

Ninestar Corporation and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Year Ended December 31, 2021

Ninestar Corporation and Subsidiaries

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	Contents	Page
一、	Auditors' Report	1-6
二、	Consolidated Financial Statements of 2021	
	Consolidated Statement and Company Statement of Financial Position	1-4
	Consolidated Statement and Company Statement of Income statement	5-6
	Consolidated Statement and Company Statement of Cash Flows	7-9
	Consolidated Statement and Company Statement of Changes in Equity	10-13
	Notes to the Consolidated Financial Statements	1-180
三、	Certificate	



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Auditors' Report

PCPAR [2022] NO. ZM10051

To the shareholders of Ninestar Corporation:

1. Audit Opinion

We have audited the financial statements of Ninestar Corporation (hereinafter referred to as "Ninestar"), including the consolidated and company statements of financial position as of December 31, 2021, the consolidated and company statements of comprehensive income, the consolidated and company statements of cash flows, the consolidated and company statements of changes in shareholders' equity and notes to the financial statements for the Year 2021.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company statements of financial position of Ninestar as of December 31, 2021 and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

2. Basis for opinion

We conducted our audit procedures in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of Ninestar in accordance with the China Code of Ethics for Certified Public Accountant (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for issuing our opinion.

3. Key Audit Matters

Key audit matters are those matters that, based on our professional judgement, 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 provide a separate opinion on these matters. Key audit matters identified in our audit are summarized as follows:

Key Audit Matter	The Audit Procedures to the Key Audit Matter
1. Goodwill impairment	
<p>The book balance and the net balance of goodwill as of December 31, 2021 were RMB 12,047,423,223.00 with no impairment provision. The composition of goodwill was mainly for the acquisition of Lexmark International Inc. in 2016. The accounting policies and financial notes refer to Note III.20 and Note V.19 to the consolidated financial statements.</p> <p>The management performs the goodwill impairment test at the end of each fiscal year. The management identified the asset group's scope corresponded to the goodwill and reassessed whether the related book value should be reallocated by the end of 2020; Additionally, the management prepared budget for the asset groups and compared their book value with their net present value. When assessing recoverable amounts of those specific asset groups, the management engaged the external assessment specialist to assist to determine the present value of the future cash flow of those specific asset groups. This assessment involved assumptions and estimations of the future situation of those specific asset groups.</p> <p>The preparation of the prediction of the cash flow for the goodwill impairment test was involved significant judgment and estimation. The estimated value is calculated by the revenue growth rate, perpetual revenue growth rate, contributory asset charges and the discount rate adjusted to the risk assessment. Management predilections and inherent uncertainty have an effect on the above key assumptions. Different estimations and judgments prepared by the management may affect the accuracy of goodwill valuation and cause significant financial impact. Therefore, we recognized the impairment test for goodwill as a key audit matter.</p>	<p>We performed the procedures for the goodwill impairment test mainly including:</p> <ol style="list-style-type: none"> 1. Understood, evaluated and tested key internal controls of goodwill; 2. Evaluated the management's competency in the process of the impairment test for goodwill. 3. Reviewed whether the management's recognition of the asset groups met the requirements of the standard, and judge whether the book value of goodwill should be reallocated combine the current business operation as we knew. 4. Assessed the appropriateness of the methods and models of goodwill impairment test and evaluate their consistency by comparing the methods and models used in prior year. 5. Communicated with the external assessment specialist and evaluated their independence and competency through their relevant qualifications. 6. Assigned our internal assessment specialist to assess the key assumptions and judgments (including but not limited to the analysis of indications of impairment, the division of asset groups and the portfolio of asset group, the selection of key parameters for impairment tests etc.) which were prepared by the management in the process of the goodwill impairment test. Understood and evaluated external assessment specialist's (hired by the management) working procession and important judgment, and fully disclose the relevant important information of the impairment of goodwill. 7. Reviewed the deviation between the expected parameters related to impairment test in the previous period and the actual situation after the period to verify the rationality of the relevant parameters. 8. Considered the impact of subsequent events on the goodwill impairment test and its conclusions. 9. Verified the fundamental data and accuracy of calculation of goodwill impairment test.

Key Audit Matter	The Audit Procedures to the Key Audit Matter
2. Impairment test for the intangible assets with infinite life	
<p>The book balance and the net balance of the intangible assets with infinite life as of December 31 2021 were RMB 2,741,551,000.00 with no amortization and impairment provision. The Trade-name “Lexmark” is the main composition of the intangible assets with infinite life.</p> <p>The accounting policies and financial notes refer to Note III.19&20 and Note V.17 to the consolidated financial statements.</p> <p>The management should review and assess whether it meets all requirement of the infinite life at the end of each fiscal year. Furthermore, it is required to perform the impairment test no matter whether there is an indication of the impairment of intangible assets with infinite life. When the recoverable amount is less than the book value, the difference should be recorded as impairment provision. A recoverable amount is the higher one between the fair value net from disposal expense and estimated present value for future cash flow.</p> <p>The recoverable amount estimated by the management is based on income method of the trade-name. The forecast of cash flow involves the usage of significant judgment and estimations including income growth rate, sustainable growth rate, authorized rate and risk-adjusted discount rate. We recognized that there was uncertainty in the above key parameters and the possible impact from management preferences.</p> <p>Different estimations and judgments prepared by the management may affect the accuracy of intangible assets with infinite life and cause significant financial impact. Therefore, we recognized the impairment test for intangible assets with infinite life as a key audit matter.</p>	<p>We performed the procedures on impairment test for the intangible assets with infinite life mainly including:</p> <ol style="list-style-type: none"> 1. Understood, evaluated and tested key internal controls of intangible assets with infinite life; 2. Evaluated the management’s competency in the process of the impairment test for the intangible assets with infinite life. 3. Reviewed whether the management’s recognition of the asset groups met the requirements of the standard, and judge whether the life of those intangible asset still met all requirements to be defined as indefinite duration. 4. Assessed the appropriateness of the methods and models of the impairment test for the intangible assets with infinite life and evaluate their consistency by comparing the methods and models which used in prior year. 5. Communicated with the external assessment specialist and evaluated their independence and competency through their relevant qualifications. 6. Assigned our internal assessment specialist to assess the key assumptions and judgments (including but not limited to the analysis of indications of impairment, the division of asset groups and the portfolio of asset group, the selection of key parameters for impairment tests etc.) which created by the management in the process of the impairment test for goodwill. Understood and evaluated external assessment specialist’s (hired by the management) working procession and important judgment, and fully disclose the relevant important information of the impairment test for the intangible assets with infinite life. 7. Reviewed the deviation between the expected parameters related to impairment test in the previous period and the actual situation after the period to verify the rationality of the relevant parameters. 8. Considered the impact of subsequent events on the impairment test for the intangible assets with infinite life and its conclusions. 9. Verified the fundamental data and accuracy of calculation of impairment test for the intangible assets with infinite life.

Key Audit Matter	The Audit Procedures to the Key Audit Matter
3.Revenue recognition	
<p>Ninestar and its subsidiaries are focus on the production and sales of printer and printing consumables and providing software service. The Group's consolidated operating revenue was RMB 22,791,658,469.68.</p> <p>The accounting policies and financial notes refer to Note III.26 and Note V.45 to the consolidated financial statements.</p> <p>Since the amount is significant and revenue is one of the key business indicators of Ninestar, and whether it is included in the appropriate accounting period has a significant impact on the financial statements, we considered revenue recognition as a key audit matter.</p>	<p>We performed the procedures on impairment test for the intangible assets with infinite life mainly including:</p> <ol style="list-style-type: none"> 1.Understood, evaluated and tested key internal controls of Revenue recognition; 2. Obtained the corresponding contracts to identify the contract terms and conditions related to revenue recognition and evaluated whether Ninestar revenue recognition meets the provisions of the Accounting Standards for Business Enterprises. 3. Reviewed supporting documents relevant to revenue recognition on a sample basis, including sales invoices, sales contracts/orders, shipping orders, customs declaration, acknowledgement of goods receipts signed by customers, billing agreements with customers, etc.; 4.Carried out analytical procedures for revenue and cost combined with revenue streams, including fluctuation analysis of revenue, cost and gross margin fluctuations in the current period, and comparative analysis with the previous period to identify abnormal fluctuations in the current period; 5.Reviewed supporting documents relevant to revenue recognition on a sample basis for the subsequent period, including sales invoices, sales contracts/orders, shipping orders, customs declaration, acknowledgement of goods receipts signed by customers, billing agreements with customers, etc.; evaluated the appropriateness for the revenue recorded period; 6.Performed the confirmation procedures and checked the transaction amount and the account receivables balance, etc..

4. Other Information

The management of Ninestar (hereinafter referred to as "the management") is responsible for other information. Other information includes information contained in the 2021 Annual Report, but exclude financial statements and our auditor's report.

Our audit opinion on financial statements does not contain any other information, nor do we issue any kind of assurance conclusion on the other information.

In connection with our audit of financial statements, our responsibility is to read the other

information, in doing so, consider whether the other information is materially inconsistent with the financial statements or what we obtained in the process of auditing, or otherwise appears to be materially misstated.

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

5. Responsibilities of the Management and Those Charged With Governance for the Financial Statements

The management of Ninestar is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standard for Business Enterprises and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of Ninestar is responsible for assessing Ninestar'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 Ninestar or to cease operations or have no realistic alternative but to do so.

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

6. Auditor'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 Auditing Standards will always detect a material misstatement when it exists. Misstatements 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 the financial statements.

As part of an audit in accordance with Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures, and obtain audit evidence that is sufficient and appropriate to provide a basis to issue audit 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.

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) 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 cause significant doubt on Ninestar's ability to operate as a going concern. If we conclude that there has 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 result in Ninestar being unable to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ninestar to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged 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 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



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BDO China Shu Lun Pan Certified Public Accountants LLP

Shanghai, the People's Republic of China

April 27, 2022

Certified Public Accountant of China: Huang Zhiwei (Engagement Partner)

Certified Public Accountant of China: Ye Kuan

Ninestar Corporation and Subsidiaries
Consolidated Statements of Financial Position
(All amounts in “RMB” unless otherwise stated)

Assets	Note V	December 31, 2021	December 31, 2020
Current Assets:			
Monetary fund	5.1	9,750,403,731.32	7,043,110,113.40
Provision of settlement fund			
Loans to other banks			
Trading financial assets	5.2	685,387,379.70	93,688,687.01
Financial derivative for assets			
Notes receivable	5.3	5,392,503.31	55,512,164.77
Accounts receivable	5.4	3,027,772,326.67	2,528,261,083.94
Receivables financing			
Advances to suppliers	5.5	252,095,520.16	282,246,039.36
Insurance premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Other receivables	5.6	131,912,584.43	89,055,193.80
Buying back the sale of financial assets			
Inventories	5.7	4,068,365,249.88	3,406,193,727.59
Contract Asset	5.8	305,521,935.15	303,022,680.59
Assets held for sale			
Non-current assets due in one year	5.9	122,592,157.12	133,991,765.01
Other current assets	5.10	732,043,564.40	1,421,389,013.64
Total current assets		19,081,486,952.14	15,356,470,469.11
Non-current assets:			
Loans and payments			
Debt investment			
Other debt investment			
Long-term receivable	5.11	1,024,455,946.94	999,687,084.78
Long-term investment	5.12	143,839,389.29	60,707,697.77
Investment in other equity instruments	5.13	33,894,810.34	51,204,820.17
Other non-current financial assets			
Investment properties			
Fixed assets	5.14	2,423,385,333.84	2,673,360,337.16
Construction in progress	5.15	873,274,743.41	460,743,237.49
Productive biological assets			
Oil and natural gas assets			
Right-of-Use assets	5.16	507,577,713.22	
Intangible assets	5.17	5,662,382,409.43	6,214,398,868.73
Development cost	5.18	79,174,161.71	2,343,082.50
Goodwill	5.19	12,047,423,223.00	12,211,177,046.62
Long-term deferred expenses	5.20	322,170,679.07	316,360,833.74
Deferred tax assets	5.21	1,122,255,237.94	1,151,208,632.79
Other non-current assets	5.22	263,742,043.94	190,609,800.26
Total non-current assets		24,503,575,692.13	24,331,801,442.01
Total assets		43,585,062,644.27	39,688,271,911.12

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Statements of Financial Position (Continued)
(All amounts in “RMB” unless otherwise stated)

Liabilities and Shareholders' equity	Note V	December 31, 2021	December 31, 2020
Current Liabilities			
Short-term borrowings	5.23	1,190,318,770.82	1,754,736,841.01
Borrowing from central bank			
Deposit funds			
Trading financial liabilities	5.24	39,102,831.17	60,709,953.78
Financial derivative for liabilities			
Notes payable	5.25	96,000,000.00	80,793,101.60
Accounts payable	5.26	4,212,739,103.09	3,335,369,358.95
Payments received in advance			
Contract liability	5.27	598,550,431.00	641,760,683.75
Funds from sales of financial assets with repurchase agreement			
Deposits from customers and interbank			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Employee benefits payable	5.28	779,224,074.17	787,004,275.86
Taxes and surcharges payable	5.29	526,894,949.81	462,843,835.71
Other payable	5.30	2,243,980,491.41	3,679,915,732.68
Handling charges and commissions payable			
Cession insurance premiums payable			
Liabilities held for sale			
Non-current liabilities due in one year	5.31	2,451,337,464.90	2,705,837,439.94
Other current liabilities	5.32	925,840,835.30	1,628,087,639.52
Total current liabilities		13,063,988,951.67	15,137,058,862.80
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	5.33	7,486,584,827.01	7,040,230,595.38
Bonds payable			
Including: preference share			
perpetual bond			
Lease liability	5.34	334,354,760.32	
Long-term payable	5.35	85,811,409.51	123,637,606.74
Long-term employee benefits payable	5.36	907,158,679.37	1,174,140,046.77
Provision for liabilities	5.37	670,198,988.38	575,300,764.18
Deferred income	5.38	299,447,412.91	60,841,412.44
Deferred tax liabilities	5.21	1,405,600,091.97	1,585,797,396.39
Other non-current liabilities	5.39	955,905,396.74	1,045,827,533.45
Total non-current liabilities		12,145,061,566.21	11,605,775,355.35
Total liabilities		25,209,050,517.88	26,742,834,218.15
Shareholders' equity:			
Share capital	5.40	1,410,937,360.00	1,074,539,741.00
Other equity instrument			
Including: preference shares			
perpetual bonds			
Capital reserves	5.41	8,855,377,231.36	4,269,961,843.74
Less: treasury stock			
Other comprehensive income	5.42	-305,067,333.70	-255,740,588.29
Special reserve			
Surplus reserve	5.43	340,252,564.38	239,049,070.87
General risk reserve			
Undistributed profit	5.44	3,991,884,197.57	3,064,494,646.88
Total equity attributable to shareholders of parent company		14,293,384,019.61	8,392,304,714.20
Minority interests		4,082,628,106.78	4,553,132,978.77
Total shareholders' equity		18,376,012,126.39	12,945,437,692.97
Total liabilities and shareholders' equity		43,585,062,644.27	39,688,271,911.12

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department

Ninestar Corporation
Statements of Financial Position of Parent Company
(All amounts in “RMB” unless otherwise stated)

Assets	Note XV	December 31, 2021	December 31, 2020
Current Assets:			
Monetary fund		3,248,504,604.92	1,371,988,868.55
Trading financial assets		98,142,646.70	10,644,344.16
Financial derivative for assets			
Notes receivable	15.1	74,272.11	
Accounts receivable	15.2	1,067,701,750.10	941,189,168.07
Receivable financing			
Advances to suppliers		70,383,772.19	93,608,069.69
Other receivables	15.3	1,431,635,478.47	1,278,770,880.88
Inventories		470,041,539.32	353,758,737.45
Contract Asset			
Assets held for sale			
Non-current assets due in one year			
Other current assets		15,886,696.00	24,463,708.04
Total current assets		6,402,370,759.81	4,074,423,776.84
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivable		236,441,460.49	240,534,566.29
Long-term investment	15.4	13,271,828,806.24	8,348,476,282.85
Investment in other equity instruments		12,250,000.00	12,250,000.00
Other non-current financial assets			
Investment properties			
Fixed assets		113,598,812.01	116,365,773.46
Construction in progress		1,464,830.45	2,493,164.52
Productive biological assets			
Oil and natural gas assets			
Right-of-Use assets		60,526,925.60	
Intangible assets		13,177,677.19	12,028,396.84
Development cost		96,153.85	96,153.85
Goodwill			
Long-term deferred expense		5,651,879.66	3,741,973.15
Deferred tax asset			
Other non-current assets		15,932,564.89	11,390,754.26
Total non-current assets		13,730,969,110.38	8,747,377,065.22
Total assets		20,133,339,870.19	12,821,800,842.06

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department

Ninestar Corporation
Statements of Financial Position of Parent Company (Continued)
(All amounts in “RMB” unless otherwise stated)

Liabilities and Shareholders' equity	NoteXV	December 31, 2021	December 31, 2020
Current Liabilities			
Short-term borrowings		1,009,987,020.82	901,892,205.56
Trading financial liabilities			
Financial derivative for liabilities			
Notes payable		73,000,000.00	70,793,101.60
Accounts payable		302,849,107.14	591,640,413.73
Payments received in advance			
Contract Liability		1,362,648.21	426,380.59
Employee benefits payable		61,408,918.00	67,625,735.61
Taxes and surcharges payable		14,547,698.93	12,889,020.65
Other payables		1,248,934,887.56	2,733,048,412.52
Liability held for sale			
Non-current liabilities due in one year		49,985,959.20	20,076,266.68
Other current liabilities			500,000,000.00
Total current liabilities		2,762,076,239.86	4,898,391,536.94
Non-current liabilities:			
Long-term borrowings		551,263,209.82	271,010,749.98
Debt securities issued			
Including:preference share perpetual bonds			
Lease liability		31,740,267.08	
Long-term payable			
Long-term Employee benefits payable			
Contingent liability			
Deferred income			
Deferred tax liability			
Other non-current liabilities			
Total non-current liabilities		583,003,476.90	271,010,749.98
Total liabilities		3,345,079,716.76	5,169,402,286.92
Shareholders' equity:			
Share capital		1,410,937,360.00	1,074,539,741.00
Other Equity instruments			
Including:Preference shares Perpetual bonds			
Capital reserves		12,744,034,923.11	4,827,410,062.05
Less:Treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		324,025,083.32	222,821,589.81
Undistributed profit		2,309,262,787.00	1,527,627,162.28
Total Shareholders' equity		16,788,260,153.43	7,652,398,555.14
Total liabilities and Shareholders' equity		20,133,339,870.19	12,821,800,842.06

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Income Statement
For the years ended December 31, 2021 and 2020
(All amounts in “RMB” unless otherwise stated)

Item	Note V	Year 2021	Year 2020
I. Total revenue		22,791,658,469.68	21,115,561,065.31
Including: Operating revenue	5.45	22,791,658,469.68	21,115,561,065.31
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
II. Total cost		21,122,781,959.50	21,409,335,010.28
Including: Operating cost	5.45	15,015,705,643.77	14,258,337,906.68
Interest expense			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance liability reserves			
Commissions on insurance policies			
Cession charges			
Taxes and surcharges on operations	5.46	106,681,570.42	92,268,106.67
Selling and distribution expenses	5.47	2,135,415,794.38	2,110,874,477.97
General and administrative expenses	5.48	1,800,073,988.41	1,945,439,279.28
R&D expenses	5.49	1,451,657,775.93	1,377,942,311.54
Financial expenses	5.50	613,247,186.59	1,624,472,928.14
Including: Interest Expenses		595,642,542.86	844,775,529.85
Interest Incomes		183,510,531.95	91,417,700.95
Plus: Other Incomes	5.51	174,540,489.19	153,770,424.57
Investment income (losses are represented by '-')	5.52	100,363,279.62	4,238,056.51
Including: Investment income of associates and joint ventures		6,102,879.27	2,867,696.50
Income generated from the derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by '-')			
Gain on net exposure hedges (losses are represented by '-')			
Gain from change in fair value (losses are represented by '-')	5.53	198,677,388.41	22,588,590.66
Loss on credit impairment (losses are represented by '-')	5.54	-29,995,096.26	7,609,122.99
Loss on assets impairment (losses are represented by '-')	5.55	-127,897,956.04	-162,899,371.11
Gain from disposal of assets (losses are represented by '-')	5.56	40,577,901.55	-11,593,956.25
III. Profit from operations (losses are represented by '-')		2,025,142,516.65	-280,061,077.60
Plus: Non-operating income	5.57	6,406,731.06	3,333,330.36
Less: Non-operating expenses	5.58	25,823,010.08	9,674,010.75
IV. Profit before tax (losses are represented by '-')		2,005,726,237.63	-286,401,757.99
Less: Income tax expenses	5.59	409,260,363.85	-322,741,615.53
V. Net profit(losses are represented by '-')		1,596,465,873.78	36,339,857.54
(1) Classified by operating sustainability			
a. Net profit from continuing operations (losses are represented by '-')		1,596,465,873.78	36,339,857.54
b. Net profit from discontinued operations (losses are represented by '-')			
(2) Classified by ownership			
a. Net profit attributable to shareholders of parent company (losses are represented by '-')		1,163,229,842.99	145,181,220.31
b. Minority interest income(losses are represented by '-')		433,236,030.79	-108,841,362.77
VI. Other comprehensive income, net of tax		-85,912,776.63	-465,155,332.23
Attributable to: Shareholders of the parent company		-49,289,770.04	-247,128,420.46
I. Not reclassified subsequently to profit or loss		119,627,237.55	-4,594,265.83

Item	Note V	Year 2021	Year 2020
a. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		119,417,247.38	-10,763,739.21
b. Preferred shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method			
c.Changes in fair value of investments in other equity instruments		209,990.17	6,169,473.38
d. Changes in fair value of credit risks of the enterprise			
ii. Other comprehensive income to be reclassified into the profit or loss		-168,917,007.59	-242,534,154.63
a. Other comprehensive income that can be transferred into profit or loss under equity method		-5,566.70	2,139.24
b. Changes in fair value of other debt investments			
c. Reclassified financial assets that are credited to other comprehensive income			
d. Credit impairment provision for other debt investments			
e. Reserve for cash flow hedging		1,505,808.46	-4,939,513.81
f. Exchange differences on translation of financial statements denominated in foreign currencies		-170,417,249.35	-237,596,780.06
g. Others			
Other comprehensive income attributable to minority shareholders, net of tax		-36,623,006.59	-218,026,911.77
VII. Total comprehensive income		1,510,553,097.15	-428,815,474.69
Total comprehensive income attributable to shareholders of parent company		1,113,940,072.95	-101,947,200.15
Total comprehensive income attributable to minority shareholders		396,613,024.20	-326,868,274.54
VIII. Earnings per share			
a. Basic earnings per share(RMB/share)	5.60	0.9812	0.1272
b. Diluted earnings per share(RMB/share)	5.60	0.9797	0.1265

The combination under the common control occurred in the current period.The net profit realized from the merged party before the combination was RMB 545,845,389.69 and the net profit realized from the merged party in the previous period was RMB 282,857,182.42.

