,486,185.37  |         |

**(II) ROE and EPS**

*1. Details*

| Profit of the reporting period  | Weighted<br>average ROE<br><br>(%) | EPS (yuan/share) |             |
|---|------------------------------------|------------------|-------------|
|   |                                    | Basic EPS        | Diluted EPS |
| Net profit attributable to shareholders of ordinary shares . . . . .  | 17.15                              | 2.48             | 2.48        |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss . . . . . | 17.45                              | 2.52             | 2.52        |

*2. Calculation process of weighted average ROE*

| Items   | Symbols | Current period<br>cumulative |
|---|---------|------------------------------|
| Net profit attributable to shareholders of ordinary shares . . . . .  | A       | 3,909,880,668.82             |
| Non-recurring profit or loss . . . . .  | B       | -70,486,185.37               |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss . . . . . | C=A-B   | 3,980,366,854.19             |
| Opening balance of net assets attributable to shareholders of ordinary shares . . . . .                           | D       | 19,383,590,924.55            |

| Items   | Symbols   | Current period<br>cumulative   |                        |
|---|---|--|------------------------|
| Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares . . . . . | Conversion of convertible bonds into shares   | E1<br>1,180,446.72   |                        |
|   | Number of months counting from the next month when the net assets were increased to the end of the reporting period | F1<br>3  |                        |
|   | Dividend on restricted shares   | E2<br>2,508,420.00   |                        |
|   | Number of months counting from the next month when the net assets were increased to the end of the reporting period | F2<br>6  |                        |
| Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation . . . . .          | Cash dividends appropriation  | G1<br>366,286,614.90   |                        |
|   | Number of months counting from the next month when the net assets were decreased to the end of the reporting period | H1<br>8  |                        |
|   | Reversal of cash dividends due to cancellation of restricted shares   | G2<br>51,645.00  |                        |
|   | Number of months counting from the next month when the net assets were decreased to the end of the reporting period | H2<br>3  |                        |
|   | Reversal of cash dividends due to cancellation of restricted shares   | G3<br>41,475.00  |                        |
|   | Number of months counting from the next month when the net assets were decreased to the end of the reporting period | H3   |                        |
|   | Others . . . . .  | Translation reserve  | I1<br>1,048,059,300.35 |
|   |   | Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J1<br>6                |
| Proportionate share in other comprehensive income of the investees to be reclassified subsequently to profit or loss under equity method        |   | I2<br>147,709,606.08   |                        |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period                |   | J2<br>6  |                        |



| Items   | Symbols | Current period<br>cumulative |
|---|---------|------------------------------|
| Equity-settled share-based payment expenses recognized for restricted share incentives (granted in 2021)  | I3      | 177,007,613.21               |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period                  | J3      | 6                            |
| Equity-settled share-based payment expenses recognized for restricted share incentives (initial grant in 2022)                                    | I4      | 203,287,228.80               |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period                  | J4      | 3                            |
| Equity-settled share-based payment expenses recognized for restricted share incentives (reserved shares granted for the first time in 2022)       | I5      | 4,950,470.45                 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period                  | J5      |                              |
| Income tax effect on the excess of the pre-tax deductible amount of employee restricted shares over recognized related expenses (granted in 2021) | I6      | -6,747,052.34                |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period                  | J6      | 6                            |
| Adjustment of capital reserve (capital premium) due to acquisition of non-controlling interest of Huayou New Energy                               | I7      | -350,087,848.89              |

| Items  | Symbols | Current period<br>cumulative |
|--|---------|------------------------------|
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J7      | 6                            |
| Adjustment of capital reserve (capital premium) due to acquisition of non-controlling interest of Feza Mining                    | I8      | -20,540,309.49               |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J8      | 7                            |
| Adjustment of capital reserve (other capital reserve) due to other equity changes of the associate Hunan Yacheng                 | I9      | -953,746.85                  |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J9      | 8                            |
| Adjustment of capital reserve (capital premium) due to transfer of equity of Prospect Lithium                                    | I10     | 9,555,905.33                 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J10     | 6                            |
| Adjustment of capital reserve (capital premium) due to changes in holding proportion over the subsidiary New Energy Quzhou       | I11     | 149,587,503.23               |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J11     |                              |
| Unlocking of restricted shares (the first batch)   | I12     | 74,838,682.80                |

| Items  | Symbols  | Current period<br>cumulative |
|--|--|------------------------------|
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J12  | 5                            |
| Unlocking of restricted shares (the second batch)  | I13  | 22,382,397.00                |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J13  | 1                            |
| Special reserve  | I14  | 10,700,890.40                |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J14  | 6                            |
| Other comprehensive income carried forward to retained earnings  | I15  | 2,513,800.00                 |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J15  | 6                            |
| Other equity instruments recognized due to issuing of convertible bonds  | I16  | 1,490,112,966.16             |
| Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period | J16  | 9                            |
| Number of months in the reporting period . . . . .   | K  | 12                           |
| Weighted average net assets . . . . .  | $L = D + A/2 + E \times \frac{F}{K} - \frac{G \times H}{K} \pm I \times J/K$ | 22,804,069,537.51            |
| Weighted average ROE . . . . .   | $M = A/L$  | 17.15                        |
| Weighted average ROE after deducting non-recurring profit or loss . . . . .  | $N = C/L$  | 17.45                        |