The accompanying notes are an integral part of these consolidated financial statements

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation
Income Statement of Parent Company
For the years ended December 31, 2021 and 2020
(All amounts in “RMB” unless otherwise stated)

Item	Note XV	Year 2021	Year 2020
I. Operating revenue	15.5	2,402,613,318.42	2,414,071,251.77
Less: Operating cost	15.5	1,924,673,355.14	1,902,131,144.25
Taxes and surcharges on operations		15,894,290.85	4,108,452.98
Selling and distribution expenses		59,602,783.94	49,509,309.36
General and administrative expenses		213,507,113.76	252,867,297.75
R&D expenses		95,414,907.42	104,562,736.47
Financial expenses		163,942,654.49	406,902,849.99
including: Interest Expenses		123,904,789.62	241,130,570.37
Interest Incomes		12,841,938.79	17,302,255.54
Plus: Other Incomes		15,356,819.04	38,589,167.53
Investment income (losses are represented by ‘-’)	15.6	974,043,587.87	570,685,948.81
Including: Investment income of associates and joint ventures		88,163.09	1,514,627.33
Income generated from the derecognition of financial assets measured at amortized cost			
Gains on net exposure hedges (losses are represented by ‘-’)			
Income from change in fair value (losses are represented by ‘-’)		162,844,381.15	14,455,406.21
Loss on credit impairment (losses are represented by ‘-’)		760,054.87	-2,851,847.00
Loss on assets impairment (losses are represented by ‘-’)		-964,735.51	-2,079,436.43
Gain from disposal of assets (losses are represented by ‘-’)		125,944.52	-53,600.58
II. Profit from operations (losses are represented by ‘-’)		1,081,744,264.76	312,735,099.51
Plus: Non-operating profit		387,670.07	670,740.47
Less: Non-operating expenses		2,994,330.91	1,848,143.31
III. Profit before tax (losses are represented by ‘-’)		1,079,137,603.92	311,557,696.67
Less: Income tax expenses		67,102,668.87	11,690,879.52
IV. Net profit (losses are represented by ‘-’)		1,012,034,935.05	299,866,817.15
a. Net profit from continuing operations (losses are represented by ‘-’)		1,012,034,935.05	299,866,817.15
b. Net profit from discontinued operations (losses are represented by ‘-’)			
V. After tax other comprehensive income			
i. Not reclassified subsequently to profit or loss			
a. Changes in net liabilities or assets with a defined benefit plan upon re-measurement			
b. Preferred shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method			
c. Changes in fair value of investments in other equity instruments			
d. Changes in fair value of credit risks of the enterprise			
ii. Other comprehensive income to be reclassified into the profit or loss			
a. Other comprehensive income that can be transferred into profit or loss under equity method			
b. Changes in fair value of other debt investments			
c. Reclassified financial assets that are credited to other comprehensive income			
d. Credit impairment provision for other debt investments			
e. Reserve for cash flow hedging			
f. Exchange differences on translation of financial statements denominated in foreign currencies			
g. Others			
VI. Total comprehensive income		1,012,034,935.05	299,866,817.15
VII. Earnings per share			
i. Basic earnings per share(RMB/share)			
ii. Diluted earnings per share(RMB/share)			

The accompanying notes are an integral part of these consolidated financial statements

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Cash Flow Statements
For the years ended December 31, 2021 and 2020
(All amounts in “RMB” unless otherwise stated)

Items	Note V	Year 2021	Year 2020
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of service		22,323,283,928.74	21,215,523,336.76
Net increase in distributor and inter-bank deposits			
Net increase in borrowing from the central bank			
Net cash increase in borrowing from other financial institutes			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investment			
Cash received from interest, handling fee and commission			
Net increase in cash borrowed			
Net increase in cash for repurchase of businesses			
Net cash received from customer deposits for trading in securities			
Refunds of taxes		617,062,546.32	731,575,808.00
Cash received from other related operating activities	5.61	511,349,633.42	218,192,439.66
Sub-total of cash inflows from operating activities		23,451,696,108.48	22,165,291,584.42
Cash payments for goods purchased and services received		11,655,984,444.70	11,358,876,720.31
Net increase in loans and advances to customers			
Net increase in deposit in central bank and other financial institutions			
Cash paid for claims on original insurance policies			
Net increase in cash lent			
Cash paid for interest, handling fee and commission			
Cash paid for insurance policy dividend			
Cash payments to and on behalf of employees		5,141,636,795.94	4,720,636,517.60
Cash paid for all types of taxes		780,994,103.63	523,136,015.20
Cash paid to other operation related activities	5.61	3,016,261,554.10	3,285,763,839.50
Sub-total of cash outflows from operating activities		20,594,876,898.37	19,888,413,092.61
Net cash flows from operating activities		2,856,819,210.11	2,276,878,491.81
II. Cash flows from investing activities			
Cash received from recovery of investments		1,433,020,650.30	2,152,431,651.48
Cash receipts from returns on investments		8,091,347.40	19,640,046.12
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		77,630,284.04	8,559,742.34
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities	5.61	251,858,892.35	100,904,918.08
Sub-total of cash inflows from investing activities		1,770,601,174.09	2,281,536,358.02
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		776,232,273.61	596,008,053.79
Cash paid for investments		1,350,051,359.86	2,172,371,385.75
Net increase in secured loans			
Net cash paid on acquisitions of subsidiaries and other business entities		79,933,230.25	26,407,577.35
Other cash paid on investment activities	5.61	287,891,254.41	425,766,418.44
Sub-total of cash outflows from investing activities		2,494,108,118.13	3,220,553,435.33
Net cash flows from investing activities		-723,506,944.04	-939,017,077.31
III. Cash flows from financing activities			
Cash receipts from investments		5,254,552,956.70	2,606,996,659.50
Including: cash received from capital contributions by minority shareholders of subsidiaries		490,000.00	2,606,996,659.50
Cash received from borrowings		4,433,740,450.00	5,369,746,315.56
Other cash received from financing activities	5.61	420,399,933.65	1,765,000,000.00
Sub-total of cash inflows from financing activities		10,108,693,340.35	9,741,742,975.06
Cash paid on repayment of loans		4,942,765,792.56	5,909,792,661.51
Cash paid on distribution of dividends, profits or repayment of interest expenses		879,399,552.81	963,985,940.59
Including: dividend and profit paid to minority shareholders by subsidiaries		68,344,000.00	9,237,655.80
Other cash paid to financing activities	5.61	3,651,261,699.69	1,727,897,656.38
Sub-total of cash outflows from financing activities		9,473,427,045.06	8,601,676,258.48
Net cash flows from financing activities		635,266,295.29	1,140,066,716.58
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-52,884,126.58	-94,155,209.94
V. Net increases in cash and cash equivalents		2,715,694,434.78	2,383,772,921.14
Add: balance of cash and cash equivalents at the beginning of the period		6,643,773,236.16	4,260,000,315.02
VI. Balance of cash and cash equivalents at the end of the period		9,359,467,670.94	6,643,773,236.16

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation
Cash Flow Statements of Parent Company
For the years ended December 31, 2021 and 2020
(All amounts in “RMB” unless otherwise stated)

Items	Note XV	Year 2021	Year 2020
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of service		2,352,552,340.94	2,346,423,182.87
Refunds of taxes		136,561,930.35	125,256,138.39
Other cash received from operating activities		376,363,098.43	144,509,065.40
Sub-total of cash inflows from operating activities		2,865,477,369.72	2,616,188,386.66
Cash paid on purchase of goods and services		2,190,347,737.96	1,696,551,412.81
Cash payments to and on behalf of employees		382,285,636.19	403,789,748.70
Cash paid for all types of taxes		81,249,385.46	5,786,346.48
Other cash paid to operation activities		775,853,304.76	572,415,886.76
Sub-total of cash outflows from operating activities		3,429,736,064.37	2,678,543,394.75
Net cash flows from operating activities		-564,258,694.65	-62,355,008.09
II. Cash flows from investing activities			
Cash received from recovery of investments		81,855,947.78	1,616,959,600.00
Cash received from return on investments		343,258,722.16	5,556,822.57
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		33,617.00	26,593,588.08
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities		169,760,943.74	17,041,770.64
Sub-total of cash inflows from investing activities		594,909,230.68	1,666,151,781.29
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		54,887,857.37	42,931,008.78
Cash paid for investments		676,543,723.75	430,000,000.00
Net cash payments on acquisition of subsidiaries and other operating entities			
Other cash payments ob investment activities		254,428,553.07	20,363,715.42
Sub-total of cash outflows from investing activities		985,860,134.19	493,294,724.20
Net cash flows from investing activities		-390,950,903.51	1,172,857,057.09
III. Cash flows from financing activities			
Cash received from investments		5,241,264,956.70	
Cash received from borrowings		1,594,143,500.00	1,176,242,905.56
Other cash received from financing activities		380,000,000.00	510,000,000.00
Sub-total of cash inflows from financing activities		7,215,408,456.70	1,686,242,905.56
Cash paid on repayment of borrowings		1,204,082,700.00	924,373,200.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		379,519,533.23	362,803,827.74
Other cash paid on financing activities		2,949,748,697.77	931,054,244.21
Sub-total of cash outflows from financing activities		4,533,350,931.00	2,218,231,271.95
Net cash flows from financing activities		2,682,057,525.70	-531,988,366.39
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-12,447,035.19	-12,192,995.42
V. Net increases in cash and cash equivalents		1,714,400,892.35	566,320,687.19
Add: balance of cash and cash equivalents at the beginning of the period		1,351,228,396.35	784,907,709.16
VI. Balance of cash and cash equivalents at the end of the period		3,065,629,288.70	1,351,228,396.35

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department

Financial Position

Ninestar Corporation and Subsidiaries
Consolidated Statements of Changes in Owner's Equity
For the years ended December 31, 2021 and 2020
(All amounts in "RMB" unless otherwise stated)

Item	Year 2021													
	Equity attributable to owners of the Parent Company											Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Undistributed profit			Sub-total
	Preference share	Perpetual bonds	Others											
1. 2021-12-31 for the previous year	1,074,539,741.00				4,269,961,843.74		-255,740,588.29		239,049,070.87		3,064,494,646.88	8,392,304,714.20	4,553,132,978.77	12,945,437,692.97
Plus: Changes in accounting policies											-5,450,182.35	-5,450,182.35	-5,528,707.58	-10,978,889.93
Error correction for prior period														
Business combination under common control														
Others														
2. 2020-12-31 for the current year	1,074,539,741.00				4,269,961,843.74		-255,740,588.29		239,049,070.87		3,059,044,464.53	8,386,854,531.85	4,547,604,271.19	12,934,458,803.04
3. Increase/decrease for the current period (decrease is represented by "-")	336,397,619.00				4,585,415,387.62		-49,326,745.41		101,203,493.51		932,839,733.04	5,906,529,487.76	-464,976,164.41	5,441,553,323.35
(1) Total comprehensive incomes							-49,289,770.04				1,163,229,842.99	1,113,940,072.95	396,613,024.20	1,510,553,097.15
(2) Capital injection and reduction by owners	336,397,619.00				4,585,415,387.62		-36,975.37					4,921,776,031.25	-794,225,188.61	4,127,550,842.64
a. Ordinary shares invested by owners	336,397,619.00				7,916,624,861.06							8,253,022,480.06	500,000,000.00	8,753,022,480.06
b. Capital contribution by holders of other equity instruments														
c. Share-based payment included in owners' equity					14,673,335.91							14,673,335.91		14,673,335.91
d. Others					-3,345,882,809.35		-36,975.37					-3,345,919,784.72	-1,294,225,188.61	-4,640,144,973.33
(3) Profit distribution									101,203,493.51		-230,390,109.95	-129,186,616.44	-67,364,000.00	-196,550,616.44
a. Withdrawal of surplus reserves									101,203,493.51		-101,203,493.51			
b. Withdrawal of provisions for general risks														
c. Distribution to owners (or shareholders)											-129,186,616.44	-129,186,616.44	-67,364,000.00	-196,550,616.44
d. Others														
(4) Internal transfer of owner's equity														
a. Transfer of capital reserves into capital (or share capital)														
b. Transfer of surplus reserves into capital (or share capital)														
c. Surplus reserves used for remedying loss														
d. Changes in defined benefit plans carried forward to retained earnings														
e. Other comprehensive income carried forward to retained earnings														
f. Others														
(5) Specific reserve														
a. Withdrawal for the period														
b. Utilization for the period														
(6) Others														
4. 2021-12-31 for the period	1,410,937,360.00				8,855,377,231.36		-305,067,333.70		340,252,564.38		3,991,884,197.57	14,293,384,019.61	4,082,628,106.78	18,376,012,126.39

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Financial Position

Ninestar Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (continued)
For the years ended December 31, 2021 and 2020
(All amounts in “RMB” unless otherwise stated)

Item	Year 2020													
	Equity attributable to owners of the Parent Company											Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Undistributed profit			Sub-total
	Preference share	Perpetual bonds	Others											
1. 2021-12-31 for the previous year	1,063,349,999.00				1,481,544,731.78		-8,834,251.37		209,062,389.15		3,025,071,432.18	5,770,194,300.74	3,819,671,543.30	9,589,865,844.04
Plus: Changes in accounting policies											210,563,620.29	210,563,620.29	200,854,160.66	411,417,780.95
Error correction for prior period														
Business combination under common control					196,341,230.80		205,211.26				-184,239,844.28	12,306,597.78	14,844,637.68	27,151,235.46
Others														
2. 2020-12-31 for the current year	1,063,349,999.00				1,677,885,962.58		-8,629,040.11		209,062,389.15		3,051,395,208.19	5,993,064,518.81	4,035,370,341.64	10,028,434,860.45
3. Increase/decrease for the current period (decrease is represented by '-')	11,189,742.00				2,592,075,881.16		-247,111,548.18		29,986,681.72		13,099,438.69	2,399,240,195.39	517,762,637.13	2,917,002,832.52
(1) Total comprehensive incomes							-247,128,420.46				145,181,220.31	-101,947,200.15	-326,868,274.54	-428,815,474.69
(2) Capital injection and reduction by owners	11,189,742.00				2,592,075,881.16		16,872.28					2,603,282,495.44	855,550,603.67	3,458,833,099.11
a. Ordinary shares invested by owners	11,189,742.00				332,846,861.76							344,036,603.76	2,606,996,659.50	2,951,033,263.26
b. Capital contribution by holders of other equity instruments														
c. Share-based payment included in owners' equity					125,200,074.66							125,200,074.66		125,200,074.66
d. Others					2,134,028,944.74		16,872.28					2,134,045,817.02	-1,751,446,055.83	382,599,761.19
(3) Profit distribution									29,986,681.72		-132,081,781.62	-102,095,099.90	-10,919,692.00	-113,014,791.90
a. Withdrawal of surplus reserves									29,986,681.72		-29,986,681.72			
b. Withdrawal of provisions for general risks														
c. Distribution to owners (or shareholders)											-102,095,099.90	-102,095,099.90	-10,919,692.00	-113,014,791.90
d. Others														
(4) Internal transfer of owner's equity														
a. Transfer of capital reserves into capital (or share capital)														
b. Transfer of surplus reserves into capital (or share capital)														
c. Surplus reserves used for remedying loss														
d. Changes in defined benefit plans carried forward to retained earnings														
e. Other comprehensive income carried forward to retained earnings														
f. Others														
(5) Specific reserve														
a. Withdrawal for the period														
b. Utilization for the period														
(6) Others														
4. 2021-12-31 for the period	1,074,539,741.00				4,269,961,843.74		-255,740,588.29		239,049,070.87		3,064,494,646.88	8,392,304,714.20	4,553,132,978.77	12,945,437,692.97

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Financial Position

Ninestar Corporation
Statements of Changes in Shareholders' Equity of Parent Company
For the years ended December 31, 2021 and 2020
(All amounts in "RMB" unless otherwise stated)

Item	Year 2021										
	Share capital	Other equity instrument			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profit	Total owners' equity
		Preference shares	Perpetual bonds	Others							
1. 2021-12-31 for the previous year	1,074,539,741.00				4,827,410,062.05				222,821,589.81	1,527,627,162.28	7,652,398,555.14
Add: changes in accounting policies										-9,200.38	-9,200.38
error correction for prior period											
Others											
2. 2020-12-31 for the current year	1,074,539,741.00				4,827,410,062.05				222,821,589.81	1,527,617,961.90	7,652,389,354.76
3. Increase/ decrease for the current period(decrease is represented by '-')	336,397,619.00				7,916,624,861.06				101,203,493.51	781,644,825.10	9,135,870,798.67
(1) Total comprehensive income										1,012,034,935.05	1,012,034,935.05
(2) Capital injection and reduction by owners	336,397,619.00				7,916,624,861.06						8,253,022,480.06
a. Ordinary shares invested by owners	336,397,619.00				7,916,624,861.06						8,253,022,480.06
b. Capital contribution by holders of other equity instruments											
c. Share-based payment included in owners' equity											
d. Others											
(3) Profit distribution									101,203,493.51	-230,390,109.95	-129,186,616.44
a. Withdrawal of surplus reserves									101,203,493.51	-101,203,493.51	
b. Distribution to owners (or shareholders)										-129,186,616.44	-129,186,616.44
c. Others											
(4). Internal transfer of owners' equity											
a. Transfer of capital reserves into capital (or share capital)											
b. Transfer of surplus reserves into capital (or share capital)											
c. Surplus reserves used for remedying loss											
d. Changes in defined benefit plans carried forward to retained earnings											
e. Other comprehensive income carried forward to retained earnings											
f. Other											
(5). Specific reserve											
a. Withdrawal for the period											
b. Utilization for in the period											
(6). Others											
4. 2021-12-31 for the period	1,410,937,360.00				12,744,034,923.11				324,025,083.32	2,309,262,787.00	16,788,260,153.43

The accompanying notes are an integral part of these consolidated financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Financial Position

Ninestar Corporation
Statements of Changes in Shareholders' Equity of Parent Company(continued)
For the years ended December 31, 2021 and 2020
(All amounts in "RMB" unless otherwise stated)

Item	Year 2020										
	Share capital	Other equity instrument			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profit	Total owners' equity
		Preference shares	Perpetual bonds	Others							
1. 2021-12-31 for the previous year	1,063,349,999.00				4,437,853,085.59				192,834,908.09	1,359,842,126.75	7,053,880,119.43
Add: Changes in accounting policies											
Error correction for prior period											
Others											
2. 2020-12-31 for the current year	1,063,349,999.00				4,437,853,085.59				192,834,908.09	1,359,842,126.75	7,053,880,119.43
3. Increase/ decrease for the current period(decrease is represented by '-')	11,189,742.00				389,556,976.46				29,986,681.72	167,785,035.53	598,518,435.71
(1) Total comprehensive income										299,866,817.15	299,866,817.15
(2) Capital injection and reduction by owners	11,189,742.00				389,556,976.46						400,746,718.46
a. Ordinary shares invested by owners	11,189,742.00				332,846,861.76						344,036,603.76
b. Capital contribution by holders of other equity instruments											
c. Share-based payment included in owners' equity					56,710,114.70						56,710,114.70
d. Others											
(3) Profit distribution									29,986,681.72	-132,081,781.62	-102,095,099.90
a. Withdrawal of surplus reserves									29,986,681.72	-29,986,681.72	
b. Distribution to owners (or shareholders)										-102,095,099.90	-102,095,099.90
c. Others											
(4) Internal transfer of owners' equity											
a. Transfer of capital reserves into capital (or share capital)											
b. Transfer of surplus reserves into capital (or share capital)											
c. Surplus reserves used for remedying loss											
d. Changes in defined benefit plans carried forward to retained earnings											
e. Other comprehensive income carried forward to retained earnings											
f. Other											
(5) Specific reserve											
a. Withdrawal for the period											
b. Utilization for in the period											
(6) Others											
4. 2021-12-31 for the period	1,074,539,741.00				4,827,410,062.05				222,821,589.81	1,527,627,162.28	7,652,398,555.14

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Financial Position

Ninestar Corporation
Notes to consolidated financial statements
For the year ended December 31, 2021
(All amounts in “RMB” unless otherwise stated)

I. GENERAL INFORMATION OF THE COMPANY

1. Overview of the Company

Ninestar Corporation (hereinafter referred to as “the Company”) formerly was known as Apex Technology Co., Ltd. (hereinafter referred to as “Apex”) and prior name was Zhuhai Wanlida Electric Co., Ltd. (hereinafter referred to as “Wanlida”), which were formerly known as Zhuhai Economic Zone Wanlida Industrial Development Co., Ltd. In August 1998, Wanlida was Established based on Zhuhai Economic Zone Wanlida Industrial Development Co., Ltd. Referring to the resolution of shareholder meeting on May 20, 2004, the promoter's agreement and approval *Agree to found Zhuhai Wanlida Electric Co., Ltd.* (YueBanHan(2004) No.272) granted by government of Guangdong Province on August 4, 2004, Wanlida was changed from limited company to corporation. In November 2007, with approval *Approval of Initial Public Offering of Zhuhai Wanlida Electric Co., Ltd.* (ZhengJianFaHangZi (2007) No.360) granted by China Securities Regulatory Commission, Wanlida’s stock started in trading in Shenzhen Stock Exchange. On July 23, 2014, with approval *Approval of the Material Asset Restructurings of Zhuhai Wanlida Electric Co., Ltd. by issuing shares to Seine Technology* (ZhengJianXuKe (2014) No.732) granted by China Securities Regulatory Commission, Wanlida and Seine Technology arranged the material asset restructurings by exchanging of asset and issuing of non-public shares.

After several changes, as of December 31, 2020, the company has issued a total of 1,074,539,741.00 shares and a paid-in capital of 1,074,539,741.00.

During the validity period of stock options exercise from December 2020 to September 2021, some Incentive Persons will actually exercise the options and make capital contributions, increasing the company's share capital by a total of 9,546,777.

On October 9, 2021, the company completed the transaction of issuing shares and paying cash to purchase 100% equity of Zhuhai Pantum Electronics Co., Ltd. with a total of 171,136,112 newly issued shares.

In November 2021, the company completed the non-public issuance of shares to raise supporting funds, with a total of 155,714,730 newly issued shares.

As of December 31, 2021, the company has issued a total of 1,410,937,360.00 shares, with the paid-in capital of 1,410,937,360.00.

The legal representative is Mr. Wang Dongying.

Registered Address: Second Floor & Seventh Floor in Area B, Building 01, First Floor in Area A & Second Floor, Building 02, Building 03, First Floor to Fifth Floor, Building 04 and Building 05, No. 3883 Zhuhai Avenue, Zhuhai, Guangdong, PRC.

Scope of business: Researching, developing, designing, producing and selling IC products and components, computer components and related soft wares; supplying information and network hardware, software , services and solutions, researching, producing, processing and selling printer consumables and components including laser cartridges, toner, ink cartridges, ink, ink case, ribbon, ribbon frame and computer components; processing and

selling the recycled jet printing cartridges and laser toner and the components; investing and managing companies.

The Company's parent company is Zhuhai Seine Technology Co., Ltd. The Company's actual controllers are Mr. Wang Dongying, Mr. Li Dongfei and Mr. Zeng Yangyun.

The consolidated financial statements were approved by the board on April 27, 2022.

2. Consolidation scope

The list of the subsidiaries as at December 31, 2021 is as follow:

Name of the subsidiaries	Abbreviation
Apex Microelectronics Co., Ltd and its subsidiaries	Microelectronics
Zhuhai Lianxin Investment Limited	Lianxin Investment
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited and its subsidiaries	Ninestar Zhishu
Zhuhai Ninestar Enterprise Management Limited	Ninestar Management
Zhuhai G&G Digital Technology Co., Ltd. and its subsidiaries (including Shanghai G&G Computer Technology Co., Ltd.)	G&G
Ninestar Image Tech Limited and its subsidiaries	Ninestar Image
Seine (Holland) B.V.	Seine Holland
Static Control Holdings Limited	SCC HK Holding
Static Control Components Limited	SCC UK Holding
Static Control Components, Inc. and its subsidiaries	SCC US
Static Control Components (Europe) Limited and its subsidiaries	SCC Europe
Ninestar Technology Company Ltd	Ninestar US
Zhuhai SCC Fine Chemical Company Limited	SCC Fine Chemical
Ninestar Holdings Company Limited	Lexmark Holding 1
Ninestar Group Company Limited	Lexmark Holding 2
Lexmark International II, LLC and its subsidiaries	Lexmark International
Topjet Technology Co., Ltd and its subsidiaries	Topjet
Cinvi Technology Co., Limited and its subsidiaries	Cinvi
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd and its subsidiaries	Zhong Run
Ninestar Electronic Company Limited	Lexmark HK
Zhuhai Ninestar Printing Technology Co., Ltd.	Ninestar Printing
Zhuhai Ninestar Information Technology Limited Company.	Ninestar Information Technology
Zhuhai Ninestar Lehmann Technology Co., Ltd. and its subsidiaries	Ninestar Lehmann
Zhuhai Hengqin G&G Technology Co., Ltd.	Hengqin G&G
Zhuhai Ninestar Investment Co., Ltd.	Ninestar Investment
Zhuhai Pantum Intelligent Manufacturing Technology Co., Ltd.	Pantum Intelligent Manufacturing
Willtech Holdings Limited	Willtech
Zhuhai Pantum Electronics Co., Ltd. and its subsidiaries	Zhuhai Pantum Electronics
Zhongshan Sanrun Printing Consumables Co., Ltd.	Zhongshan Sanrun
Rainbow Tech International Limited	Rainbow

For details regarding the change of consolidation scope and equity in other entities, please

refers to notes “VII. Interest in other legal entities” and “VI. Changes of consolidation scope”

II. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared on the basic assumption of going concern and the accrual basis of accounting. The effects of events and other transactions actually occurred, and they have been recorded and determined in accordance with the Accounting Standards for Business Enterprises issued by Ministry of Finance.

2. Going-Concern

The Company has the capacity to continually operate 12 months at least since the end of the report period, and has no major issues impacting on the sustainable operation ability.

III. THE MAIN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimation tips:

The following disclosure has covered the specific accounting policies and accounting estimates formulated by the company according to the actual production and operation characteristics. See "III. (26)Revenue" and "III. (30)Lease " in the notes for details.

1. Declaration on Following Accounting Standard for Business Enterprises

A declaration from the Company: The consolidated financial statements prepared by the Company meet the requirement of the Accounting Standards for Enterprises promulgated by the Ministry of Finance, which accurately and completely reflected the consolidated financial position of the Company on 31 December 2021, financial performance of 2021 and cash flow.

2. Fiscal Year

The Company adopts the calendar year as its fiscal year from January 1 to December 31.

3. Operating Cycle

12 months are regarded as one operating cycle in the Company, and which is as the division criterion for the liquidity of assets and liabilities.

4. Functional Currency

The Company adopts RMB as the functional currency. The overseas operating entities of the Company determine their functional currency according to the main economic environment in which they operate (see “V. (64)” in this note for details).

These financial statements are presented in RMB.

5. Accounting method of business combination under common control and not under common control

Business combination under common control: The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party (including goodwill formed from purchasing of

business) on the acquisition date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

Business combination not under common control: The Acquirer shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair values, and shall record the balances between them and their carrying amounts into the profits and losses at the current period. The identifiable assets, liabilities and contingent liabilities of the acquirer meeting the recognition conditions obtained in the merger shall be measured at fair value on the purchase date.

The intermediary and other applicable administrative expenses for business combinations are recognized in profit or loss for the current year when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts of equity securities or debt securities.

6. Basis of consolidation

6.1 Scope of consolidation

The scope of consolidated financial statements shall be confirmed based on the control. The scope of consolidation includes the Company and all its subsidiaries. Control means that the company has the right to the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the right to the investee to influence the amount of return.

6.2 Consolidation process

The company regarded the whole enterprise group as an accountant entity, in line with the requirement of presentation, recognition and calculation in ASBE and uniform accountant policies, reflect the financial situation, operation results and cash flows of the whole enterprise group. The impact of internal transactions between the company and its subsidiaries or between subsidiaries shall be offset. If the internal transaction indicates the impairment loss of relevant assets, the loss shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiary are inconsistent with those of the company adopts, necessary adjustments shall be made according to the accounting policies and accounting periods of the company when preparing the consolidated financial statements.

Minority shareholders' portions of equities and income in subsidiaries shall be separately stated respectively under owners' equity in the consolidated balance sheet and net profit in the consolidated income statement. About the deficit of current period exceeding the share in the beginning of owner's equity, the balance shall offset against the minority shareholder's equity.

6.2.1 Company Scale Expansion and Business Expanding

During the reporting period, for the added subsidiary companies for business combination under common control, shall adjust the 2020-12-31 of the consolidated balance sheet, and shall involve the incomes, expenses and profits of the subsidiary companies incurred from the beginning of the current period to the

end of reporting year into consolidated income statement; and shall include the cash flow of the subsidiary companies from the beginning of the current period to the reporting period into the consolidated cash flow statement. Meanwhile, relevant items in the statements shall be compared and adjusted with the reporting subject after the consolidation being regarded to have always existed since the control party start to taking the control.

Owing to the reasons such as the additional investment, for the subsidiaries could execute control on the investees under common control, should be regard as the individuals participated in the combination that to execute adjustment by existing as the current state when the ultimate control party began to taking the control. For the equity investment held before acquiring the control right of the combined parties, the confirmed relevant gains and losses, other comprehensive income and the changes of other net assets since the date of the earlier one between the date when acquiring the original equity right and the date when the combine parties and combined ones were under common control to the combination date, should be respectively written down and compared with the 2020-12-31 of retained earnings or the current gains and losses during the statement period.

During the reporting period, for the added subsidiary companies for business combination note under common control, shall adjust the 2020-12-31 of the consolidated balance sheet, and shall involve the incomes, expenses and profits of the subsidiary companies incurred from purchase date to the end of reporting year into consolidated income statement; and shall include the cash flow of the subsidiary companies from purchase date to the reporting period into the consolidated cash flow statement.

Owing to the reasons such as the additional investment that the subsidiaries could execute the control of the investees under different control, the Company shall re-measure the equity interests in the acquiree held by it before the acquisition date according to the equity interests' fair value on the acquisition date. And the difference between the fair value and the book value is recorded into current investment gains. Where the equity interests in the acquiree held by the Company which involved with the other comprehensive profits and changes of the other owners' equities except for the net gains and losses, other comprehensive profits as well as the profits distribution under the measurement of equity method before the acquisition date involves other comprehensive incomes, the relevant other comprehensive incomes and the changes of the other owners' equities are restated as investment gains for the period which the acquisition date belongs to, with the exception of the other comprehensive incomes occurred because of the changes of net liabilities or net assets of the defined benefit pension plans be re-measured for setting by the investees.

6.2.2 Disposal of The Subsidiary Or Business

A. General disposing method

Where the Company loses the control over a former subsidiary due to disposal of some equity investments or other reasons, the Company re-measures the remaining equity investments after the disposal according to the fair value on the date when the control ceases. The consideration obtained in the equity disposal, plus the fair value of the remaining equities, less the Company's share of net assets in the former

subsidiary calculated from the acquisition date according to the former shareholding ratio, is recorded into the investment gains for the period when the control ceases. Other comprehensive incomes in relation to the equity investments in the former subsidiary are restated as investment gains for the period when the control ceases. Where the equity interests in the subsidiary held by the Company which involved with the other comprehensive profits and changes of the other owners' equities except for the net gains and losses, other comprehensive profits as well as the profits distribution when losing control, the relevant other comprehensive incomes and the changes of the other owners' equities are restated as investment gains for current period.

B. Disposing Step by Step

Where the Company loses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, all the transaction terms, conditions and economic impact of the disposal of subsidiaries' equity investment are in accordance with one or more of the following conditions, which usually indicate the multiple transactions should be considered as a package deal for accounting treatment:

- a) The terms are set by considering the different transactions at the same time or the influence among the different transactions.
- b) The transaction only stand as a whole, a whole commercial result can be achieved;
- c) A transaction incurred depends on at least one transaction occurred;
- d) A transaction could not be regarded to be economical only if it was taken into consideration with other transactions.

When the step-by-step disposal of a subsidiary until the Company loses control of the subsidiary due to disposal of equity investment belongs to a package deal, it should be accounted for as a package transaction. However, before losing the right of control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which transferred together into the current profits and losses when the Company loses control of its subsidiary.

When the step-by-step disposal of a subsidiary until the Company loses control of the subsidiary due to disposal of equity investment does not belong to a package deal, before the Company loses the control right, it should execute the accounting disposal according to the partly dispose the equity investment of the subsidiary under the situation not losing the control right; when losing the control right, it should execute accounting disposal according to the general disposing method disposal of the subsidiaries.

6.2.3 Purchasing minority equities of the subsidiaries

If there is any difference between the newly obtained long-term equity investment due to the Company's acquisition of minority interests and the Company's share of identifiable net assets which begin to be calculated from the purchase date (or the combination date) in the subsidiary calculated according to the newly increased shareholding ratio, the stock premium under capital reserve in the balance sheet

shall be adjusted according to the said difference. If the stock premium under capital reserve is not sufficient to be offset, the retained profit is adjusted.

6.2.4 Disposing the equity investment of the subsidiaries under the situation not losing the control right

The differences between the disposal income due to the Company's disposal of some equity investments in a subsidiary without losing the control over the subsidiary and the Company's share of net assets in the subsidiary calculated according to the disposed long-term equity investments, the stock premium under capital reserve in the balance sheet shall be adjusted according to the said difference. If the stock premium under capital reserve is not sufficient to be offset, the retained profit is adjusted.

7. Accounting Treatment of the Joint Arrangement

The joint arrangements include joint operation and joint ventures.

If joint venture parties contain almost all outputs associated with the joint arrangements, and the settlement of the liability arrangement continued reliance on joint venture, the joint arrangement is treated as a joint operation.

The Company confirms that the following items share a common interest in the business associated with the Company, and audit in accordance with the provisions of the relevant enterprise accounting standards:

- A. Confirm individual assets and common assets held based on shareholdings;
- B. Confirm individual liabilities and shared liabilities held based on shareholdings;
- C. Confirm the income from the sales revenue of co-operate business output;
- D. Confirm the income from the sales of the co-operate business output based on shareholdings;
- E. Confirm the individual expense incurred, and share expense by the Company's proportion in joint operation.

The company's investment in joint ventures is accounted by equity method. See "III. (14) long term investment" in this note for details.

8. The Standard for Recognizing Cash Equivalent When Making Cash Flow Statement

Cash, means the bank deposits that can be used for payment whenever necessary.

Cash equivalent are investments that are highly liquid, little risk of change in value which can be easily turned into cash, and with a short original maturity.

9. Method of Foreign Currency Translation

9.1 Business of Foreign Currencies

As for a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the RMB at the spot exchange rate on the transaction date. On balance sheet date, the foreign currency monetary items shall be translated as the spot exchange rate on the balance sheet date, the balance occurred thereof shall be recorded into the profits and losses at the current period except that the balance of exchange arising from foreign currency borrowings for the purchase and construction or production of assets eligible for capitalization shall be measured in the light of capitalization principle. The foreign currency non-monetary items

measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the amount of functional currency shall not be changed. The foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the confirming date of fair value, of which the balance of exchange shall be included into the profit and loss of the current period or capital reserve.

9.2 Translation for Foreign Currency Financial Statements

All the assets and liabilities items should be translated as RMB according to the basic rate of the spot rate on the balance sheet date; All the equity item except "Undistributed profits" item, other item adopt spot exchange rate to calculate. Income and cost item in profit statement, adopt average exchange rate (Weighted average of exchange rate at the end of each month).

When disposing an overseas business, the Company shall shift the balance, which is presented under the items of the owner's equities in the balance sheet and arises from the translation of foreign currency financial statements related to this overseas business, into the disposal profits and losses of the current period.

10. Financial Instruments

When the company becomes a party to the financial instrument contract, it confirms a financial asset, financial liability or equity instrument.

10.1 Categorization of Financial Instruments

According to the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are initially classified as: financial assets measured at amortized cost, financial assets measured at fair value and whose changes included in other comprehensive income and financial assets measured at fair value and of which changes are included in the current profit and loss.

The company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in the current profits and losses as financial assets measured at amortized cost:

- The business model is to collect contractual cash flow as the target.
- the contractual cash flow is only for the payment of principal and interest based on the outstanding principal amount.

For investment in non-trading equity instruments, the Company determines whether to designate it as a financial asset (equity instrument) that is measured at fair value and whose changes are included in other comprehensive income at initial recognition.

It is made on the basis of single investment, and the relevant investment conforms to the definition of equity instrument from the perspective of issuer.

The company will classify financial assets (debt instruments) measured at fair value and whose changes are included in current profits and losses, which meet the following conditions and are not designated as measured at fair value and whose changes are included in other comprehensive income:

- The business model is to collect contractual cash flow and to sell the financial asset as the target.

-The contractual cash flow is only for the payment of principal and interest based on the outstanding principal amount.

For non trading equity instrument investment, the company can irrevocably designate it as a financial asset (equity instrument) which is measured at fair value and whose changes are included in other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment, and the relevant investment conforms to the definition of equity instrument from the perspective of the issuer.

In addition to the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the company classifies all other financial assets as financial assets measured at fair value with changes included in current profits and losses.

At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the company can irrevocably designate the financial assets that should be classified as the financial assets measured at amortized cost or at fair value and whose changes are included in other comprehensive income as the financial assets measured at fair value and whose changes are included in the current profits and losses.

Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value and whose changes are included in current profits and losses and financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions may be designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss during initial measurement:

- A. This designation can eliminate or significantly reduce accounting mismatches.
- B. According to the corporate risk management or investment strategy stated in the formal written documents, the financial liabilities portfolio or the financial assets and financial liabilities portfolio on the basis of fair value shall be managed and evaluated, and to the key management personnel within the enterprise based on this report.
- C. The financial liabilities include embedded derivatives that need to be split separately.

10.2 Recognition Basis and Calculation Method of Financial Instrument

10.2.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost include bills receivable, accounts receivable, other receivables, long-term receivables, debt investment, etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing elements and accounts receivable that the Company decides not to consider financing elements that do not exceed one year shall be initially measured at the contract transaction price.

The interest calculated by the effective interest rate method during the holding period is included in the current profit and loss.

When recovering or disposing, the difference between the acquired price and the

book value of the financial asset is included in the current profit and loss.

10.2.2 Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income

Financial assets (debt instruments) which are measured at their fair values and of which the variation are included in other comprehensive income including receivables financing, other debt investment, etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest calculated by the actual interest rate method, impairment losses or gains, and exchange gains and losses.

At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and recorded into the current profit and loss.

10.2.3 Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income.

Financial assets (equity instruments) which are measured at fair value and of which the variation are included in other comprehensive income including other equity instruments investments etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and change in fair value are included in other comprehensive income. The dividends obtained are included in the current profit and loss.

Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

10.2.4 Financial assets measured at fair value and of which the variation are included in the current profit and loss

Financial assets which are measured at fair values and of which the variation are included in the current profit and loss including transactional financial assets, derivative financial assets, and other non-current financial assets, etc., and are initially measured at fair value, and related transaction costs are included in the current profit and loss. The financial assets are subsequently measured at fair value, and changes in fair value are included in the current profit and loss.

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

Financial liabilities which are measured at fair values and of which the variation are included in current profit or loss including transactional financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction costs are included in current profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in the current profit and loss.

At the time of derecognition, the difference between the book value and the consideration paid is included in the current profit and loss.

10.2.6 Financial liabilities measured at amortized cost

Financial liabilities which are measured at amortized cost including short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable, and long-term payables, are initially measured at fair value, and related transaction costs are included in the initial recognition amount.

The interest calculated by the effective interest rate method during the holding period is included in the current profit and loss.

At the time of derecognition, the difference between the consideration payment and the book value of the financial liability is included in the current profit and loss.

10.3 Recognition and Measurement of Transfer of Financial Assets

If one of the following conditions is met, the company shall terminate the recognition of financial assets:

- termination of contractual rights to receive cash flows from financial assets;
- the financial assets have been transferred, and almost all the risks and rewards of the ownership of the financial assets have been transferred to the transferee.
- the financial assets have been transferred. Although the company neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, it does not retain the control over the financial assets.

If it retains nearly all of the risks and rewards relating to the ownership of the financial asset, it shall not stop recognizing the financial asset.

Substance over form principle should be adopted in order to determine whether the transfer of a financial asset can satisfy the conditions as described in these Standards for de-recognition of a financial asset. An enterprise shall differentiate the transfer of a financial asset into the entire transfer and the partial transfer of financial assets. If the transfer of an entire financial asset satisfies the conditions for terminating recognition, the difference between the amounts of the following 2 items shall record in the profits and losses of the current period:

- a. The carrying amount of the transferred financial asset;

The sum of the aggregate consideration received from the transfer and the accumulative amount of the changes of the fair value originally recorded in the owner's equities (in the event that the financial asset involved in the transfer is a financial asset (debt instrument) which is measured at fair value and of which changes is included in other comprehensive income and a financial asset available for sale)

If the transfer of partial financial asset satisfies the conditions for stopping recognition, the carrying amount of the entire financial asset transferred shall be allocated at their respective relevant fair value, between the portion whose recognition has stopped and the portion whose recognition has not stopped, and the difference between the amounts of the following 2 items:

- b. The carrying amount of the portion whose recognition has stopped;

c. The aggregate consideration of the portion whose recognition has stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has stopped (in the event that the financial asset involved in the transfer is a financial asset (debt instrument) which is measured at fair value and of which changes is included in other comprehensive income and a financial asset available for sale).

The transfer of financial assets does not meet the de-recognition condition. The financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

10.4 Termination of Recognition of Financial Liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the Company makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminated the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the Company concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminate from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

Where the Company buys back part of its financial liabilities, it shall distribute, on the report day, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

10.5 Determination of The Fair Value of Financial Assets And Financial Liabilities

As for the Company's financial assets and liabilities measured at their fair values, where there is an active market, the closing quoted prices in the active market shall be used to determine the fair values thereof.

Initially obtained or derivative financial assets or the market transaction price of bared financial liabilities was considered as the basis of fair value; Where there is no active market for a financial assets and financial liabilities, the Company

concerned shall adopt value appraisal techniques to determine its fair value. When evaluating, the Company adopt the valuation technique with sufficient useful data and supported by other information which suitable for the current situation, choose an input in concern with the characteristics of assets or liabilities considered in relevant assets or liabilities transaction with the market players, and as much as possible, give prior to using the relevant observable input under the situation that, the observable input value or it is not feasible to obtain, use unobservable input value.

10.6 Testing Method of Impairment And Withdrawal Method of Provision For Impairment On Financial Assets

The company in a single or combined manner for financial assets measured at amortized cost and financial assets (debt instruments) and financial guarantee contract measured at fair value and of which variation are included in other comprehensive income to estimate the expected credit loss

The company considers the reasonable and reliable information about past events, current situation and forecast of future economic situation, takes the risk of default as the weight, calculates the probability weighted amount of the present value of the difference between the cash flow receivable in the contract and the cash flow expected to be received, and confirms the expected credit loss.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the company shall measure the loss provision according to the amount equivalent to the expected credit loss during the whole life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the company shall measure the loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increased or reversed amount of the loss reserves formed thereby shall be included in the current profits and losses as impairment losses or gains.

The company compares the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date to determine the relative change of default risk within the expected duration of financial instruments, so as to assess whether the credit risk of financial instruments has increased significantly since the initial recognition. Generally, if it is overdue for more than 30 days, the company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument is low on the balance sheet date, the company considers that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a certain financial asset has been impaired, the company shall make provision for the impairment of the financial asset on a single basis.

For the receivables and contract assets formed by the transactions regulated by the accounting standards for Business Enterprises No. 14 - income (2017), whether or not it contains a significant financing component, the Company always measures its loss provisions in accordance with the expected credit losses for the entire duration.

For leasing receivables and long-term receivables formed by the Company through the sale of goods or the provision of labor services, the Company always chooses to measure its loss provision in accordance with the expected credit losses for the entire duration.

If the company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset shall be directly written down.

In addition to the separate assessment of credit risk receivables, the company divides the receivables into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination. The determination basis of different combinations is as follows.

10.6.1 The basis for determining the combination of accounts receivable and the method for calculating the expected credit loss are as follows:

Combination name	The basis for determining the combination and the withdrawal method
Group 1 related parties group	The combination includes related parties within the scope of Ninestar merger. The company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, through the default risk exposure and the expected credit loss rate of the whole duration, the expected credit loss rate of the combination is 0.
Group 2 aging group	The company refers to the historical credit loss experience in its portfolio, combines the current situation and the forecast of the future economic situation, compiles the comparison table between the aging of receivables and the expected credit loss rate of the whole duration, and calculates the expected credit loss.

10.6.2 The basis for determining the combination of other accounts receivable and the method for calculating the expected credit loss are as follows:

Combination name	The basis for determining the combination and the withdrawal method
Combination 1 related parties group	The combination includes related parties within the scope of Ninestar merger. The company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, through the default risk exposure and the expected credit loss rate of the whole duration, the expected credit loss rate of the combination is 0.

Combination name	The basis for determining the combination and the withdrawal method
Combination 2 aging group	The company refers to the historical credit loss experience in its portfolio, combines the current situation and the forecast of the future economic situation, compiles the comparison table between the aging of receivables and the expected credit loss rate of the whole duration, and calculates the expected credit loss.

11. Inventories

11.1 Classification of Inventories

Inventories of the Company are classified into: raw materials, consumption materials, finished goods, products in process, self-made semi-finished products, materials for consignment processing, goods sold but not billed, goods in transit, etc.

Inventories are initially measured at cost, which includes purchase costs, processing costs and other expenses incurred to bring the inventory to its current location and condition.

11.2 Valuation

Dispatch by using weighted average method.

11.3 Measurement of Net Realizable Value of Inventories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the cost of inventory is higher than its net realizable value, the provision for inventory falling price shall be made. Net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes in daily activities.

Net realizable value of inventories refers to the amount of the estimated selling prices after deducting the estimated costs, selling expenses and relevant taxes.

Net realizable values of merchandise inventories held directly for sale, such as finished products, commodities and materials for sales, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part are calculated on the basis of normal selling prices.

At the end of the period, the provision for inventory depreciation is calculated according to a single inventory item;

After the provision for falling price of inventory is made, if the influencing factors of previous write down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it shall be reversed within the amount of originally made provision for falling price of inventory, and

the reversed amount shall be included in the current profits and losses.

11.4 Inventory system

The inventory system is on the basis of the perpetual inventory method.

11.5 The low-value consumption goods and packaging materials amortization method

- i. low-value consumption goods amortized by 100% method;
- ii. Packaging materials amortized by 100% method.

12. Contract Asset

Accounting policies from 1 January 2020

12.1 Confirmation methods and standards of contract assets

The company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The right of the company to receive consideration for goods or services transferred to customers (and such right depends on factors other than the passage of time) is listed as contract assets. The contract assets and liabilities under the same contract are presented in net amount. The company's right to collect consideration from customers unconditionally (only depending on the passage of time) is listed separately as receivables.

12.2 Determination and accounting treatment of expected credit loss of contract assets

For the determination method and accounting treatment method of expected credit loss of contract assets, please refer to "III.10(6). Testing Method of Impairment And Withdrawal Method of Provision For Impairment On Financial Assets" in this note.

13. Assets Held For Sale

If the book value of a non current asset or disposal group is recovered mainly through the sale (including the exchange of non monetary assets with commercial substance) rather than continuous use, it is classified as held for sale.

Recognition criteria for the classification of the assets held for sale:

- A. The components should be immediately sold under the current condition only according to the usual terms of the parts sold;
- B. The enterprise has made resolution for the disposal of the components, the approval of shareholders' meeting or relevant authority agency if the shareholder's approval is requested by the rules;The enterprise has signed the irrevocable transfer agreement with the transferee;The transfer shall be completed within one year.

If the book value of non current assets (excluding financial assets, deferred income tax assets and assets formed by employee compensation) or disposal group held for sale is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written down amount shall be recognized as asset impairment loss and included in the current profits and losses, Meanwhile, provision for impairment of assets held for sale shall be made.