### 3. Calculation process of basic EPS and diluted EPS

#### (1) Calculation process of basic EPS

| Items   | Symbols                                      | Current period<br>cumulative |
|---|--|------------------------------|
| Net profit attributable to shareholders of ordinary shares . . . . .  | A  | 3,909,880,668.82             |
| Non-recurring profit or loss . . . . .  | B  | -70,486,185.37               |
| Net profit attributable to shareholders of ordinary shares after<br>deducting non-recurring profit or loss . . . . .        | C=A-B  | 3,980,366,854.19             |
| Opening balance of total shares . . . . .   | D  | 1,213,283,723.00             |
| Number of shares increased due to conversion of reserve to<br>share capital or share dividend appropriation . . . . .       | E  | 363,871,315.00               |
| Number of shares increased due to offering of new shares<br>or conversion of debts into shares. . . . .                     | F1   | 2,588,196.00                 |
| Unlocking of 30% of the first<br>phase of restricted shares<br>initially granted in 2021                                    |  |                              |
| Number of months counting<br>from the next month when<br>the shares were increased<br>to the end of the reporting<br>period | G1   | 5                            |
| Conversion of convertible<br>bonds into shares  | F2   | 13,730.00                    |
| Number of months counting<br>from the next month when<br>the shares were increased<br>to the end of the reporting<br>period | G2   | 3                            |
| Unlocking of 30% of the first<br>phase of the reserved<br>restricted shares granted for<br>the first time in 2021           | F3   | 543,465.00                   |
| Number of months counting<br>from the next month when<br>the shares were increased<br>to the end of the reporting<br>period | G3   | 1                            |
| Number of shares decreased due to share repurchase. . . . .   | H  |                              |
| Number of months counting from the next month when the<br>shares were decreased to the end of the reporting period . . . .  | I  |                              |
| Number of shares decreased in the reporting period . . . . .  | J  |                              |
| Number of months in the reporting period . . . . .  | K  | 12                           |
| Weighted average of outstanding ordinary shares . . . . .   | $L=D+E+F \times G /$<br>$K-H \times I / K-J$ | 1,578,282,174.25             |
| Basic EPS . . . . .   | $M=A/L$                                      | 2.48                         |
| Basic EPS after deducting non-recurring profit or loss . . . . .  | $N=C/L$                                      | 2.52                         |

(2) Calculation process of diluted EPS

| <u>Items</u>   | <u>Symbols</u> | <u>Current period<br/>cumulative</u> |
|--|----------------|--------------------------------------|
| Net profit attributable to shareholders of ordinary shares . . . . .   | A              | 3,909,880,668.82                     |
| Net profit affected by dilutive potential ordinary shares. . . . .   | B              |                                      |
| Diluted net profit attributable to shareholders of ordinary shares .   | C=A-B          | 3,909,880,668.82                     |
| Non-recurring profit or loss . . . . .   | D              | -70,486,185.37                       |
| Diluted net profit attributable to shareholders of ordinary shares<br>after deducting non-recurring profit or loss . . . . . | E=C-D          | 3,980,366,854.19                     |
| Weighted average of outstanding ordinary shares . . . . .  | F              | 1,578,282,174.25                     |
| Weighted average of ordinary shares increased due to warrant,<br>share options, convertible bonds, etc. . . . .              | G              | 703,458.33 [Note]                    |
| Weighted average of diluted outstanding ordinary shares . . . . .  | H=F+G          | 1,578,985,632.58                     |
| Diluted EPS . . . . .  | M=C/H          | 2.48                                 |
| Diluted EPS after deducting non-recurring profit or loss . . . . .   | N=E/H          | 2.52                                 |

*Note:* As presented in section V (I) 35 of notes to the financial statements, the Company issued convertible corporate bonds in the current period, resulting in a weighted average of 67,655,786.25 shares of potential ordinary shares in the current period, and the effect of potential ordinary shares on net profit was 261,253,622.68 yuan. As the EPS of potential ordinary shares is greater than the basic EPS, potential ordinary shares do not have a dilutive effect, and the effect of conversion of convertible bonds into shares on EPS is not considered in the actual calculation of diluted EPS.

Zhejiang Huayou Cobalt Co., Ltd.  
April 26, 2023