14. Long-Term Investment

14.1 Criterion for Judgement for Jointly 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. When the Company and other parties have joint control to the investee and have the rights of the owner's equity, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control and joint of those policies. When the Company can exercise significant influence over the investee, the investee is its associate.

14.2 The confirmation of initial investment

14.2.1 The initial investment cost of a long-term equity investment acquired through a business combination shall be determined as follows:

For a business combination involving enterprises under common control: if the consideration of the combination is satisfied by paying cash, transfer of non-cash assets or assumption of liabilities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. When an investor becomes capable of exercising control over an investee under common control due to additional investment or other reasons, the initial investment cost is the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the total equal to the carrying amount of the investment and the additional payment shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

For a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the cost of acquisition on the combination date. When an investor becomes capable of exercising control over an investee not under common control due to additional investment or other reasons, the investor shall change to the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment cost under the cost method.

14.2.2 The long-term equity investments acquired by other ways

For long-term equity investment acquired by the cash payment method, the purchase price of actual payment as the initial investment cost, which includes costs, taxes and other necessary expenses directly relevant to the long-term equity investment acquired.

For long-term equity investment acquired by the issuance of the equity securities, the fair value of the issuance of the equity securities as the initial investment cost.

14.3 Subsequent Measurements & Recognition of Profits or Losses

14.3.1 Cost method

The Company can adopt the cost method to account for the long-term equity investment controlled by the invested party and follow the initial investment cost to calculate the price and add or take back the investment and adjust the costs of long-term equity investment.

Except for the price of actual payment in acquiring investment or the cash dividends or profits declared but not issued yet included in the consideration, the Company shall recognize the cash dividends or profits delivered by the invested party as the current investment returns.

14.3.2 The equity method

The Company shall adopt the equity method to account the long-term equity investment of the joint ventures and the cooperative enterprises, and use the measurement of the fair value and record the changes into the profits and losses for the parts of the equity investment of the joint ventures indirectly held by risk investment agency, mutual fund, trust company or other similar bodies including the investment-link-insurance funds.

The initial investment cost of the long-term equity investment is more than the balance of the shares of the fair value of the identifiable net assets from the invested party in investment; the initial investment cost of the long-term equity investment shouldn't be adjusted. If the cost is less than the balance, it should be recorded into the current profits and losses.

The investment returns and other comprehensive incomes will be respectively recognized as per the shares of the net profits and losses and other comprehensive returns realized by those shared and undertaken invested parties after the Company acquires the long-term equity investment, and the book value of long-term equity investment shall be adjusted simultaneously. Also, the shared parts shall be calculated according to the profits and cash dividends delivered by the invested party, and the book value of long-term equity investment shall be reduced correspondingly. For other changes in owner's equity of the invested party except for net profits and losses, other comprehensive returns and profits distribution, the book value of long-term equity investment shall be adjusted and the owner's equity should be recorded into.

The investor shall recognize its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the acquisition date. When the accounting policies and accounting period adopted by the investee are not consistent with those used by the investor, the investor shall, using its own accounting policies and accounting period, adjust the relevant items of the financial statements of the investee, and recognize investment income or loss, other comprehensive income, and other related items, based on the adjusted financial statement of the investee.

Unrealized profits or losses resulting from transactions between the Company and its associate or joint venture shall be eliminated in proportion based on which investment income or losses shall be recognized. Any losses resulting from transactions between the investor and the investees, which are attributable to asset

impairment, shall be recognized in full.

The net loss incurred by the company to the joint venture or joint venture shall be limited to the book value of the long-term equity investment and other long-term equity substantially constituting the net investment in the joint venture or joint venture being written down to zero, in addition to the obligation to bear additional losses. If a joint venture or an associated enterprise realizes net profit later, the company shall resume to recognize the share of income after the share of income makes up for the unrecognized share of loss.

14.3.3 Disposal of long-term investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses.

If part of the long-term equity investment accounted by the equity method is disposed and the remaining equity is still accounted by the equity method, the other comprehensive income recognized by the original equity method is carried forward on the same basis as the investee's direct disposal of relevant assets or liabilities according to the corresponding proportion, and the changes in other owners' equity are carried forward to the current profits and losses according to the proportion.

If the joint control or significant influence on the invested entity is lost due to the disposal of equity investment and other reasons, the other comprehensive income recognized by the original equity investment as a result of accounting with the equity method shall be accounted on the same basis as the invested entity's direct disposal of relevant assets or liabilities when the equity method is terminated, Other changes in owner's equity are transferred to the current profit and loss when the equity method is terminated.

In case of loss of control over the investee due to disposal of part of equity investment and other reasons, when preparing individual financial statements, if the remaining equity can jointly control or have significant influence on the investee, the equity method shall be adopted for accounting, and the remaining equity shall be adjusted as if the equity method had been adopted since it was acquired, The other comprehensive income recognized before obtaining the control right of the invested company is carried forward in proportion on the same basis as the invested company's direct disposal of relevant assets or liabilities, and the changes in other owners' equity recognized by the equity method are carried forward in proportion to the current profits and losses; If the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset. The difference between the fair value and the book value on the date of losing control shall be included in the current profit and loss. Other comprehensive income and other changes in owner's equity recognized before obtaining the control right of the investee shall be carried forward.

If the equity investment in the subsidiary company is disposed step by step through multiple transactions until the control right is lost, which belongs to a package

transaction, each transaction shall be treated as a transaction of disposing the equity investment in the subsidiary company and losing the control right; Before the loss of control, the difference between each disposal price and the book value of the long-term equity investment corresponding to the disposed equity is recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss when the control right is lost. If it does not belong to a package deal, each deal shall be dealt with separately.

15. Investment Properties

The term investment properties refer to the properties held for generating rent and/or capital appreciation, including the right to use any land which has already been rented, the right to use any land which is held and prepared for transfer after appreciation & the right to use any building which has already been rented.

The follow-up expenditure related to investment real estate is included in the cost of investment real estate when the relevant economic benefits are likely to flow in and the cost can be measured reliably; Otherwise, it will be included in the current profit and loss.

The Company adopts the cost method to conduct follow-up measurement on investment properties. The expected service life, net residual rate and value depreciation rates of investment properties are the same ones with fixed assets or intangible assets.

16. Fixed Assets

16.1 Confirmation Conditions

Fixed assets refer to physical assets owned for purposes of production, service providing, leasing or management, and operation with service life of more than one year. Fixed assets are recognized when all of the following conditions are satisfied;

- a. Financial benefits attached to the fixed asset are possibly following into the Company;
- b. The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (taking into account the impact of the expected disposal expenses).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the related economic benefits are likely to flow in and the cost can be reliably measured; The book value of the replaced part shall be derecognized; All other subsequent expenses are included in the current profit and loss when they occur.

16.2 Depreciation Method

Depreciation of fixed assets is calculated using straight line method based on the fixed asset class, estimated useful life and the estimated net residual value to determine the depreciation rate. For fixed assets with provision for impairment, the amount of depreciation shall be determined in the future according to the book

value after deducting the provision for impairment and the remaining useful life. if the life of the various components of the fix assets are different, or ways to provide economic benefits to the enterprise are different , then apply a different depreciation rate or different depreciation method and account for them separately. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Category	Estimated life (years)	Residual value (%)	Annual depreciated rate (%)
Building	20-40	10	2.25-4.50
Machinery and equipment	5-10	10	9-18
Motor vehicle	5	10	18
Office equipment	3-5	10	18-30

16.3 Disposal of fixed assets

When a fixed asset is disposed of, or it is expected that no economic benefits will be generated through use or disposal, the fixed asset is derecognized. The amount of disposal income from the sale, transfer, scrap or damage of fixed assets after deducting its book value and related taxes is included in the current profit and loss.

17. Construction in progress

Construction in progress is measured according to the actual cost. The actual cost includes the construction cost, the installation cost, the borrowing cost meeting the capitalization conditions and other necessary expenditures that bring the construction in process to the expected condition for use shall be the credit value of the fixed asset. If the fixed asset construction in process has already reached the expected condition for use, but hasn't been made the final account; it shall be carried forward to a fixed asset according to its estimated value based on the budget, cost or actual cost of the construction starting from the date when it reaches the expected condition for use, and the fixed asset shall be depreciated according to the Company's depreciation policy for fixed assets. After the final account has been made, the original provisional estimated value shall be adjusted according to the actual cost, but the depreciation which has originally been counted & drawn shall not be adjusted.

18. Borrowing cost

18.1 Recognition principles for capitalizing of Borrowing cost

Borrowing cost, including interest related to the borrowing, amortization of the discount or premium, auxiliary expenses and balance of exchange related to foreign currency borrowing and so on.

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of assets satisfying the conditions of capitalizing, are capitalized and accounted as cost of the related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of the current term.

The assets meeting capital conditions refer to the fixed assets, investment real estates and inventories which are constructed or produced in a long time to reach

the predicted use or to-be-sale status.

18.2 Duration of capitalization of loan costs

The capitalization period refers to the period from starting capitalization of loan costs to the stop of capitalization; the period of the break of capitalization of Loan costs is not included.

When a loan expense satisfies all of the following conditions, it is capitalized:

- a. Expenditures on assets have taken place. Asset expenditures include the assets used to construct or produce the assets which meet the capitalization conditions, and expend in cash or transferring non-cash assets or bearing interest debt;
- b. Loan costs have taken place;
- c. The construction or production activities to make assets to reach the status of ready for sale or the producing activities has begun.

18.3 Capitalization suspension period

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 borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recorded into the profits & losses in the current period, as of the acquisition and construction or production of the asset restarts.

18.4 Calculation of the amount of capitalization of loan costs

Interest expense due to specialized Loan and its auxiliary expenses shall be capitalized before the asset which satisfies the capitalizing conditions reach its usable or saleable status.

Interest amount of common Loan to be capitalized equals to accumulate asset expense less weighted average of specialized loan part of asset expense multiplies capitalizing rate of common Loan occupied. Capitalizing rate is determined according to weighted average interest of common Loan.

During the period of capitalization, the exchange difference of the principal and interest of foreign currency special loans shall be capitalized and included in the cost of assets meeting the conditions of capitalization. Exchange differences arising from the principal and interest of foreign currency loans other than special foreign currency loans are included in the current profits and losses.

19. Intangible Assets

19.1 Measurement

19.1.1 The initial measurement of intangible assets

The cost of the purchased intangible assets includes its buying price, relevant tax and the other expenses that are directly attributed to these assets meeting its predetermined objective and other expenses that occur. The buying price of intangible assets is over the deferred payment under normal credit conditions, which has the nature of financing materially. The cost of intangible assets is

determined on the basis of the present value of its buying price.

The intangible assets obtained from the debt restructuring and used to offset the debt by the debtor should be booked at fair value of the waived claims and the related costs including taxes and other costs directly attributable to the asset to achieve the intended purpose. The difference between the book value and the fair value of the waived claims should be booked in the current profit and loss.

When the exchange of non-monetary assets has commercial substance and the fair value of the assets swapped in or swapped out can be measured reliably, the fair value is used as the basis for measurement. If the fair value of both the swap-in assets and swap-out assets can be reliably measured, for the swapped intangible assets, the fair value of the swap-in assets and related taxes payable shall be used as the initial investment cost of the swapped intangible assets, unless there is solid evidence that the fair value of the assets swapped in is more reliable. If the exchange of non-monetary assets does not have commercial substance, or the fair value of the swap-in and swap-out assets cannot be measured reliably, for the intangible assets swapped in, the book value of the swap-out asset and the relevant taxes payable shall be used as the swap the initial investment cost of intangible assets.

19.1.2 Subsequent measurement

Analyzing and judging the useful life of intangible assets when they are acquired.

For intangible assets with limited useful life, they shall be amortized within the period of bringing economic benefits to the enterprise; if the period of intangible assets that bring economic benefits to the enterprise cannot be foreseen, it is regarded as intangible assets with indefinite useful life, and shall not be amortized.

19.2 The Estimated Useful Lives for Intangible Assets with Finite Useful Lives are as below:

Category	Estimated useful life	Basis of amortization
Computer Software	5-10 years	Amortized averagely over the useful life
Patent	5-10 years	Amortized averagely over the useful life
Patent use grant rights	5-10 years	Amortized averagely over the useful life
Permission of patents exclusively	5-10 years	Amortized averagely over the useful life
Copyright with limited useful years	2-20 years	Amortized averagely over the useful life
Customer Relationship	2-15 years	Amortized averagely over the useful life
Non-patent technology	5-10 years	Amortized averagely over the useful life
Favorable lease	2-50 years	Amortized averagely over the useful life
Land use right with finite life	50 years	Amortized averagely over the useful life

At the end of each accounting period, the Company reviews the useful lives and amortization method for intangible assets with finite useful lives.

After review, useful lives and amortization method for intangible assets at the end of the year are the same ones with those of the previous year.

19.3 Judgement Basis for Intangible Assets with Infinite Life and Process to Access the Life Time

The trade-name “Lexmark” owned by the Company are widely used in printers, consumables and other products; the Company believes that these products would provide economic interests in the process of continuous operation of the Company. The Company assesses the infinite life based on the contract rights and other lawfully rights, industry situation, historical experiences and experts’ investigation. When the Company cannot identify the infinite life of the intangible assets, the intangible assets are recognized as the uncertain infinite life intangible assets. Company expected that the offshore land right with infinite life will be used in operating business and can generate cash inflow, so Company treat it as intangible asset with infinite life. At the end of the year, the Company should reassess the infinite life of the uncertain infinite life intangible assets.

19.4 The specific standards of the classification of research and development stages of internal R&D projects of the Company

Company’s internal R&D process divides into research and development stage.

Research stage: the stage of the creative and planned investigation and research activities that is to acquire and understand new scientific or technological knowledge.

Development stage: the stage that the research achievement or other knowledge is applied in some plans or designs for the production of newly or substantially improved materials, devices, products and other activities before the commercial production or put to use.

19.5 The Special Standards of the Conformation of Capitalization for the Expenditure in Development Stage

The expenditures of internal research and development projects in the development stage shall be recognized as the intangible assets when the following requirements are simultaneously met:

- a. Complete the intangible assets to make it usable or for sale and have the technical feasibility;
- b. Have the intention to complete the intangible assets for using or sales;
- c. The mode for the economic interest produced by the intangible assets includes the evidence of there being in the market for the products produced by the intangible assets or for the intangible assets by self, and the usefulness of the assets used internal;
- d. There are sufficient technical, financial resources and other resources for support to complete the development of the intangible assets and there is ability to use or sell the intangible assets;
- e. The expenditure belongs to the intangible assets in the development stage can be reliably measured.

If it is impossible to distinguish the research stage expenditure from the development stage expenditure, the R&D expenditure will be included in the current profit and loss.

20. Impairment of Non-Current Assets

The Company shall make judgment on the long-term assets including the long-term equity investment, the investment property measured by the cost model, the fixed assets and the projects under construction, right of use assets, intangible assets with limited service life, oil and gas assets and other long-term assets, if there is possible impairment on the balance sheet date. If there is evidence shows that the long-term assets possibly have the impairment, the impairment test should be conducted, and the recoverable amount should be estimated. The impairment shall be confirmed if there exists after the comparison of the estimated recoverable amount of the assets and its book value, and if the assets impairment provision shall be withdrawn to recognize the corresponding impairment losses. The estimation of the recoverable amount of assets should be confirmed according to the higher of the net amount of the fair value minus the disposal costs and the present value of the cash flow of assets will expect in the future.

The Company shall conduct the impairment test at least every year for the goodwill established by the business combination and the intangible assets with the indefinite useful life whether there is the impairment and intangible assets that have not yet reached a usable situation.

The Company conducts a goodwill impairment test, and the book value of goodwill resulting from the business combination is allocated to the relevant asset group according to a reasonable method from the date of purchase; if it is difficult to allocate to the relevant asset group, it is allocated to the relevant portfolio of asset group. When apportioning the book value of the Company's goodwill, the Company will allocate based on the relative benefits that the relevant asset groups and the portfolio of asset group can obtain from the synergies of the business combination, and conduct a goodwill impairment test on this basis.

When performing impairment tests on related asset groups and the portfolio of asset group that include goodwill, if there are signs of impairment, the asset group or asset group combination that does not contain goodwill shall be the first to conduct an impairment test, calculate the recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or asset group combination that includes goodwill, and compare the book value of these related asset groups and the portfolio of asset group (including the portion of the book value of the goodwill allocated) and its recoverable amount. For example, the relevant asset groups and the portfolio of asset group's recoverable amount is lower than their book value, the impairment loss of goodwill is recognized.

The impairment loss of long-term assets after recognized shouldn't be reversed in the future accounting period.

21. Long-Term Deferred Expenses

The long-term amortizable expense refers to all the expenses that occurred and undertaken in the current period or the amortization limit of more than 1 year for the Company.

The amortization period and method of main expenses are as follows:

Item	Amortized method	Amortized period
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Item	Amortized method	Amortized period
Decoration	Amortized averagely	Amortized averagely over the useful life
Server assemblies	Amortized averagely	Amortized averagely over the useful life
Guarantee fee	Amortized averagely	Amortized averagely over the useful life
Technical service expenses	Amortized averagely	Amortized averagely over the useful life
Patent service expenses	Amortized averagely	Amortized averagely over the useful life
Software service expenses	Amortized averagely	Amortized averagely over the useful life
After-sales service fee	Amortized averagely	Amortized averagely over the after-sales service
mask fee	Amortized averagely	Amortized averagely over the useful life

22. Contract liability

The company shall list the contract assets or liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The obligations of the company to transfer goods or provide services to customers due to consideration received or receivable from customers are listed as contract liabilities. The contract assets and liabilities under the same contract are shown in net.

23. Employee Benefits

23.1 Short-Term Employee Benefits

The Company recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to the profit or loss for the current period or for the costs of a relevant asset.

Payments of social security contributions for employees, payments of housing funds, union running costs and employee education costs provided in accordance with relevant requirements are, in the accounting period in which employees provide services, calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits and recognized relevant liabilities.

The employee welfare expenses of the company are included in the current profit and loss or related asset cost according to the actual amount when they are actually incurred, and Non-monetary benefits are measured at fair value if it could be reliably calculated.

23.2 Post-Employment Benefits

23.2.1 Defined contribution plan

Payments of contributions or premiums for pensions and unemployment insurance provided in accordance with relevant requirements are, in the accounting period in which employees provide services, calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits and recognized relevant liabilities, with corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

In addition to pensions, the Company establishes its own compensatory endowment insurance bases on Chinese enterprise annuity system. The Company pays a certain proportion of the total wages of its employees to the local social insurance

institutions/payment bases on annuity plan, the related cost is recorded in profit or loss for the current period or the cost of a relevant asset.

23.2.2 Defined benefit plan

An enterprise shall attribute benefit obligations under a defined benefit plan to periods of service provided projected unit credit method, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

The Company should recognize the deficit or surplus by deducting the present value of the defined benefit plan obligation of fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the enterprise shall measure the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

Under a defined contribution plan, when contribution are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, the employee benefits payable shall be measured at the discounted value of all contribution using the discount rate based on the market yields of government bond or high quality companies bond in active market of which the term and currency are consistent with the items of the defined benefit obligation.

The Company shall recognize the services cost and net interest on the net defined benefit plan liability (asset) in profit or loss for the current period or the cost of assets. Changes as a result of re-measuring of the net defined benefit liability (asset) should be recognized in other comprehensive income and shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

The Company shall recognize a gain or loss on the settlement of a defined benefit plan when the settlement occurs. The gain or loss is calculated on the difference between the present value of the defined benefit plan obligation and settlement price.

23.3 Termination of Benefits

The Company recognizes an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period at the earlier of the following dates:

- a. When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal;
- b. When the Company recognizes costs or expenses related to a restructuring that involves the payment of a termination benefit.

23.4 Accounting Method of Other Long-Term Employee Benefits

Other long-term staff's benefit refers to all staff's benefit except short-term employee benefits, post-employment benefits and termination benefits. For those other long-term employee benefits which meet requirements of defined contribution plan, the amount of payable recognized as liability and records in profit or loss for the current period or the cost of a relevant asset. For other

long-term employee benefits other than those mentioned above, on the balance sheet date, the benefits and obligation which comes from defined benefit plan assign to the period of employees provide service and record in profit or loss for the current period or the cost of a relevant asset.

24. Provision for liabilities

24.1 Recognition of provision

The obligation pertinent to a contingency shall be recognized as estimated debts when the Company is in the event of lawsuits, debt guarantee, loss contracts and restructuring matters and other contingent events meet the following conditions simultaneously:

- a. The obligation is a current obligation of the enterprise;
- b. It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation;
- c. The amount of the obligation can be evaluated reliably.

24.2 Accounting treatment for provision

Estimated liabilities shall be conducted initial measurement according to the best estimates of related existing liabilities, when the Company recognizes the optimum estimation, it shall be in overall consideration of risks, uncertainty and time value of currency and other factors related to contingent matters. When the influence of time value of money is significant, the optimum estimates shall be determined by discounting relevant future cash outflow

The best estimates are handled in the following cases:

If there is a continuous range (or interval) of required expenditures, and the probability of occurrence of various outcomes within this range is the same, the best estimate is determined according to the middle value of the range, that is, the average of the upper and lower limit amounts.

The required expenditure does not exist in a continuous range (or interval), or although there is a continuous range, the probability of occurrence of various outcomes within this range is not the same. If a contingency involves a single project, the best estimate shall be based on the best estimate. The possible amount is determined; if the contingency involves multiple items, the best estimate is calculated and determined according to various possible results and related probabilities.

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

25. Share-Based Payment

Share-based payment refers to a transaction in which an enterprise grants equity

instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. Share-based payment divides into equity settlement and cash settlement.

25.1 Methods for equity settled share-based payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. For the share based payment transactions that can be exercised immediately after the grant, the fair value of the equity instruments shall be included in the relevant costs or expenses on the grant date, and the capital reserve shall be increased accordingly. For the share based payment transaction that can only be exercised after the completion of the service within the waiting period or meeting the specified performance conditions after the grant, on each balance sheet date within the waiting period, according to the best estimate of the number of equity instruments available, the company will include the services obtained in the current period into the relevant costs or expenses according to the fair value on the grant date, and increase the capital reserve accordingly.

If the terms of equity settled share based payment are modified, the services obtained shall be recognized at least according to the conditions of unmodified terms. In addition, any modification that increases the fair value of the equity instruments granted, or changes that are beneficial to employees on the modification date, shall recognize the increase of services obtained.

During the waiting period, if the granted equity instruments are cancelled, the company will treat the cancellation of the granted equity instruments as accelerated exercise, and the amount that should be recognized in the remaining waiting period will be immediately included in the current profit and loss, and the capital reserve will be recognized at the same time. However, if a new equity instrument is granted and it is determined that the new equity instrument granted is used to replace the cancelled equity instrument on the date of grant of the new equity instrument, the replacement equity instrument granted shall be treated in the same way as the modification of the terms and conditions of the original equity instrument.

25.2 A cash-settled share-based payment

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. The initial cost is recognized the fair value based on the equity instruments terms and conditions on the date of the grant. As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the executable

right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise. If, on the balance sheet date, the subsequent information indicates that fair value of the current liability undertaken by the Company are different from the previous estimates, an adjustment shall be made and on the investing date the estimate shall be adjusted to equal the actually executable right.

26. Revenue

26.1 Accounting policies adopted for revenue recognition and measurement

The company has fulfilled the performance obligation in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services. To obtain control of the relevant goods or services means to be able to dominate the use of the goods or services and obtain almost all the economic benefits from them.

If there are two or more performance obligations in the contract, the company will allocate the transaction price to each single performance obligation according to the relative proportion of the single price of the goods or services promised by each single performance obligation on the start date of the contract. The company measures the income according to the transaction price allocated to each individual performance obligation.

Transaction price refers to the amount of consideration that the company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party and the amount expected to be returned to customers. The company determines the transaction price in accordance with the terms of the contract and in combination with its past practices. When determining the transaction price, the company takes into account the influence of variable consideration, major financing elements in the contract, non cash consideration, consideration payable to customers and other factors. The company determines the transaction price including variable consideration at an amount that does not exceed the amount at which the accumulated recognized income is unlikely to have a significant reversal when the relevant uncertainty is eliminated. If there are significant financing elements in the contract, the company determines the transaction price according to the amount payable in cash when assuming that the customer obtains the control right of goods or services, and uses the effective interest method to amortize the difference between the transaction price and the contract consideration during the contract period. If the interval between the transfer of control right and the payment by the customer is not more than one year, the company will not consider the financing component.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point of time:

- When the customer performs the contract in the company, he obtains and

consumes the economic benefits brought by the company's performance.

- Customers can control the goods under construction during the performance of the contract.
- The goods produced by the company in the process of performance have irreplaceable uses, and the company has the right to collect money for the performance part that has been completed so far in the whole contract period.

For the performance obligations performed within a certain period of time, the company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. Considering the nature of goods or services, the company adopts the output method or the input method to determine the performance schedule. When the performance schedule cannot be reasonably determined, if the cost incurred is expected to be compensated, the company shall recognize the revenue according to the cost amount incurred until the performance schedule can be reasonably determined.

For the performance obligation performed at a certain time point, the company recognizes the revenue when the customer obtains the control right of relevant goods or services. When judging whether a customer has acquired control of goods or services, the company shall consider the following signs:

- The company has the right to receive payment for the goods or services, that is, the customer has the obligation to pay for the goods or services.
- The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- The company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind.
- The company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.
- The customer has accepted the goods or services, etc.

26.2 Specific principles of sales revenue:

During the reporting period, the company's main business includes sales of goods (printers and printing consumables, etc.), provision of extended warranty services, provision of technical services and soft licensing and services, etc. The revenue recognition principles of each business type are as follows:

26.2.1 Specific principles of sales revenue:

When the company has fulfilled its contractual obligations and the customer has

obtained control over the relevant goods, usually the product has been delivered to the customer, or the departure delivery procedures have been completed, and other revenue recognition conditions have been met, the company recognizes the revenue. If the product has been delivered, but other significant obligations (such as contract terms related to customer acceptance) or uncertainties still exist, the company can recognize revenue only after the obligations have been fulfilled or uncertainties have been resolved.

26.2.2 Specific principles of service income for extended warranty period:

- a. When the number of services is uncertain but the contract period is fixed, the revenue is recognized by stages according to the straight-line method within the contract range;
- b. Revenue of single service is recognized by times.

26.2.3 The specific principles for the recognition of technical service revenue are as follows:

After the service contract is approved and signed with the customer, the service personnel shall provide the design service according to the terms of the service contract, and submit the approval letter for payment, design document confirmation form, design scheme or drawing to the customer according to the completion schedule agreed in the service contract. After receiving the design document confirmation form confirmed by the customer (such as the work confirmation opinions at the project stage), the service personnel shall, Design revenue is recognized.

26.2.4 Software licensing and services

The company signs software contracts with customers by selling software services, licensing services and subscription services. The main model is multi business model, including software perpetual license, professional service, maintenance and support. When all other recognition criteria are met, revenue is recognized when the customer downloads the software or when the company provides the customer with an access code to immediately own the software, because the company usually holds the fair value element of supplier specific objective evidence ("vsoe"). When a product is sold through a channel partner, the risk of loss transfers with the delivery of the goods. If all other confirmation criteria are met, the company will confirm the sale (wholesale mode) at this time.

27. **Contract Cost**

The contract cost includes the cost of contract performance and the cost of obtaining the contract.

If the cost incurred by the company for the performance of the contract does not fall within the scope of relevant standards and specifications such as inventory, fixed assets or intangible assets, it shall be recognized as an asset when the following conditions are met:

- This cost is directly related to a contract currently or expected to be obtained.
- This cost increases the resources the company will use in the future to perform its

performance obligations.

- The cost is expected to be recovered.

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the cost of contract acquisition.

Assets related to contract cost shall be amortized on the same basis as the income of goods or services related to the asset; However, if the amortization period of the contract cost does not exceed one year, the company shall include it into the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company shall make provision for impairment of the excess part and recognize it as the impairment loss of the assets:

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

If the factors of impairment in previous periods change, so that the above difference is higher than the book value of the asset, the company shall return the original provision for impairment and include it into the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal without provision for impairment.

28. Government Grants

28.1 Classification

Government grants are transfer of monetary assets or non-monetary assets from the government to the Company at no consideration and are classified into government grants related to assets and government grants related to income.

Government grants related assets are the Company's acquisition for the purchase, construction or other forms of long-term assets. The government grants related to income refer to the government grants other than those related to assets.

The government grants which the Company uses to purchase or construct long-term non-current assets are recognized as government grants related to assets. The other government grants are recognized government grants related to income. If the granted target are not specified in government document, there is a method to classify the types of government grants into government grants related to assets and government grants related to income: ① Government documents specify the granted projects. According to the budget of the relative proportion of the expenditure amount of assets and the expenditure amount of expenses to clarify the amount of government grants related to assets and government grants related to income. The proportion of the division needs to be reviewed on each balance sheet day and changed when necessary. ② Government documents describe the usage of government grants in general term and does not specify the project, the government grants recognized as government grants related to income.

When government grants recognized as monetary assets, the amount of those government grants are measured as the actual amount when the Company received or receivables. When government grants are recognized as non-monetary assets, the amount of those government grants are measured on fair-value basis. If the fair value is unreliable, the amounts of those government grants are measured as its

nominal value and assign to the current profit and loss.

28.2 Time of recognition

A government grant is recognized with amount of the receiving grant when the Company receives the government grant document and receives the grant. For those government grants with evidence that meet requirement of government and can expect to receive subsidies, the government grants are measured as the receivable and need to meet following conditions: ① The amount of government grant receivable has been confirmed by the authorized government departments, or can be reasonably calculated according to the formally government documents. The amount of these government grants is not significant with uncertainty; ② It is based on the financial support projects and local financial capital management measures officially issued by the local financial government departments and disclose in accordance with the Regulations on the Disclosure of Government Information, and the management measures should be inclusive (any eligible enterprise can apply for it), rather than those specific enterprises can apply for it; ③ The government grants own committed period of appropriation in government's approvals and corresponding secured budget as evidence to show it can be received in the prescribed time limit; ④ Other relevant conditions (if any) to be met in accordance with the specific circumstances of the Company and the government grants.

28.3 Accounting treatment for repayment of government grants

The Company's government grant is recognized under gross method.

Government grants related to assets are recognized as deferred income and recorded in current period and loss in related in to corresponding assets reliably (If it is related to the normal business activities of the Company, it shall be included in other income; if it is not related to the normal business activities of the Company, it shall be included in the non-operating profit.).

Government grants related to income, which is used to compensate for the costs or losses related to the Company in the subsequent period, is recognized as deferred income and is included in the current profit and loss during the period in which the relevant costs or losses are recognized (If it is related to the normal business activities of the Company, it shall be included in other income; if it is not related to the normal business activities of the Company, it shall be included in the non-operating profit.) if government grants related to income is used to compensate for the costs or losses related to the Company in the current period, it is recorded in current profits and losses (If it is related to the normal business activities of the Company, it shall be included in other income; if it is not related to the normal business activities of the Company, it shall be included in the non-operating profit).

29. Deferred Tax Assets and Deferred Tax Liabilities

Income tax includes current income tax and deferred income tax. Except for the income tax arising from business combination and transactions or events directly included in the owner's equity (including other comprehensive income), the current income tax and deferred income tax of the company are included in the current profits and losses.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized according to the difference (temporary difference) between the tax basis of assets and liabilities and their book value.

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilizable.

Deferred tax liabilities are recognized for all taxable temporary differences for current or prior accounting periods.

Deferred tax asset or deferred tax liability is not recognized for the following items: goodwill; other transactions or events, except for those incur in business combination, which affects neither the accounting profit nor the taxable income (or deductible loss).

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liabilities shall be recognized unless the company can control the time of the reversal of the temporary difference and the temporary difference will not be reversed in the foreseeable future. For deductible temporary differences related to investment of subsidiaries, associates and joint ventures, deferred income tax assets shall be recognized when the temporary difference is likely to be reversed in the foreseeable future and the taxable income used to offset deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, for deferred income tax assets and deferred income tax liabilities, the tax rate shall be measured according to the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are paid off according to the tax law.

On the balance sheet date, the company shall review the book value of deferred income tax assets. If it is likely that sufficient taxable income will not be available in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets will be written down. When it is likely to obtain enough taxable income, the amount written down will be reversed.

When the Company has the statutory right to account for current tax assets and current tax liabilities with their net amounts, and has the intention to do so or the recovery of assets and the settlement of liabilities are achieved simultaneously, the Company presents its current tax assets and current tax liabilities at the net amounts as the result of one offsetting another.

At the balance sheet date, When the Company has the statutory right to account for current tax assets and current tax liabilities with their net amounts, and the deferred tax assets and the deferred tax liabilities are related to income taxes imposed on the same taxpayer by the same tax authority or albeit they are related to income taxes imposed on different taxpayers, they have the intention to account for current tax assets and current tax liabilities with their net amounts or the recovery of assets and the settlement of liabilities are achieved simultaneously during each accounting period in the future when material deferred tax assets and deferred liabilities are reversed, the Company shall present its current tax assets and current tax liabilities at the net amounts as the result of one offsetting another.

30. Lease

Accounting policies from 1 January 2021

Lease refers to a contract whereby the lessor transfers the right to use assets to the lessee for consideration within a certain period of time. On the contract commencement date, the

company evaluates whether the contract is a lease or includes a lease. A contract is or contains a lease if a party to a contract transfers its right to control the use of one or more identified assets for a period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. If the contract contains both lease and non-lease parts, the lessee and the lessor will split the lease and non-lease parts. However, for the real estate leases in which the Company is the lessee, the Company chooses not to split, and consolidates the leased parts and their related non-lease parts into leases.

For rent concessions such as rent reduction,, deferred payments and other rental reductions directly caused by the COVID-19 epidemic and reached on existing lease contracts, if the following conditions are met at the same time, the company adopts a simplified method for all lease selections, and does not evaluate whether there is a lease change. Lease classification is not reassessed:

The lease consideration after the concession is reduced or basically unchanged from that before the concession, among which, the lease consideration can be undiscounted or discounted at the discount rate before the concession;

The concession is only applicable to the lease payments payable before June 30, 2022., an increase in lease payments payable after June 30, 2022 does not affect the satisfaction of this condition, and a decrease in lease payments payable after June 30, 2022 does not satisfy this condition;

After comprehensive consideration of qualitative and quantitative factors, it is determined that there are no significant changes in other terms and conditions of the lease.

30.1 The company as the lessee

30.1.1 Right-of-use assets

On the commencement date of the lease period, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- The lease payment amount paid on or before the start date of the lease period, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed;
- Initial direct expenses incurred by the company;
- The estimated costs incurred by the Company for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed upon in the lease terms, but do not include the costs incurred for the production of inventories.

The Company subsequently adopts the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the company shall accrue depreciation within the remaining useful life of the leased asset; otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining useful life of the leased asset.

The company determines whether the right-of-use asset has been impaired in accordance

with the principles described in "III. (20) Impairment of long-term assets" in this note, and performs accounting treatment on the identified impairment losses.

30.1.2 Lease liabilities

On the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of outstanding lease payments. Lease payments include:

- Fixed payments (including actual fixed payments), if there is a lease incentive, deduct the relevant amount of the lease incentive;
- Variable lease payments that depend on an index or rate;
- The expected payment according to the residual value of the guarantee provided by the company;
- The exercise price of the purchase option, provided that the company is reasonably certain that the option will be exercised;
- Payments for exercising the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The company uses the implicit interest rate in the lease as the discount rate, but if the implicit interest rate in the lease cannot be reasonably determined, the company's incremental borrowing rate is used as the discount rate.

The company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and includes it into the current profit and loss or the cost of related assets.

Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Company shall re-measure the lease liabilities and adjust the corresponding right-of-use assets under the following circumstances. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit and loss:

- When the evaluation result of the purchase option, lease renewal option or termination option changes, or the actual exercise of the aforementioned option is inconsistent with the original evaluation result, the Company shall re-measure the lease liability based on the present value of the modified lease payment and the revised discount rate;
- In the event of any change in the substantial fixed payment amount, any change in the expected amount payable of the guarantee residual value, or any change in the index or ratio used to determine the lease payment amount, the Company shall re-measure the lease liability based on the changed lease payment amount and the present value calculated from the original discount rate. However, changes in lease payments are due to changes in floating interest rates and present value is calculated using the revised discount rate.

30.1.3 Short-term leases and low-value asset leases

The company chooses not to recognize right-of-use assets and lease liabilities for

short-term leases and low-value asset leases, and includes the relevant lease payments in the current profit and loss or related asset costs on a straight-line basis over each period of the lease term. Short-term leases refer to leases with a lease term of not more than 12 months and excluding purchase options on the commencement date of the lease term. A low-value asset lease refers to a lease with a lower value when a single leased asset is a brand-new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

30.1.4 Lease change

If the lease changes and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company re-allocates the consideration of the contract after the change, re-determines the lease term, and re-measure the lease liability according to the present value calculated from the lease payment after the change and the revised discount rate.

If the lease change leads to the narrowing of the lease scope or the shortening of the lease term, the company will reduce the book value of the right-of-use asset accordingly, and include the relevant gains or losses on partial or complete termination of the lease into the current profit and loss. If other lease changes result in re-measurement of lease liabilities, the Company adjusts the book value of the right-of-use asset accordingly.

30.1.5 Rent concessions related to COVID-19

For those adopting the simplified method of rent reduction related to the new crown pneumonia epidemic, the company does not assess whether there is a lease change, and continues to calculate the interest expense of the lease liability at the same discount rate as before the reduction and include it in the current profit and loss, and continue to use the same discount rate as before the reduction. The right-of-use asset is depreciated using the same method as before. In the event of rent reduction or exemption, the company will treat the reduced rent as the variable lease payment amount. When the original rent payment obligation is relieved by reaching a concession agreement, the discounted amount at the undiscounted or pre-discount discount rate will be used to offset the cost of relevant assets. or expenses, and adjust the lease liabilities accordingly; if the rent payment is delayed, the company offsets the lease liabilities recognized in the previous period when the actual payment is made.

For short-term leases and low-value asset leases, the company continues to include the original contract rent in the cost or expense of the relevant assets in the same way as before the concession. In the event of rent reduction or exemption, the company will take the reduced rent as the variable lease payment, and write down the relevant asset costs or expenses during the reduction or exemption period; if the rent payment is delayed, the company will recognize the rent payable as payable during the original payment period. When the actual payment is made, the payables recognized in the previous period are offset.

30.2 The company as the lessor

On the lease commencement date, the Company classifies leases into finance leases and operating leases. A financial lease is a lease that essentially transfers almost all the risks and rewards associated with the ownership of the leased asset, regardless of whether the ownership is ultimately transferred. Operating leases refer to leases other than finance leases. When the company acts as a sublease lessor, it classifies the sublease based on the right-of-use asset arising from the original lease.

30.2.1 Accounting treatment of operating leases

Lease receipts from operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Company capitalizes the initial direct expenses incurred in relation to operating leases, and is amortized and included in the current profit and loss on the same basis as the rental income is recognized during the lease term. Variable lease payments not included in lease receipts are included in profit or loss for the period when they are actually incurred. If the operating lease is changed, the company will account for it as a new lease from the effective date of the change, and the advance receipts or lease receivables related to the lease before the change are regarded as the receipts of the new lease.

30.2.2 Accounting treatment of financial lease

On the lease commencement date, the Company recognizes the finance lease receivables for the finance lease and derecognizes the finance lease assets. When the Company initially measures the finance lease receivables, the net investment in the lease is regarded as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term, discounted at the interest rate implicit in the lease.

The company calculates and recognizes the interest income in each period of the lease period according to the fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with “III. (10) Financial instruments” in this note.

Variable lease payments that are not included in the net lease investment measurement are included in the current profit and loss when they are actually incurred.

If the financial lease is changed and the following conditions are met at the same time, the company will account for the change as a separate lease:

- The change expands the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the stand-alone price of the expanded part of the lease scope according to the contract situation.

If the modification of a financial lease is not accounted for as a separate lease, the Company shall deal with the modified lease under the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the company will account for it as a new lease from the effective date of the lease change, and the net lease investment before the effective date of the lease change will be used as the book value of the leased

assets.;

- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the policy on revising or renegotiating contracts in “III. (10) Financial Instruments” in this note.

30.2.3 Rent concessions related to COVID-19

- For operating leases that adopt the simplified method of rent reduction related to the COVID-19 epidemic, the company continues to recognize the original contract rent as rental income in accordance with the same method as before the reduction; if there is rent reduction or exemption, the company will treat the reduced rent as variable. The lease payment amount shall be written off against the lease income during the reduction or exemption period; if the rental collection is delayed, the Company shall recognize the receivable rent as an account receivable during the original collection period, and shall write off the account receivable confirmed in the previous period when it is actually received.
- For financial leases that adopt the simplified method of rent reduction related to the COVID-19 epidemic, the Company continues to calculate the interest at the same discount rate as before the reduction and recognize it as lease income. In the event of rent reduction or exemption, the company will treat the reduced rent as variable lease payments, and when the company waives the right to collect the original rent after reaching a concession agreement, the originally recognized lease income will be offset by the amount of discount at the undiscounted or pre concession discount rate. The part that is insufficient to offset will be included in the investment income, and the finance lease receivables will be adjusted accordingly; In case of deferred collection of rent, the company shall offset the finance lease receivables recognized in the previous period when actually received.

30.3 Sale and leaseback transactions

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in "III. (26) Revenue" in this note.

30.3.1 As a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the company, as the lessee, measures the right-of-use asset formed by the sale and leaseback according to the part of the original book value of the asset that is related to the right of use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor; If the asset transfer in the sale and leaseback transaction is not a sale, the company, as the lessee, will continue to recognize the transferred asset and recognize a financial liability equal to the transfer income. For the accounting treatment of financial liabilities, please refer to “III. (10) Financial Instruments” in this note.

30.3.2 As a lessor

If the asset transfer in the sale-and-leaseback transaction is a sale, the company as the lessor shall account for the purchase of the asset, and the asset lease shall be

accounted for in accordance with the aforementioned "2. The company as the lessor" policy; If the transfer of assets is not a sale, the company as the lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, please refer to "III. (10) Financial Instruments" in this note.

Accounting policies before January 1, 2021

Leases are classified into finance leases and operating leases. Finance lease refers to a lease that transfers substantially all the risks and rewards related to the ownership of assets. Operating leases refer to leases other than finance leases.

30.4 Accounting treatment of operational lease

30.4.1 Lease payments under an operating lease are recognized by the Company on a straight-line basis over the lease term (including the rent-free period) and charged to profit or loss for the current period. Initial direct costs incurred by the Company are charged to profit or loss for the current period.

If expenses relating to a lease which should be borne by the Company are paid by the lessor of the assets, they are deducted from the total lease expenses and the balance is amortized over the lease term and charged to expenses in the current period.

30.4.2 Lease income of the Company is recognized over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company are recognized as expenses in the current period; if the amounts are material, they are capitalized and amortized over the lease term on the same basis as the recognition of lease income.

If expenses relating to a lease which should be borne by the lessee of the asset are paid by the Company, they are deducted from the total lease income and the balance is amortized over the lease terms by the Company.

Assets subject to operating leases are included in relevant balance sheet line items according to the nature of the asset. Fixed assets subject to operating leases are depreciated using a depreciation policy adopted for similar assets. Other leased assets are amortized on a systematic and rational basis.

30.5 Criteria and accounting treatment of finance lease

30.5.1 Lease: At the commencement of the lease term, a lessee shall record the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge. Unrecognized finance charge shall be allocated to each period during the lease term. The finance charge for the current period shall be recognized by the effective interest method and charged to financial expenses for the current period. The initial direct costs of a lease shall be charged to the cost of the leased assets.

30.5.2 Lessor: At the inception of the lease, the difference between the aggregate of

the receivable lease payments, the initial direct costs and the unsecured residual value of the leased asset, and the aggregate of its present value shall be recognized as unearned finance income, which shall be allocated to each period during the lease term.

31. Termination of Operation

When the distinguished component meets one of requirements and it has been disposed or recognized as Held-for-sell assets, it will be recognized as the Discontinued Operations.

The requirements are as follows:

- A. The component stands for an independent primary business or district;
- B. The component relates to an independent primary business or district which is going to dispose;
- C. The component is the subsidiary gained for transfer.

Profit and loss from continuing operation and profit and loss from termination of operation are listed in the income statement respectively. The operating profit and loss and disposal profit and loss such as the impairment loss and reversal amount of the terminated operation are presented as the terminated operation profit and loss. For the terminated operation reported in the current period, in the current financial statements, the Company represents the information originally presented as the profit and loss of continuing operation as the profit and loss of terminated operation in the comparable accounting period.

32. Hedge Accounting

32.1 Hedge Classification:

32.1.1 A fair value hedging refers to a hedging of the risk to changes in the fair value of a recognized asset or liability or a previously unrecognized firm commitment, or to changes in the identifiable portion of the fair value of a recognized asset or liability or a previously unrecognized firm commitment.

32.1.2 A cash flow hedging refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk related to a recognized asset or liability or a highly probable forecast transaction or the currency risks from the unrecognized commitments' obligation.

32.1.3 A net investment hedging in an overseas operation refers to hedge of the foreign exchange risk arising from net investment in an overseas operation. The "net investment in an overseas operation" refers to an enterprise' equity of rights and interests in the net assets in an overseas operation.

32.2 Designation of the Hedging Relationship and Reorganization of the Effectiveness of Hedging

At the beginning of the hedging relationship, the Company has formally designated the hedging relationship and prepared official written documents on the hedging relationship, risk management objectives and hedging strategies. The document specifies the nature and quantity of hedging instruments, the nature and quantity of hedged projects, the nature of hedged risks, the type of hedging, and the Company's assessment of the effectiveness of hedging instruments. Hedging effectiveness refers to the degree to which the changes in the fair value or cash flow of the

hedging instrument can offset the changes in the fair value or cash flow of the hedged item caused by the hedged risk.

The Company continuously evaluates the effectiveness of hedging to determine whether the hedging meets the effectiveness requirements of using hedging accounting within the accounting period specified by the hedging relationship. If it is not satisfied, the hedging relationship should be terminated.

The use of hedging accounting should meet the following requirements for the effectiveness of hedging:

- a. There is an economic relationship between hedged items and hedging instruments.
- b. Among the value changes caused by the economic relationship between the hedged item and the hedging instrument, the influence of credit risk is not dominant.
- c. Adopting an appropriate hedging ratio, the hedging ratio will not form an imbalance in the relative weight of the hedged item and the hedging instrument, thereby generating accounting results that are inconsistent with the hedge accounting objectives. If the hedge ratio is no longer appropriate, but the hedging risk management objectives have not changed, the number of hedged items or hedging instruments should be adjusted so that the hedge ratio meets the requirements of effectiveness again.

32.3 Accounting treatment for hedge:

32.3.1 Fair value hedge

If the hedging instrument is a derivative instrument, the gain or loss from the changes in the fair value of the hedging instrument shall be recorded in the profits and losses of the current period. The gain or loss on the hedged item resulting from the hedged risk shall be recorded in the profits and losses of the current period and the book value of the hedged item shall be adjusted at the same time.

If a hedged item is a financial instrument measured at the amortized cost, an adjustment which is made to the book value of the hedged item, during the period from the adjustment date to the maturity date, be amortized based on the effective interest rate recalculated on the adjustment date and shall be recorded in the profits and losses of the current period. With regard to a fair value hedging of interest rate risk portfolio, the relevant items separately presented in the balance sheet shall, during the period from the adjustment date to the relevant date on which the re-pricing period ends, be amortized based on the effective interest rate re-calculated on the adjustment date.

When the hedged is terminated, the rest amount should be recognized the profits or loss in the current period.

If a hedged item is an unrecognized commitment, the accumulative amount of the changes in the fair value of the firm commitment resulting from the hedged risk shall be recognized as an asset or liability and the related gain or loss shall be included into the profits and losses of the current period. The changes in the fair value should be recognized the profits or loss for the current period.

32.3.2 Cash flow hedge

In the profit or loss of the hedging instrument, the portion which is attributed to the effective hedging shall be directly recognized as other comprehensive income and the portion which is attributed to the ineffective hedging shall be recorded in the profit and loss for the current period.

If a hedged item is a forecast transaction and if the forecast transaction makes the enterprise subsequently recognize a financial asset or financial liability, the relevant profit or loss is directly recognized as the owner's equity originally shall be shifted out of the same period in which this financial asset or financial liability affects the profit or loss of the enterprise and shall be recorded in the profits and losses of the current period. If a hedged item is a forecast transaction and if the forecast transaction makes the enterprise recognize a non-financial asset or non-financial liability subsequently, the relevant profit or loss is directly recognized in the owner's equity originally shall be shifted out during the same period in which this non-financial asset or non-financial liability affects the profit or loss of the enterprise and shall be recorded in the current profits and losses of the current period. The relevant profit or loss is directly recognized in the owner's equity originally shall be shifted out and shall be recorded in the amount of the initial recognition of the non-financial asset or non-financial liability.

When it is expected that the forecast transaction will not occur, the profit or loss of the hedging instrument, which is directly recorded in the owner's equity during the effective period of the hedging shall be shifted out and shall be recorded in the profits and losses of the current period. When the hedging instrument has been matured or sold, or the contract is terminated or has been exercised (except the replacement or expand) or the Company revokes the designation of the hedging relationship, the profit or loss of the hedging instrument, which is directly recorded in the owner's equity during effective period of the hedging shall not be shifted out, until the forecast transaction actually occurs, it shall be recognized the profit in the current period.

32.3.3 Hedging of net investment in an overseas operation

Hedging of net investment in an overseas operation including a monetary item hedge of the net investment shall be dealt with according to the similarity to the provisions of cash flow hedging accounting. In the profit or loss formed by the hedging instrument, the portion that is attributed to the effective hedging shall be recognized as the owner's equity directly. In the profit or loss formed by the hedging instrument, the portion that is attributed to ineffective hedging shall be recorded in the profits and losses of the current period.

When disposing an overseas operation, the profit or loss on the hedging instrument reflected in the owner's equity shall be shifted out and shall be recorded in the profits and losses of the current period.

33. Statement of Changes in Accounting Policies and Accounting Estimates

33.1 Changes in Significant Accounting Policies

33.1.1 Implementation of accounting standards for Business Enterprises No. 21-lease(revised in 2018)

In 2018, the Ministry of Finance revised the accounting standards for Business

Enterprises No. 21 - leasing (hereinafter referred to as "new leasing standards"). The company will implement the new lease standards from January 1, 2021. According to the revised standards, for contracts that existed before the first execution date, the company chose not to re evaluate whether they were leases or included leases on the first execution date.

-the company as lessee

The company chooses to adjust the amount of retained earnings and other relevant items in the financial statements at the beginning of the year when the new lease standard is first implemented according to the cumulative impact of the first implementation of the new lease standard, and does not adjust the information of the comparable period.

For operating leases existing before the first execution date, the company measures the lease liabilities on the first execution date according to the remaining lease payments discounted at the present value of the incremental borrowing interest rate of the Japanese company in the first execution, and selects one of the following two methods to measure the right to use assets according to each lease:

-Assuming that the book value of the new lease standard is adopted from the beginning of the lease term, the company's incremental borrowing interest rate on the first execution date is used as the discount rate.

-An amount equal to the lease liability, adjusted as necessary in accordance with the prepaid rent.

For operating leases before the first execution date, the company applies the above method and selects one or more of the following simplified treatments according to each lease:

- a. Treat the lease completed within 12 months after the first execution date as a short-term lease;
- b. When measuring lease liabilities, leases with similar characteristics adopt the same discount rate;
- c. The measurement of the right-to-use assets does not include the initial direct costs;
- d. If there is an option to renew or terminate the lease, the lease term shall be determined according to the actual exercise of the option before the first execution date and other latest conditions;
- e. As an alternative to the impairment test of the right to use assets, the right to use assets shall be adjusted according to the "III. (24) Provision for liabilities" in this note to assess whether the contract containing the lease is a loss contract before the first execution date, and the right to use assets shall be adjusted according to the amount of loss reserves recorded in the balance sheet before the first execution date;
- f. No retroactive adjustment shall be made for lease changes occurring before the first execution date, and accounting treatment shall be carried out in accordance with the new lease standards according to the final arrangement of lease changes.

When measuring lease liabilities, the company adopts the lessee's incremental borrowing interest rate (weighted average value: 3.85%-4.75%) on January 1, 2021 to discount the lease payment.

The unpaid minimum lease payments for major operating leases disclosed in the consolidated financial statements on December 31, 2020
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254,336,676.10

Present value discounted at the company's incremental borrowing rate on January 1, 2021	250,682,034.74
Lease liabilities under the new lease standards on January 1, 2021	250,682,034.74
Difference between the present value of the discount and the lease liabilities above	

For the existing financial leases before the first execution date, the company shall measure the right-to-use assets and lease liabilities respectively according to the original book value of the financial lease in assets and the financial lease payable on the first execution date.

-the company as lessor

For sub-leases classified as operating leases before the first execution date and still existing after the first execution date, the company will re-evaluate the remaining contract terms and conditions of the original lease and sub-lease on the first execution date, and classify them in accordance with the provisions of the new lease standards. If it is reclassified as a financial lease, the company will treat it as a new financial lease for accounting treatment.

Except for sub-lease, the company does not need to adjust its lease as the lessor in accordance with the new lease standards. The company shall carry out accounting treatment in accordance with the new lease standards since the first implementation date.

the main impacts of the company's implementation of the new leasing standards on the financial statements are as follows:

Contents and reasons for changes in accounting policies procedures	Projects examination and approval	Affected report items	Amount of influence on the balance on January 1st, 2021	
			Consolidated	Parent company
1) Adjustment of operating lease existing before the first execution date by the company as the lessee	Approved by the board of directors	Right-of-use assets	257,252,612.76	802,305.01
		Other non-current assets	-17,549,467.95	
		Lease liabilities	168,400,110.57	207,607.70
		Non-current liabilities due within one year	82,281,924.17	603,897.69
		Retained earnings	-5,450,182.35	-9,200.38
		Minority interests	-5,528,707.58	

33.1.2 Implementation of accounting standards for Business Enterprises No. 14

The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 14 (CAI Kuai [2021] No. 1, hereinafter referred to as "Interpretation No. 14") on February 2, 2021, which shall come into force as of the date of promulgation. Relevant new businesses added from January 1, 2021 to the implementation date shall be adjusted according to Interpretation No. 14.

33.1.3 Government and social capital cooperation (PPP) project contract

Interpretation No. 14 is applicable to PPP project contracts that meet the "dual characteristics" and "dual control" described in the interpretation. Retrospective adjustment shall be made to relevant PPP project contracts that have been implemented before December 31, 2020 and have not been completed until the

implementation date. If retrospective adjustment is not feasible, it shall be applied from the beginning of the earliest period of retrospective adjustment. The cumulative impact amount shall be adjusted to the retained earnings at the beginning of the year on the implementation date and other relevant items in the financial statements, The information of comparable periods shall not be adjusted.

The implementation of this provision has not had a significant impact on the company's financial position and operating results.

33.1.4 Reform of benchmark interest rate

Interpretation No. 14 has made simplified accounting treatment provisions for the change of the basis for determining the cash flows related to financial instrument contracts and lease contracts due to the reform of the benchmark interest rate.

According to the provisions of the interpretation, the businesses related to the benchmark interest rate reform before December 31, 2020 shall be retroactively adjusted, except that the retroactive adjustment is not feasible, and there is no need to adjust the data of the previous comparative financial statements. On the implementation date of the interpretation, the difference between the original book value and the new book value of financial assets and financial liabilities shall be included in the beginning retained earnings or other comprehensive income of the annual reporting period on the implementation date of the interpretation. The implementation of this provision has not had a significant impact on the company's financial position and operating results.

33.1.5 Implementation of the interpretation of accounting standards for Business Enterprises No. 15 on the presentation of centralized fund management

The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 15 (CAI Kuai [2021] No. 35, hereinafter referred to as "Interpretation No. 15") on December 30, 2021. The content of "relevant presentation on centralized fund management" shall be implemented from the date of publication, and the data in the financial statements of comparable periods shall be adjusted accordingly.

The Interpretation No. 15 clearly stipulates how the balance involved in the centralized and unified management of the funds of the parent company and member units by enterprises through internal settlement centers and financial companies should be presented and disclosed in the balance sheet.

The implementation of this provision has not had a significant impact on the company's financial position and operating results.

33.2 Changes in Material Accounting Estimates

33.2.1 The company's principle for determining the applicable time point for changes in accounting estimates

According to the relevant provisions of the accounting standards for Business Enterprises No. 28 - changes in accounting policies, accounting estimates and error

correction, this change in accounting estimates is accounted for using the future applicable method.

33.2.2 Changes in major accounting estimates in the current period

Contents and reasons for changes in accounting estimates	projects examination and approval procedures	Applicable Start point	Name and amount of affected report items
The company has carried out online sales business since 2020. In view of the particularity of online sales collection, in order to measure the expected credit risk of the company's receivables more accurately and reflect the company's financial status and operating results more objectively and fairly, the accounting estimate for the provision for credit impairment of receivables is changed in combination with the actual situation of the company	This change in accounting estimates was approved at the 16th meeting of the 6th board of directors held on April 26, 2021	January 1, 2021	This change in accounting estimates adopts the future applicable method for accounting treatment, which has no impact on the financial statements of 2020. Based on the balance as of December 31, 2021, the impact on the financial statements in 2021 is: reduce the bad debt provision by 1,134,347.15 and reduce the credit impairment loss by 1,134,347.15 .

33.2.3 Comparison of accounting estimates before and after change

Before change:

Except for the receivables for which credit risk is assessed separately, the company divides the receivables into different groups based on common risk characteristics, and assesses the credit risk on the basis of combination. Basis for determining different combinations:

- a. The basis for confirming the combination of accounts receivable and the method for calculating the expected credit loss are as follows:

Combination name	Basis for determining combination and accrual method
Combination 1: combination of consolidated related parties	The combination includes related parties within the consolidation scope of Ninestar. The company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, through the default risk exposure and the expected credit loss rate throughout the duration, the expected credit loss rate of the portfolio is zero.
Combination 2: aging combination	The company refers to the historical credit loss experience in its portfolio, combined with the current situation and the forecast of future economic conditions, prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration, and calculates the expected credit loss.

- b. The basis for confirming the combination of other receivables and the method for calculating the expected credit loss are as follows:

Combination name	Basis for determining combination and accrual method
Combination 1: combination of consolidated related	The combination includes related parties within the consolidation scope of Ninestar. The company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, through the default risk exposure and the

Combination name	Basis for determining combination and accrual method
parties	expected credit loss rate throughout the duration, the expected credit loss rate of the portfolio is zero.
Combination 2: aging combination	The company refers to the historical credit loss experience in its portfolio, combined with the current situation and the forecast of future economic conditions, prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration, and calculates the expected credit loss.

After change:

Except for the receivables for which credit risk is assessed separately, the company divides the receivables into different groups based on common risk characteristics, and assesses the credit risk on the basis of combination. Basis for determining different combinations:

- a. The basis for confirming the combination of accounts receivable and the method for calculating the expected credit loss are as follows:

Combination name	Basis for determining combination and accrual method
Combination 1: combination of consolidated related parties	The combination includes related parties within the consolidation scope of Ninestar. The company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, through the default risk exposure and the expected credit loss rate throughout the duration, the expected credit loss rate of the portfolio is zero.
Combination 2: aging combination	The company refers to the historical credit loss experience in its portfolio, combined with the current situation and the forecast of future economic conditions, prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration, and calculates the expected credit loss.
Combination 3: online sales business combination	This combination is applicable to the company's e-commerce business. The company refers to the historical credit loss experience in its portfolio, combined with the current situation and the forecast of future economic conditions, prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration, and calculates the expected credit loss.

- b. The basis for confirming the combination of other receivables and the method for calculating the expected credit loss are as follows:

Combination name	Basis for determining combination and accrual method
Combination 1: combination of consolidated related parties	The combination includes related parties within the consolidation scope of Ninestar. The company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, through the default risk exposure and the expected credit loss rate throughout the duration, the expected credit loss rate of the portfolio is zero.
Combination 2: aging combination	The company refers to the historical credit loss experience in its portfolio, combined with the current situation and the forecast of future economic conditions, prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration, and calculates the expected credit loss.
Combination 3: online sales business combination	This combination is applicable to the company's e-commerce business. The company refers to the historical credit loss experience in its portfolio, combined with the current situation and the forecast of future economic conditions, prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration, and

Combination name	Basis for determining combination and accrual method
	calculates the expected credit loss.

30.3 The following shows adjustments to the financial statements at the beginning of the period of the first implementation of the new lease standard for the first time starting from 2021:

Consolidated balance sheet

Items	2021-12-31 of prior year	2020-12-31 of current year	Adjustments		
			Reclassification	measurement	Total
Right-to-use assets		257,252,612.76		257,252,612.76	257,252,612.76
Other non-current assets	190,609,800.26	173,060,332.31	-17,549,467.95		-17,549,467.95
Lease Liability		168,400,110.57		168,400,110.57	168,400,110.57
Non-current liabilities due within one year	2,705,837,439.94	2,788,119,364.11		82,281,924.17	82,281,924.17
Undistributed profit	3,064,494,646.88	3,059,044,464.53		-5,450,182.35	-5,450,182.35
Minority interests	4,553,132,978.77	4,547,604,271.19		-5,528,707.58	-5,528,707.58

Balance sheet of Parent Company

Items	2021-12-31 of prior year	2020-12-31 of current year	Adjustments		
			reclassification	measurement	Total
Right-to-use assets		802,305.01		802,305.01	802,305.01
Lease Liability		207,607.70		207,607.70	207,607.70
Non-current liabilities due within one year	20,076,266.68	20,680,164.37		603,897.69	603,897.69
Undistributed profit	1,527,627,162.28	1,527,617,961.90		-9,200.38	-9,200.38

IV. Taxation

1. Main tax categories and tax rates

Tax categories	Basis of tax assessment	Tax rate
Valued added tax (VAT)	VATs which paid by domestic companies and subsidiaries, are calculated on taxable revenues from selling goods and rendering services; VATs are paid at the net amounts after deducting input VATs for the current period (tax rates are 13%, 6%, duty-free). Foreign subsidiaries pay VATs based on local policies and other sales and use tax.	
Urban maintenance and construction tax (Domestic business)	Calculated and paid on the sum of turnover tax.	7%、5%
Education supplementary tax (Domestic business)	Calculated and paid on the sum of turnover tax.	3%

Tax categories	Basis of tax assessment	Tax rate
Local education supplementary tax (Domestic business)	Calculated and paid on the sum of turnover tax.	2%
Land use tax	Fixed payment on approved land grade	
Enterprise income tax	Paid on taxable profits	Refer to Note

EIT rate of the Company and main subsidiaries:

Company name	Tax rate applicable for the current period
Ninestar Corporation	15%
Apex Microelectronics Co., Ltd.	15%
Zhuhai Jihai Semiconductor Co., Ltd.	25%
Hangzhou Shuo Tian Technology Co., Ltd(“Hangzhou Shuo Tian”)	10%
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited	25%
Zhuhai Ninestar Enterprise Management Limited	25%
Zhuhai G&G Digital Technology Co., Ltd.	25%
Topjet Technology Co., Ltd and its subsidiaries	15%
Cinvi Technology Co., Limited and its subsidiaries	25%
Zhongshan Chengwei Technology Co., Ltd.(Cinvi's subsidiary)	15%
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd	15%
Ninestar Printing Technology Co., Ltd.	25%
Ninestar information technology Co.,Ltd	15%
Zhuhai Pantum electronics limited	15%
Zhongshan Sanrun printing consumables Co.,Ltd	15%
Ninestar Image Tech Limited and its subsidiaries registered in Hong Kong	The profits tax rate for the first HKD 2 million of assessable profits of the corporation is 8.25%, and the subsequent profits are taxed at 16.5%; for the sole proprietorship or partnership business, the profits tax is 7.5% and 15% respectively.
Overseas subsidiaries of Lexmark International, Ninestar America, SCC US and other registered places in the United States	Federal tax and state tax
Ninestar Image (Malaysia) Sdn Bhd	Government-approved expropriation method
Ninestar Electronic Company Limited	Filed for offshore trade, tax-free
Foreign subsidiaries registered in countries or regions other than the United States	Refer to local tax rules

2. Tax Preferences

During the reporting period, the major tax benefits enjoyed by the Company and its domestic subsidiaries are listed as follows:

2.1 Enterprise income tax

2.1.1 The Company and its subsidiaries were identified as high-tech enterprises, and they can enjoy high-tech enterprises tax incentives , the details are as followings:

Company name	No. of the High-tech Enterprise Certificate	Period
Ninestar Corporation	GR202044012822	Year2020 to Year 2022
Apex Microelectronics Co., Ltd	GR202044005297	Year2020 to Year 2022
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd	GR202044002730	Year2020 to Year 2022
Zhongshan Chengwei Technology Co., Ltd.	GR202044005585	Year2020 to Year 2022
Hangzhou Shuo Tian Technology Co., Ltd.	GR202033001682	Year2020 to Year 2022
Topjet Technology Co., Ltd and its subsidiaries	GR201944000935	Year2019 to Year 2021
Ninestar information technology Co.,Ltd	GR202144003654	Year 2021 to Year 2023
Zhuhai Pantum electronics limited	GR202044002544	Year 2020 to Year 2022
Zhongshan Sanrun printing consumables Co.,Ltd	GR201744003666	Year 2020 to Year 2022

Note: Hangzhou Shuo Tian chooses to enjoy 10% tax preference for key integrated circuit enterprises in this period.

2.1.2 The subsidiary Hangzhou Shuo Tian was registered as a national key integrated circuit enterprise in July, 2021. According to the regulations, on the premise that the relevant indicators are met, it is subject to the enterprise income tax of 10%.

In 2021, Hangzhou Shuo Tian met the specified conditions and is subject to the enterprise income tax of 10%.

2.1.3 According to the notice on implementing the preferential tax reduction and exemption policy for small and micro enterprises (CS [2019] No. 13) jointly issued by the Ministry of Finance and the State Administration of Taxation on January 17, 2019, from January 1, 2019 to December 31, 2020, the portion of the annual taxable income of small and micro profit enterprises that does not exceed 1million will be included in the taxable income at a reduced rate of 25% and the corporate income tax will be paid at a rate of 20%; The portion of the annual taxable income exceeding 1million but not exceeding 3million shall be included in the taxable income at a reduced rate of 50%, and the enterprise income tax shall be paid at a rate of 20%.

According to the announcement on the implementation of preferential income tax policies for small and micro enterprises and individual industrial and commercial households (Announcement No. 12, 2021 of the Ministry of Finance and the State Administration of Taxation) jointly issued by the Ministry of Finance and the State Administration of Taxation on April 2, 2021, from January 1, 2021 to December 31, 2022, the annual taxable income of small and micro profit enterprises shall not exceed 1 million, On the basis of the preferential policies stipulated in Article 2 of the notice of the Ministry of Finance and the State Administration of Taxation on the implementation of the preferential tax reduction and exemption policy for small and micro enterprises (CS [2019] No. 13), the enterprise income tax will be reduced by half.

During the reporting period, the subsidiaries of the company that meet the above preferential conditions can enjoy the tax preferential policies of the small low profit enterprise.

2.2 Value added tax

2.2.1 According to Polices to encourage software industry and integrated Circuit industry (GuoFa [2000] No.18), Announcement for more policies to encourage industry and integrated Circuit industry by the state council(GuoFa [2011] No.4), Announcement for policies of VAT for software product by China Finance Bureau and State Taxation Bureau (Mainland China) (CaiShui [2011] No.100), applicable VAT paid on sales of own-produced software product can get a tax refund immediately for portion more than 3% of sales revenue.

Microelectronics and Jihai semiconductor, the subsidiaries of the company, enjoy the VAT refund this current year according to the above tax preference.

2.2.2 According to (CaiShui (2016) No.36) Notice for including metro transportation and postal industry in the tax reform for changing from business tax to value added tax by China Finance Bureau and State Taxation Bureau (Mainland China), the pilot taxpayer will be free from value added tax who transfers and develops technology, and provides relevant consulting service. Pilot taxpayer should apply for the above preference for technology transfer and development contract to provincial level department where the taxpayer located, and also should send the contract and approved document to State Taxation Bureau (Mainland China) for backup records.

According to the above-mentioned regulations, the subsidiary Hangzhou Shuo tian's technology development contract can be exempted from VAT exemption after it has been identified and filed by the relevant department.

2.2.3 According to the Announcement of the General Administration of Customs, State Administration of Finance and Taxation on Deepening the VAT Reform Policy (General Administration of Taxation of the Ministry of Finance Announcement No. 39 of 2019): From April 1, 2019 to December 31, 2021, taxpayers in the production and lifestyle service industries are allowed to add 10% of the input tax deductible in the current period to deduct the tax payable.

During the reporting period,, the company's subsidiaries, such as Hangzhou Shuotan and Ninestar enterprise management met the above requirements, can enjoy corresponding tax benefits.

V. NOTES TO DATA OF THE FINANCIAL STATEMENTS

Note 1: the reference format of the notes to the financial statements is to assume that the enterprise has implemented the new income standard and made retrospective adjustment since January 1, 2021, without adjusting the data of the previous comparative financial statements. Therefore, the notes on the comparative data of statement items in the notes are disclosed in the original format

Note 2: according to the financial instruments standard, the bank deposits-accrued interest not overdue is presented in the "Monetary Fund" account. This part of accrued interest

does not belong to cash or cash equivalents, so the balance of cash and cash equivalents at the end of the period listed in the cash flow statement does not include this part of balance.

Note 3: The enterprise completed the transaction of issuing shares and paying cash to acquire 100% equity of Zhuhai Pantum Electronics in the current period, which is a business combination under common control. The year-end balance /year-end balance of each item in this note and the financial data in the same period of last year have been restated in accordance with the relevant standards for business combinations under common control

1. Monetary Fund

Item	2021-12-31	2020-12-31
Cash on hand	416,827.90	266,530.58
Bank balance	9,346,209,918.29	6,633,012,477.28
Including: Deposits in finance companies		
Other monetary funds	390,521,416.97	407,146,337.31
Bank deposits-accrued interest	13,255,568.16	2,684,768.23
Total	9,750,403,731.32	7,043,110,113.40
Including: Deposit offshore	1,045,973,113.87	934,169,888.09

As of December 31, 2020, the details of restriction due to pledge, mortgage and freeze of monetary funds are as follows:

Item	2021-12-31	2020-12-31
The principle and interest for Loan Guarantee	100,000,000.00	235,680,431.97
The guarantee for Foreign exchange contracts	87,596,370.21	57,237,453.24
Term deposits or call deposit for guarantee	89,603,084.76	
Credit card deposit	70,813,086.04	93,643,068.50
Custom tax payment deposit	11,801,396.09	8,787,833.38
Frozen deposits involved related to lawsuits	14,813,844.70	
Others	3,052,710.42	1,303,321.92
Total	377,680,492.22	396,652,109.01

2. Trading financial assets

Item	2021-12-31	2020-12-31
Financial asset measured at fair value and change of which included in current profit and loss	685,387,379.70	93,688,687.01
Including:		
Debt Instrument Investment		
Derivative financial assets	37,906,998.44	61,703,878.28
Others (including forward exchange settlement products, structured deposit etc.)	647,480,381.26	31,984,808.73
Total	685,387,379.70	93,688,687.01

3. Notes Receivable

3.1 Classification

Item	2021-12-31	2020-12-31
Bank acceptance notes	4,748,775.23	55,512,164.77
Trade acceptance notes	643,728.08	
Total	5,392,503.31	55,512,164.77

3.2 Pledged notes receivable at the end of the current year

There are no pledged notes receivables at the end of the current year.

3.3 Notes receivable endorsed or discounted but not matured at the end of the current year

Item	Derecognized Amount	Underecognized Amount
Bank acceptance notes	12,040,230.23	
Trade acceptance notes		
Total	12,040,230.23	

3.4 Notes transferred to accounts receivable at the end of the current year

There are no notes transferred to accounts receivable at the end of the current year

4. Accounts Receivable

4.1 Classification by aging

Aging	2021-12-31	2020-12-31
Within 1 year (including 1 year)	3,179,776,043.31	2,654,224,155.20
1 to 2 years (including 2 years)	27,874,908.08	23,266,492.44
2 to 3 years (including 3 years)	785,030.75	1,710,300.87
3 to 4 years (including 4 years)	852,920.63	90,624.89
4 to 5 years (including 5 years)	102,604.00	108,656.97
More than 5 years	1,335.71	
Subtotal	3,209,392,842.48	2,679,400,230.37
Less: Provision for bad debts	181,620,515.81	151,139,146.43
Total	3,027,772,326.67	2,528,261,083.94

4.2 Classification by bad debt method

Categories	2021-12-31					2020-12-31				
	Balance		Provision for bad debts		Net book value	Balance		Provision for bad debts		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on the individual basis	37,929,041.91	1.18	20,629,435.67	54.39	17,299,606.24	30,467,609.87	1.14	14,394,909.59	47.25	16,072,700.28
Provision for bad debts on the combination basis	3,171,463,800.57	98.82	160,991,080.14	5.08	3,010,472,720.43	2,648,932,620.50	98.86	136,744,236.84	5.16	2,512,188,383.66
Total	3,209,392,842.48	100.00	181,620,515.81	5.66	3,027,772,326.67	2,679,400,230.37	100.00	151,139,146.43	5.64	2,528,261,083.94

Provision for bad debts on the individual basis:

Name	2021-12-31			Reasons for accruing bad debts
	Balance	Provision for bad debts	Percentage (%)	
ONLINE TECH STORES, LLC	7,122,765.57	712,276.56	10.00	Accrued according to insurance rules
Precision Printer Services Inc	5,138,992.72	4,724,359.54	91.93	The company has not collected at the due date
All4 Printing GmbH	5,084,561.65	508,456.17	10.00	Accrued according to insurance rules
TONER PRINT COMERCIO E MANUTENCAO DE EQUIPAMENTOS E PRODUTOS DE INFORMATICA LTDA	1,688,753.34	506,626.00	30.00	Accrued according to insurance rules
Imaging Solutions LLC	1,446,328.18	1,446,328.18	100.00	The company has not collected at the due date
Others	17,447,640.45	12,731,389.22	72.97	Disputed money, accrued according to insurance rules
Total	37,929,041.91	20,629,435.67	54.39	

Provision for bad debts by combination:

Name	2021-12-31		
	Accounts Receivable	Provision for bad debts	Percentage (%)
Aging combination	3,148,737,985.19	160,985,461.51	5.11
E-commerce Business Combination	22,725,815.38	5,618.63	0.02
Total	3,171,463,800.57	160,991,080.14	5.08

4.3 Provision for bad debts accrued, regain or switch back in the period

Categories	2020-12-31	Changes in the current period					2021-12-31
		bad debts accrued	regain or switch back	Written down or write-off	Increase in Business combination not under common control	Others	
Provision for bad debts on the individual basis	14,394,909.59	9,511,466.22	2,679.13	1,614,622.56		-1,659,638.45	20,629,435.67
Provision for bad debts on the combination basis	136,744,236.84	39,665,029.86	8,637,238.55	4,582,332.50	1,064,555.32	-3,263,170.83	160,991,080.14
Total	151,139,146.43	49,176,496.08	8,639,917.68	6,196,955.06	1,064,555.32	-4,922,809.28	181,620,515.81

4.4 Accounts receivable being written-off during the current period

Item	Written-off Amount
Written-off Receivables	6,196,955.06

4.5 Terminate to recognize account receivable due to financial asset transfer

There is no account receivable terminate to recognize due to transfer of financial asset during 2021.

4.6 The amount of assets and liabilities that are transferred and continued to be involved in the transfer of accounts receivable

There is no issue involved in this situation.

4.7 Restriction account receivable at the year-end

At the end of the reporting period, please refer to "V. (63)" for details of the company's accounts receivable for loan mortgage restrictions.

5. Advances to Suppliers

The aging of advances to suppliers

Aging	2021-12-31		2020-12-31	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year (including 1 year)	237,278,335.00	94.12	281,027,333.36	99.57
1-2 years (including 2 years)	14,649,962.37	5.81	1,198,832.86	0.42
2-3 years (including 3 years)	167,222.79	0.07	19,873.14	0.01
More than 3 years				
Total	252,095,520.16	100.00	282,246,039.36	100.00

6. Other Receivable

Item	2021-12-31	2020-12-31
Interest receivable		
Dividend receivable		
Other receivables	131,912,584.43	89,055,193.80
Total	131,912,584.43	89,055,193.80

6.1 Other receivable

6.1.1 Disclosure by aging

Aging	2021-12-31	2020-12-31
Within 1 year (including 1 year)	131,833,256.88	82,340,964.28
1 to 2 years (including 2 years)	5,781,897.29	8,985,984.68
2 to 3 years (including 3 years)	5,000,734.45	699,149.67
3 to 4 years (including 4 years)	612,495.28	18,553,215.53
4 to 5 years (including 5 years)	107,007.44	308,592.14
More than 5 years	1,354,879.18	1,149,754.11
Subtotal	144,690,270.52	112,037,660.41
Less: Provision for bad debts	12,777,686.09	22,982,466.61
Total	131,912,584.43	89,055,193.80

6.1.2 Classified disclosure according to bad debt accrual method

category	2021-12-31					2020-12-31				
	Balance		Provision for bad debts		Net book value	Balance		Provision for bad debts		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on the individual basis										
Provision for bad debts on the combination basis	144,690,270.52	100.00	12,777,686.09	8.83	131,912,584.43	112,037,660.41	100.00	22,982,466.61	20.51	89,055,193.80
Total	144,690,270.52	100.00	12,777,686.09	8.83	131,912,584.43	112,037,660.41	100.00	22,982,466.61	20.51	89,055,193.80

Provision for bad debts on the combination basis:

Name	2021-12-31		
	Other receivable	Provision for bad debts	Percentage(%)
Aging combination	144,616,770.33	12,777,686.09	8.84
E-commerce Business Combination	73,500.19		
Total	144,690,270.52	12,777,686.09	8.83

6.1.3 Provision for bad debts

Provision for bad debts	phase I	phase II	phase III	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
2020-12-31	22,982,466.61			22,982,466.61
2020-12-31 in current year				
--Enter into phase II				
---Enter into phase III				
--Return to phase II				
--Return to phase I				
Accrued	5,967,631.51			5,967,631.51
Switched back	16,509,113.65			16,509,113.65
Written-down				
Written-off	675.01			675.01
Other changes	337,376.63			337,376.63
2021-12-31	12,777,686.09			12,777,686.09

6.1.4 Provision for bad debts accrued, collected or switched back in the period

Categorie	2020-12-31	Changes in the current period					2021-12-31
		bad debts accrued	regain or switch back	Written down or write-off	Increase from business combination not under common control	Others	
Provision for bad debts on the individual basis							
Provision for bad debts on the combination basis	22,982,466.61	5,967,631.51	16,509,113.65	675.01	568,019.19	-230,642.56	12,777,686.09
Total	22,982,466.61	5,967,631.51	16,509,113.65	675.01	568,019.19	-230,642.56	12,777,686.09

6.1.5 Other receivable being written-off during the current period

Item	Amount
Written-off	675.01

6.1.6 Classified by the nature of the receivables

Categories	2021-12-31	2020-12-31
Tax receivables from Kofax Limited for sale settlement		17,064,601.70
Sales-buy back receivables	31,245,316.74	19,921,820.31
VAT Export Tax Refund & Consumption Tax Refund	13,068,326.03	13,249,038.51
Current account	296,432.28	1,845,354.80
Employee reserve / employee loan	7,539,892.44	5,464,666.58
Cash deposit	33,743,383.37	18,413,815.71
Personal social security, personal accumulation fund	3,695,337.68	2,810,427.81
The insurance proceeds for estimated property damage	42,388,044.36	
Stock purchase deposit		20,000,000.00
Other receivable	12,713,537.62	13,267,934.99
Total	144,690,270.52	112,037,660.41

a. Other receivables derecognized due to transfer of financial asset

There are no other receivables derecognized due to transfer of financial asset during 2020.

b. The amount of assets and liabilities that are transferred and continued to be involved in the other receivable

There is no issue involved this situation.

c. Restriction other receivable at the year-end

At the end of the reporting period, please refer to "V. (63)" for details of the company's other receivables for loan mortgage restrictions.

7. Inventory

7.1 Classification

Item	2021-12-31			2020-12-31		
	Balance	Provision for decline in the value of inventories/Provision for impairment of contract performance costs	Net book value	Balance	Provision for decline in the value of inventories/Provision for impairment of contract performance costs	Net book value
Raw materials	836,536,716.14	47,130,888.62	789,405,827.52	562,790,938.81	44,951,252.47	517,839,686.34
Materials in transit	384,736,115.63		384,736,115.63	238,379,621.07		238,379,621.07
Consumption materials	13,345,946.67	498,054.75	12,847,891.92	10,303,253.72	392,214.75	9,911,038.97
Materials for consigned processing	75,039,417.16		75,039,417.16	44,191,041.11		44,191,041.11
Semi-finished goods	719,676,382.11	35,367,108.17	684,309,273.94	612,035,924.65	27,646,677.78	584,389,246.87
Finished goods	2,249,112,856.01	375,701,751.00	1,873,411,105.01	2,132,534,561.61	351,574,115.27	1,780,960,446.34
Work-in-process	50,770,929.62		50,770,929.62	58,130,533.08		58,130,533.08
Goods sold but not billed	197,844,689.08		197,844,689.08	172,392,113.81		172,392,113.81
Total	4,527,063,052.42	458,697,802.54	4,068,365,249.88	3,830,757,987.86	424,564,260.27	3,406,193,727.59

7.2 Provision for written down and provision for impairment of contract performance costs

Item	2020-12-31	Increase during 2021		Decrease during 2021		2021-12-31
		Accrued	Others	Switch-off or written-off	Others	
Raw materials	44,951,252.47	85,853,039.74		83,057,794.45	615,609.14	47,130,888.62
Consumption materials	392,214.75	158,749.92		52,909.92		498,054.75
Semi-finished goods	27,646,677.78	8,759,922.41		436,171.00	603,321.02	35,367,108.17
Finished goods	351,574,115.27	38,346,438.05		6,055,166.53	8,163,635.79	375,701,751.00
Total	424,564,260.27	133,118,150.12		89,602,041.90	9,382,565.95	458,697,802.54

7.3 Capitalization of finance cost in the year-end inventory balance

There is no capitalization of finance cost in the year-end inventory balance.

7.4 Restriction on year-end inventory

At the end of the reporting period, please refer to "V. (63)" for details of the company's inventory for loan mortgage restrictions.

8. Contract assets

8.1 Details

Item	2021-12-31			2020-12-31		
	Balance	Provision of Impairment	Net book value	Balance	Provision of Impairment	Net book value
Less than 1 year(including 1 year)	321,602,036.99	16,080,101.84	305,521,935.15	318,971,242.71	15,948,562.12	303,022,680.59
1 to 2 years(including 2 years)						
Total	321,602,036.99	16,080,101.84	305,521,935.15	318,971,242.71	15,948,562.12	303,022,680.59

8.2 Contract assets are disclosed according to the method of impairment provision

category	2021-12-31					2020-12-31				
	Balance		Provision for bad debt		Net book value	Balance		Provision for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on the individual basis										
Provision for bad debts on the combination basis	321,602,036.99	100.00	16,080,101.84	5.00	305,521,935.15	318,971,242.71	100.00	15,948,562.12	5.00	303,022,680.59
Total	321,602,036.99	100.00	16,080,101.84	5.00	305,521,935.15	318,971,242.71	100.00	15,948,562.12	5.00	303,022,680.59

Provision for impairment by combination

Name	2021-12-31		
	Contract assets	provision for impairment	Percentage (%)
Aging group	321,602,036.99	16,080,101.84	5.00
Total	321,602,036.99	16,080,101.84	5.00

8.3 Provision for impairment of contract assets in the current period

Item	2020-12-31	Accrued	switch back	written-down/written off	Increase from Business combination not under common control increased in the current period	other changes	2021-12-31
Provision for impairment by combination	15,948,562.12	501,803.98				-370,264.26	16,080,101.84
Total	15,948,562.12	501,803.98				-370,264.26	16,080,101.84

8.4 Explanation of restricted contract assets at the end of the period

At the end of the reporting period, please refer to "V. (63)" for details of the contract assets that the company used for loan and mortgage restrictions.

9. Non-Current Assets Due in One Year

Item	2021-12-31	2020-12-31
Long-term receivable due within one year	122,592,157.12	133,991,765.01
Total	122,592,157.12	133,991,765.01

10. Other Current Assets

Item	2021-12-31	2020-12-31
Investment products of financial institutions	117,732,533.42	740,658,658.47
Deferred expense	276,706,755.29	235,869,233.26
Payment for taxes in advance	295,144,671.18	396,687,474.48
Others	42,459,604.51	48,173,647.43
Total	732,043,564.40	1,421,389,013.64

Note: As at the end of the reporting period, please refer to “V. (63)” for the details of other current assets restricted by the company for borrowing and mortgage.

11. Long-Term Receivable

11.1 Summary for the long-term receivable

Item	2021-12-31			2020-12-31		
	Balance	Bad debt provisions	Net book value	Balance	Bad debt provisions	Net book value
Financial lease	159,784,417.91		159,784,417.91	189,952,761.95		189,952,761.95
Include: Unrealized financing income	-29,004,307.47		-29,004,307.47	-32,474,054.08		-32,474,054.08
Tax return on enterprise income tax receivable	89,044,643.27		89,044,643.27	127,760,053.83		127,760,053.83
Installment sales of goods	19,007,865.74		19,007,865.74	16,625,559.26		16,625,559.26
Provide labor service by installment collection	2,947,354.64		2,947,354.64	4,701,905.32		4,701,905.32
Corporate loan	752,000,000.00		752,000,000.00	658,894,473.69		658,894,473.69
Others	1,671,665.38		1,671,665.38	1,752,330.73		1,752,330.73
Total	1,024,455,946.94		1,024,455,946.94	999,687,084.78		999,687,084.78

Notes:

The corporate loan is the loan paid by the subsidiary Zhuhai Ninestar Printing Technology Co., Ltd. To Zhuhai Hainayuan Real Estate Co., Ltd. (hereinafter referred to as "Hainayuan") . According to the "Contract No.: 440401-2019-000039) of the "Contract for Assignment of State-owned Construction Land Use Rights" signed by both parties, Ninestar Printing finished the change registration of the owner of the state-owned construction land use rights under the contract to Hainayuan.. According to the loan agreement signed by Ninestar Printing and Hainayuan, the two parties agreed to convert the actual payment related to the project (The Commercial and residential project land where located on the east side of Meiping 3rd Street, Pingsha Town, Gaolangang Economic Zone, Zhuhai City, and the north side of Pingnan Road) including land cost, taxes and expenses paid by Ninestar Printing to Hainayuan loan. The loan principal was RMB 655,000,000.00 and increased RMB 97 million in 2021.As of December 31, 2021, the outstanding corporate loan principal was RMB 752 million.

11.2 Explanation of restricted long-term receivables

As at the end of the reporting period, for details of the long-term receivables that the company used for borrowing and mortgage restrictions, please refer to “V. (63)”.

12. Long-term equity investment

Invested entities	2020-12-31	Changes in the current period								2021-12-31	Impairment preparation
		Increase	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declare cash dividends or profits	Provision for impairment	Others		
1. Joint venture											
Zhuhai Hainayuan Real Estate Co., Ltd											
Subtotal											
2. Associate											
Huai'an Xinzhan Polymer Technology Co., Ltd	4,684,984.17	55,079,020.02		64,761.04						59,828,765.23	
Toner-dumping.de Orh&Baer GmbH	8,242,295.90			915,127.63						9,157,423.53	
Limited liability company National printer technologies	17,035.05			-17,035.05							

Invested entities	2020-12-31	Changes in the current period								2021-12-31	Impairment preparation
		Increase	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declare cash dividends or profits	Provisi on for impair ment	Others		
Chengdu Analog Circuit Technology Inc	47,763,382.65		6,422,500.00	2,820,821.88	-7,284.99	11,630,219.29			-2,750,642.07	53,033,996.76	
Guangzhou Hongwei Technology Co., Ltd.		2,000,000.00		-18,862.49						1,981,137.51	
Zhongshan Ruiyuanxiang Technology Co., Ltd.				2,338,066.26					17,500,000.00	19,838,066.26	
Subtotal	60,707,697.77	57,079,020.02	6,422,500.00	6,102,879.27	-7,284.99	11,630,219.29			14,749,357.93	143,839,389.29	
Total	60,707,697.77	57,079,020.02	6,422,500.00	6,102,879.27	-7,284.99	11,630,219.29			14,749,357.93	143,839,389.29	

Note: As of December 31, 2021, Zhuhai Hainayuan Real Estate Co., Ltd has not actually contributed capital by Ninestar Printing, a subsidiary of the company.

13. Investment in other equity instruments

13.1 Details

Item	2021-12-31	2020-12-31
AQA S.R.L	1,733,701.88	1,733,701.88
Shenzhen Fangdian Technology Co., Ltd.	1,000,000.00	1,000,000.00
Zhuhai Zhongke Jinqiao Technology Holdings Co., Ltd	750,000.00	750,000.00

Item	2021-12-31	2020-12-31
Zuhai Xielong Plastic Electronics Co., Ltd.	11,250,000.00	11,250,000.00
Beijing Zhizu Technology Co., Ltd.	500,000.00	500,000.00
Jadi Imaging Holdings Berhad(MY)	16,611,108.46	16,401,118.29
Zhongshan ruiyuanxiang Technology Co., Ltd		17,500,000.00
Jiazhilian Information Technology Co., Ltd.	2,050,000.00	2,050,000.00
Nanjing Huawei Office Equipment Co., Ltd.		20,000.00
Total	33,894,810.34	51,204,820.17

13.2 Investment in non-trading equity instruments

Item	Dividend income recognized in the current period	Accumulated profit	Accumulated loss	Transferred Amount from other comprehensive income to retained earnings	Reason for designation at fair value through other comprehensive income	Reasons for the transfer of other comprehensive income to retained earnings
Jiazhilian Information Technology Co., Ltd.	196,078.00					

14. Fixed Assets

14.1 Fixed assets and disposal of fixed assets

Item	2021-12-31	2020-12-31
Fixed assets	2,423,385,333.84	2,673,360,337.16
Disposal of fixed assets		
Total	2,423,385,333.84	2,673,360,337.16

14.2 Details

Item	Building	Machinery and equipment	Motor vehicle	Office equipment	Total
1. Cost					
(1)2020-12-31	1,588,349,151.63	3,187,254,192.80	18,836,875.81	296,343,922.29	5,090,784,142.53
(2)Increase	14,061,477.33	331,058,045.86	3,043,630.03	42,126,246.58	390,289,399.80
—purchase	105,121.13	161,668,012.84	2,041,394.19	34,454,402.41	198,268,930.57
—transfer from construction in progress	13,887,751.56	91,071,762.73		2,994,537.45	107,954,051.74
—Increase in business combination	68,604.64	78,249,773.56	946,632.39	258,663.80	79,523,674.39
—others		68,496.73	55,603.45	4,418,642.92	4,542,743.10
(3)Decrease	153,288,531.30	112,105,245.06	2,260,890.05	37,863,690.70	305,518,357.11
—sale or disposal	29,916,063.57	78,367,053.93	1,867,795.16	31,926,069.69	142,076,982.35
—others	123,372,467.73	33,738,191.13	393,094.89	5,937,621.01	163,441,374.76
(4)2021-12-31	1,449,122,097.66	3,406,206,993.60	19,619,615.79	300,606,478.17	5,175,555,185.22
2. Accumulated depreciation					
(1)2020-12-31	187,417,868.32	2,046,599,594.29	12,191,515.82	163,214,616.45	2,409,423,594.88
(2)Increase	42,612,085.74	435,156,418.82	2,515,217.32	37,076,896.06	517,360,617.94
—accrued	42,612,085.74	409,053,774.15	2,262,448.82	36,512,949.51	490,441,258.22
—Increase in business combination		26,066,683.10	251,934.45	96,788.76	26,415,406.31
—others		35,961.57	834.05	467,157.79	503,953.41
(3)Decrease	10,798,494.34	129,939,026.88	1,792,268.40	32,084,571.82	174,614,361.44
—sale or disposal	8,120,893.53	69,006,026.35	1,470,376.73	29,725,062.36	108,322,358.97
—others	2,677,600.81	60,933,000.53	321,891.67	2,359,509.46	66,292,002.47
(4)2021-12-31	219,231,459.72	2,351,816,986.23	12,914,464.74	168,206,940.69	2,752,169,851.38
3. Provision for impairment					
(1)2020-12-31	6,510,586.13	529,237.44		960,386.92	8,000,210.49
(2)Increase					
—accrued					

Item	Building	Machinery and equipment	Motor vehicle	Office equipment	Total
—others					
(3)Decrease	6,510,586.13	529,237.44		960,386.92	8,000,210.49
—sale or disposal	6,433,256.15	522,951.39		948,979.85	7,905,187.39
—others	77,329.98	6,286.05		11,407.07	95,023.10
(4)2021-12-31					
4. Net book value					
(1)2021-12-31	1,229,890,637.94	1,054,390,007.37	6,705,151.05	132,399,537.48	2,423,385,333.84
(2)2020-12-31	1,394,420,697.18	1,140,125,361.07	6,645,359.99	132,168,918.92	2,673,360,337.16

14.3 Fixed asset is leased for operating lease during 2021

Item	Book value as of 31 Dec 2021
Machinery and equipment	231,289,591.45

14.4 Fixed asset absent of certificate of right at 2021 year-end

There are no fixed assets absent of certificate of right at 2021 year-end.

14.5 Restriction fix assets at the year-end

At the end of the reporting period, please refer to "V. (63)" for details of the company's fix assets for loan mortgage restrictions.

15. Construction In Progress

15.1 Construction in progress & construction materials

Item	2021-12-31	2020-12-31
Construcation in progress	873,274,743.41	460,743,237.49
Construction materials		
Total	873,274,743.41	460,743,237.49

15.2 Details

Item	2021-12-31			2020-12-31		
	Balance	Provision for written down	Net book value	Balance	Provision for written down	Net book value
Self-made equipment / equipment to be installed	109,777,764.96		109,777,764.96	79,653,672.17		79,653,672.17
Software system implementation program	10,053,483.40		10,053,483.40	3,096,530.80		3,096,530.80
Housing and building renovation project	18,188,553.64		18,188,553.64	2,632,640.60		2,632,640.60
Printer industrial park	735,254,941.41		735,254,941.41	375,360,393.92		375,360,393.92
Total	873,274,743.41		873,274,743.41	460,743,237.49		460,743,237.49

15.3 Restriction Construction In Progress at the year-end

At the end of the reporting period, please refer to "V. (63)" for details of the company's construction in progress for loan mortgage restrictions.

15.4 Changes in important construction in progress projects in the current period

Name	Budgeted amounts	2020-12-31	Increase	Amount transferred to fixed assets in this period	Other decrease	2021-12-31	Proportion of total project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: the amount of interest capitalized in the current period	Current interest capitalization rate (%)	Sources of funds
Printer Industrial Park		375,360,393.92	359,894,547.49			735,254,941.41		Part of the main building of the first phase has been capped	15,149,831.82	14,604,459.31	4.06	Self-raised funds + raised funds + bank loans
Total		375,360,393.92	359,894,547.49			735,254,941.41			15,149,831.82	14,604,459.31	4.06	

16. Right-of-Use Asset

Item	Building	Motor vehicle	Total
1. Cost			
(1)2020-12-31	370,967,099.31	38,904,861.89	409,871,961.20
(2)Increase	454,578,035.89	9,170,596.66	463,748,632.55
—New lease	336,877,500.92	3,646,326.23	340,523,827.15
—Increase in business combination	40,470,161.66		40,470,161.66
—revaluation adjustment	53,472,326.72	3,764,264.78	57,236,591.50
—others	23,758,046.59	1,760,005.65	25,518,052.24
(3)Decrease	64,215,999.49	16,477,111.35	80,693,110.84
—contract expired	64,215,999.49	16,477,111.35	80,693,110.84
—sale or disposal			
(4)2021-12-31	761,329,135.71	31,598,347.20	792,927,482.91
2. Accumulated depreciation			
(1)2020-12-31	131,922,072.02	20,697,276.42	152,619,348.44
(2)Increase	158,550,089.16	10,626,098.81	169,176,187.97
—accrued	137,546,570.72	8,721,917.77	146,268,488.49
—Increase in business combination	4,959,245.99		4,959,245.99
—others	16,044,272.45	1,904,181.04	17,948,453.49
(3)Decrease	24,339,886.25	12,105,880.47	36,445,766.72
—contract expired	24,339,886.25	12,105,880.47	36,445,766.72
—sale or disposal			
(4)2021-12-31	266,132,274.93	19,217,494.76	285,349,769.69
3. Provision for impairment			
(1)2020-12-31			
(2)Increase			
(3)Decrease			
(4)2021-12-31			
4. Net book value			
(1)2021-12-31	495,196,860.78	12,380,852.44	507,577,713.22
(2)2020-12-31	239,045,027.29	18,207,585.47	257,252,612.76

17. Intangible asset

17.1 Details

Item	Software	Patent	Patent exclusive use right	Trade name	Land use right	Consumer relationship	Favorable lease	Nonproprietary technology	Total
1. Cost									
(1)2020-12-31	1,252,536,732.56	122,331,056.26	5,659,730.00	2,818,353,613.87	363,050,305.63	3,200,078,350.79	95,756,925.60	1,174,482,000.00	9,032,248,714.71
(2)Increase	26,268,308.43	5,733,381.42		287,131.10	1,781,107.85	63,682,000.00			97,751,928.80
—purchase	19,045,764.41	68,000.00		12,476.91					19,126,241.32
—increase from internal development		1,026,647.38							1,026,647.38
—Increase in business combination		4,450,365.74		274,654.19		63,682,000.00			68,407,019.93
—Transfer from construction in progress	7,222,544.02				1,781,107.85				9,003,651.87
—others		188,368.30							188,368.30
(3)Decrease	53,011,252.37	1,982,040.40	187,970.00	64,439,264.58	21,128,140.27	102,056,390.74	6,840,359.04	26,856,000.00	276,501,417.40
—sale	22,468,158.56	322,370.00			15,849,888.17				38,640,416.73
—others	30,543,093.81	1,659,670.40	187,970.00	64,439,264.58	5,278,252.10	102,056,390.74	6,840,359.04	26,856,000.00	237,861,000.67
(4)2021-12-31	1,225,793,788.62	126,082,397.28	5,471,760.00	2,754,201,480.39	343,703,273.21	3,161,703,960.05	88,916,566.56	1,147,626,000.00	8,853,499,226.11
2. Accumulated amortization									
(1)2020-12-31	1,108,524,264.44	95,251,971.53	5,646,872.02	6,886,524.44	16,122,985.41	878,483,019.83	21,819,708.31	685,114,500.00	2,817,849,845.98
(2)Increase	74,242,358.36	6,725,305.14		1,326,416.92	5,793,370.82	209,885,651.70	3,370,078.98	165,790,285.69	467,133,467.61

Item	Software	Patent	Patent exclusive use right	Trade name	Land use right	Consumer relationship	Favorable lease	Nonproprietary technology	Total
—accrued	74,241,960.06	5,098,539.18		1,279,929.04	5,793,370.82	209,885,651.70	3,370,078.98	165,790,285.69	465,459,815.47
—Increase in business combination		1,451,653.94		46,487.88					1,498,141.82
—others	398.30	175,112.02							175,510.32
(3)Decrease	43,216,852.91	842,559.99	175,112.02	167,341.48	2,102,758.80	28,782,668.00	1,069,489.42	17,509,714.29	93,866,496.91
—sale	18,177,727.72	322,370.00			1,913,853.69				20,413,951.41
—others	25,039,125.19	520,189.99	175,112.02	167,341.48	188,905.11	28,782,668.00	1,069,489.42	17,509,714.29	73,452,545.50
(4)2021-12-31	1,139,549,769.89	101,134,716.68	5,471,760.00	8,045,599.88	19,813,597.43	1,059,586,003.53	24,120,297.87	833,395,071.40	3,191,116,816.68
3. Provision for impairment									
(1)2020-12-31									
(2)Increase									
(3)Decrease									
(4)2021-12-31									
4. Net book value									
(1)2021-12-31	86,244,018.73	24,947,680.60		2,746,155,880.51	323,889,675.78	2,102,117,956.52	64,796,268.69	314,230,928.60	5,662,382,409.43
(2)2020-12-31	144,012,468.12	27,079,084.73	12,857.98	2,811,467,089.43	346,927,320.22	2,321,595,330.96	73,937,217.29	489,367,500.00	6,214,398,868.73

17.2 Intangible assets of limited use

At the end of the reporting period, please refer to "V. (63)" for details of the company's construction in progress for loan mortgage restrictions.

18. Development Cost

Item	2020-12-31	Increase			Decrease			2021-12-31	The point at which capitalization begins	Specific basis for capitalization	Final r&d progress
		Internal development costs	purchase	Others	Recognize as intangible asset	Convert to profit or loss	Others				
Trademark patent	2,159,475.82		1,098,274.74		1,026,647.38	68,978.50	2,162,124.68				
Management system	96,153.85						96,153.85				
Software	87,452.83					87,452.83					
R&D project of key components of color multifunctional laser printer		33,768,892.12					33,768,892.12	2021/1/1	Completed the overall product design plan and finished a design and development review report	Functional prototype review stage	
Color Laser Printer R&D Project		21,576,144.62					21,576,144.62	2021/3/1	Completed the overall product design plan and finished a design and development review report	Functional prototype review stage	
Color laser printer key parts research and development project		6,988,578.60					6,988,578.60	2021/3/1	Completed the overall product design plan and finished a design and development review report	System Design Verification Review Stage	

Item	2020-12-31	Increase			Decrease			2021-12-31	The point at which capitalization begins	Specific basis for capitalization	Final r&d progress
		Internal development costs	purchase	Others	Recognize as intangible asset	Convert to profit or loss	Others				
High-end black and white laser printer research and development project		12,501,982.30						12,501,982.30	2021/3/1	Completed the overall product design plan and finished a design and development review report	Outline Design Review Stage
High-end color laser printer research project		2,080,285.54						2,080,285.54	2021/11/1	Completed the overall product design plan and finished a design and development review report	Outline Design Review Phase
Total	2,343,082.50	76,915,883.18	1,098,274.74		1,026,647.38	156,431.33		79,174,161.71			

19. Goodwill

19.1 Goodwill at cost

Company name or events which create goodwill	2020-12-31	Increase		Decrease		2021-12-31
		Formed from consolidation	Others	Sale	Others	
Original book value						
Static Control Components, Inc.	25,167,632.15					25,167,632.15
Zhuhai YingXin Technology Co., Ltd	12,360,409.61					12,360,409.61
Nihon Ninestar Company Limited	727,310.86					727,310.86

Company name or events which create goodwill	2020-12-31	Increase		Decrease		2021-12-31
		Formed from consolidation	Others	Sale	Others	
Lexmark International Inc.	11,719,384,896.73				267,978,394.55	11,451,406,502.18
Topjet Technology Co., Ltd.	177,995,238.78					177,995,238.78
Cinvi Technology Co., Limited	165,111,056.65					165,111,056.65
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd.	110,097,168.84					110,097,168.84
Haozheng Information Technology (Shanghai) Co., Ltd.	333,333.00					333,333.00
Rainbow Tech International Limited		104,224,570.93				104,224,570.93
Subtotal	12,211,177,046.62	104,224,570.93			267,978,394.55	12,047,423,223.00
Provision for impairment						
Static Control Components, Inc.						
Zhuhai YingXin Technology Co., Ltd.						
Nihon Ninestar Company Limited						
Lexmark International Inc.						
Topjet Technology Co., Ltd.						
Cinvi Technology Co., Limited						
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd.						
Haozheng Information Technology (Shanghai) Co., Ltd.						
Rainbow Tech International Limited						
Subtotal						
Net book value	12,211,177,046.62	104,224,570.93			267,978,394.55	12,047,423,223.00

Notes: The decrease of goodwill in 2021 is due to the fluctuation of exchange rate.

19.2 The Information of Asset Groups in Related to Goodwill

The Company uses operating division as reported segmentation. According to *Accounting Standard for Business Enterprises No.8-Asset impairment* and *Accounting Standard for Business Enterprises No.35-Segment reporting*, business unit needs meet following 3 requirements. (1) The business unit can create revenue and expenses during daily business activities. (2) The management team can periodically evaluate the operating results of this operating division in order to determine the allocation of resources and evaluate its performance. (3) The Company can require the information of financial conditions, operating results, cash flow and so forth of the operating division.

The company shall determine the asset group corresponding to goodwill on basis of principles mentioned above.

The table of asset groups is shown below:

The name of asset group	Scope
SCC	Static Control Components, Inc., Static Control Components (Europe) Limited and subsidiaries
Yingxin	Zhuhai YingXin technology Co., Ltd and subsidiaries
Nihon Ninestar Company Limited	Nihon Ninestar Company Limited
Lexmark International	Lexmark International Inc. and subsidiaries
Topjet	Topjet Technology Co., Ltd and subsidiaries
Cinvi	Cinvi Technology Co., Limited and subsidiaries
Zhuhai Zhongrunjingjie Printing	Zhuhai Zhongrunjingjie Printing Technology Co., Ltd and subsidiaries
Haozhen Information Technology (Shanghai) Co., Ltd.	Haozhen Information Technology (Shanghai) Co., Ltd
GP	Green Project, Inc.

As of December 31, 2021, the reported segmentation mentioned above have not change ranges of asset groups through restructuring, changing assets and so forth(Except for Lexmark International Asset Group's sale of Kofax Limited's equity in 2017, its corresponding goodwill was transferred out of adjustment accordingly).

19.3 Goodwill impairment test process, key parameters

At the end of the reporting period, the impairment test process and key parameters of the company's main goodwill are listed below

a. Lexmark International

The recoverable amount of Lexmark International assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2022 budget with permission from the management and the forecasting data from 2023 to 2030. The key assumption which use to estimate the amount of future cash flow is shown on below table

Key Assumption	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Sustainable growth
Expected revenue growth rate(%)	13.53	13.45	4.02	2.26	1.10	2.75	2.77	2.73	2.78	2.73
Ratio of EBITDA to revenue(%)	11.63	11.89	13.83	14.73	14.96	14.98	14.98	14.98	14.98	14.98
Discount Rate(%)										11.08

Based on forecasting data and assumption mentioned above, The Company invited Ernst & Young LLP to assess the amount of goodwill in related to Lexmark International asset group by the end of 2021. The assessment report is issued by Ernst & Young LLP on March 7, 2022 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Lexmark asset group on December 31, 2021.

b. Topjet

The recoverable amount of Topjet assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2022 budget with permission from the management and the forecasting data from 2023 to 2026. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

Key Assumption	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Sustainable growth
Expected revenue growth rate(%)	10.16	11.09	9.20	4.86	3.27	0.00
Discount Rate(%)						12.01

Based on forecasting data and assumption mentioned above, The Company invited Yinxin Property Assessment Co., Ltd. to assess the amount of goodwill in related to Topjet asset group by the end of 2021. The assessment report (Yinxin PingBao (2022) Hu No.0558) is issued by Yinxin Property Assessment Co., Ltd. on April, 2022 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management think that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Topjet asset group on 31st December 2021.

c. Zhuhai Zhongrunjingjie Printing

The recoverable amount of Zhuhai Zhongrunjingjie Printing assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2022 budget with permission from the management and the forecasting data from 2023 to 2026. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

Key Assumption	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Sustainable growth
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Key Assumption	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Sustainable growth
Expected revenue growth rate(%)	15.46	8.20	6.06	3.90	2.05	0.00
Discount Rate(%)						12.01

Based on forecasting data and assumption mentioned above, The Company invited Yinxin Property Assessment Co., Ltd. to assess the amount of goodwill in related to Zhuhai Zhongrunjingjie Printing asset group by the end of 2021. The assessment report (Yinxin PingBao (2022) Hu No.0559 is issued by Yinxin Property Assessment Co., Ltd. on April, 2022 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Zhuhai Zhongrunjingjie Printing asset group on December 31, 2021.

d. Cinvi

The recoverable amount of Cinvi assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2022 budget with permission from the management and the forecasting data from 2023 to 2026. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

Key Assumption	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Sustainable growth
Expected revenue growth rate(%)	20.20	9.84	6.00	4.49	2.00	0.00
Discount Rate(%)						13.19

Based on forecasting data and assumption mentioned above, The Company invited Yinxin Property Assessment Co., Ltd. to assess the amount of goodwill in related to Cinvi asset group by the end of 2021. The assessment report (Yinxin PingBao (2022) Hu No.0557) is issued by Yinxin Property Assessment Co., Ltd. on April, 2021 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Cinvi asset group on 31st December 2021.

e. 5)GP

The recoverable amount of GP assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2022 budget with permission from the management and the forecasting data from 2023 to 2026. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

parameter	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Sustainable growth
Expected revenue growth	5.86	4.53	5.56	5.08	5.36	0.00

parameter	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Sustainable growth
rate(%)						
Discount Rate(%)						11.92

Based on forecasting data and assumption mentioned above, The Company engaged Yinxin Property Assessment Co., Ltd. to access the fair value of identifiable assets of Green Project, Inc. Which was related to the purchase price allocation of Rainbow Tech International Limited on May 31, 2021 (the merger date), and issued the appraisal report "Yinxin Zi Bao Zi (2021) Hu No. 944" in December 2021. At the end of the year, the management of the company conducted an impairment test based on the income realization and forecast data of Green Project, Inc, and no sign of impairment was found. According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of GP asset group on 31st December 2021.

19.4 Influence of Goodwill Impairment Test

Management analyses the recoverable amount of each cash generating unit or cash generating units based on these assumptions and considers that no further provision for impairment is necessary for the goodwill.

20. Long-Term Deferred Expense

Item	2020-12-31	Increase	Amortization	Other changes	2021-12-31
Decoration	94,579,331.45	27,512,264.03	24,096,557.40	9,047,834.30	88,947,203.78
Server assemblies	55,966.32	56,603.77	32,779.85		79,790.24
Technical service expenses	4,475,315.07	290,169.80	1,330,661.07	290,169.80	3,144,654.00
Patent service expenses	35,301,114.46		9,002,524.16	707,089.20	25,591,501.10
Software service expenses	158,659,762.29	76,163,980.09	66,039,178.25	24,032,350.52	144,752,213.61
Guarantee fee		88,383,916.82	60,642,846.35	308,501.84	27,432,568.63
After-sales service fee	23,132,223.76	545,547.13	11,286,413.41		12,391,357.48
mask fee		20,885,540.60	1,173,882.73		19,711,657.87
Other deferred expense	157,120.39		37,388.03		119,732.36
Total	316,360,833.74	213,838,022.24	173,642,231.25	34,385,945.66	322,170,679.07

Note: As at the end of the reporting period, see "V. (63)" for the details of the company's long-term deferred expenses for borrowing and mortgage restrictions.

21. Deferred Tax Asset/Liability

21.1 Deferred tax asset recognized

Item	2021-12-31		2020-12-31	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of assets	176,401,694.32	37,002,037.39	565,597,233.90	134,521,178.91
Warranties of goods	38,596,341.16	9,945,312.63	41,712,429.35	10,459,992.60
Deferred revenue	147,517,051.40	22,023,536.87	10,841,412.44	1,626,211.86
Accrued sales rebate	7,774,682.23	1,871,645.29	40,135,342.76	9,320,121.65
Loss relief carried forward	346,561,293.17	78,676,428.58	244,260,470.50	58,022,053.00
Unrealized gains and losses on internal transactions	642,853,445.73	119,371,043.41	395,830,611.24	72,277,337.63
Share compensation expenses	18,828,375.85	2,683,271.19	46,759,152.05	8,013,983.48
Pension and retirement plans	823,388,386.60	204,840,364.06	961,486,850.97	235,167,463.92
Accrued expenses	482,314,914.88	122,132,220.61	487,366,782.96	121,982,248.61
Deferred revenue	127,667,718.13	34,994,049.56	55,104,050.13	18,376,408.64
Inventory tax cost variance	274,862,099.93	68,688,024.56	92,034,704.84	23,693,896.29
Interest expense to be deducted	778,969,455.93	206,989,823.89	486,503,181.56	134,970,386.04
Others	306,693,779.33	73,591,223.46	566,514,003.13	152,221,958.13
Goodwill adjustment	1,907,609,484.63	139,446,256.44	2,333,179,059.79	170,555,392.03
Total	6,080,038,723.29	1,122,255,237.94	6,327,325,285.62	1,151,208,632.79

21.2 Deferred tax liability recognized

Item	2021-12-31		2020-12-31	
	Temporary taxable difference	Deferred tax liability	Taxable temporary difference	Deferred tax liability
Fair value adjustment to identifiable net asset	5,264,976,172.77	1,101,700,039.13	5,754,693,776.19	1,184,963,346.78

Item	2021-12-31		2020-12-31	
	Temporary taxable difference	Deferred tax liability	Taxable temporary difference	Deferred tax liability
due to business combination not under common control				
Withholding tax on undistributed profits of overseas subsidiaries	243,915,295.17	51,222,214.41	644,036,783.25	135,247,722.66
Others	610,677,610.87	97,959,140.00	482,256,737.92	78,197,558.84
Accelerated depreciation of fixed assets	695,481,961.52	154,718,698.43	847,005,557.09	187,388,768.11
Total	6,815,051,040.33	1,405,600,091.97	7,727,992,854.45	1,585,797,396.39

22. Other Non-Current Assets

Item	2021-12-31			2020-12-31		
	Balance	Provision for impairment	Net book value	Balance	Provision for impairment	Net book value
Receivable cash deposit	40,065,368.94		40,065,368.94	46,265,677.72		46,265,677.72
Pension plan assets	106,008,955.04		106,008,955.04	46,011,461.09		46,011,461.09
Prepaid rent	711,221.77		711,221.77	16,672,293.39		16,672,293.39
Prepayment of long-term asset purchases	80,700,449.79		80,700,449.79	76,195,324.38		76,195,324.38
Others	36,256,048.40		36,256,048.40	5,465,043.68		5,465,043.68
Total	263,742,043.94		263,742,043.94	190,609,800.26		190,609,800.26

Note: As at the end of the reporting period, for details of other non-current assets restricted by the company for borrowing and mortgage, please refer to “V. (63)”.

23. Short-Term Borrowing

23.1 Classification

Item	2021-12-31	2020-12-31
Pledged, secured loans		652,490,000.00
Pledge loan	274,155,100.00	200,000,000.00
Mortgage loan		100,207,066.98
Guaranteed loan	205,000,000.00	500,000,000.00
Credit loan	507,321,750.00	300,000,000.00
Mortgage and Guaranteed Loan	200,000,000.00	
Accrued interest of short-term loans	3,841,920.82	2,039,774.03
Total	1,190,318,770.82	1,754,736,841.01

23.2 Overdue short-term borrowings

There are no overdue short-term borrowings at 2021 year-end.

24. Trading financial liabilities

Item	2020-12-31	Increase	Decrease	2021-12-31
Trading financial liabilities	60,709,953.78	39,102,831.17	60,709,953.78	39,102,831.17
Including: Issued tradable bond				
Derivative financial liabilities	60,135,736.02	39,102,831.17	60,135,736.02	39,102,831.17
Others	574,217.76		574,217.76	
Total	60,709,953.78	39,102,831.17	60,709,953.78	39,102,831.17

25. Notes Payable

Categories	2021-12-31	2020-12-31
Bank acceptance	3,000,000.00	10,000,000.00
Trade acceptance	93,000,000.00	70,793,101.60
Total	96,000,000.00	80,793,101.60

26. Accounts Payable

26.1 Details

Item	2021-12-31	2020-12-31
Within 1 year (including 1 year)	4,153,690,021.31	3,298,249,932.59

Item	2021-12-31	2020-12-31
1-2 years (including 2 years)	54,882,268.06	37,085,519.15
2-3 years (including 3 years)	4,105,903.05	4,509.23
More than 3 years	60,910.67	29,397.98
Total	4,212,739,103.09	3,335,369,358.95

26.2 Significant accounts payable aged over 1 year

Item	2021-12-31	Reasons for outstanding or carry forward
China Railway 18th Bureau Group Co., Ltd	24,553,459.48	the payable related to construction project ; not due for payment
Jiangsu Huajiang Construction Group Co., Ltd	6,535,405.78	the payable related to construction project ; not due for payment
Jianyue Construction Group Co., Ltd	5,447,859.45	the payable related to construction project ; not due for payment
Zhuhai Chuancheng Construction Engineering Co., Ltd	5,209,979.83	the payable related to construction project ; not due for payment
Total	41,746,704.54	

27. Contract liabilities

Item	2021-12-31	2020-12-31
Within 1 year (including 1 year)	595,711,886.53	638,800,151.89
1-2 years (including 2 years)	1,980,092.37	444,580.45
2-3 years (including 3 years)	357,337.10	2,515,951.41
More than 3 years	501,115.00	
Total	598,550,431.00	641,760,683.75

28. Employee benefits payable

28.1 General Details

Item	2020-12-31	Increase	Decrease	2021-12-31
Short-term salary	592,605,564.09	4,614,855,382.38	4,447,095,262.05	760,365,684.42
Post-employment benefits-defined contribution plans	41,429,438.69	171,614,754.56	199,461,013.31	13,583,179.94

Item	2020-12-31	Increase	Decrease	2021-12-31
Termination benefit	152,969,273.08		147,694,063.27	5,275,209.81
Other employee benefit maturing within one year				
Total	787,004,275.86	4,786,470,136.94	4,794,250,338.63	779,224,074.17

28.2 Short-term salary

Item	2020-12-31	Increase	Decrease	2021-12-31
(1) Salary, bonus and other allowance	454,961,137.32	4,087,169,175.64	3,895,637,646.13	646,492,666.83
(2) Employee welfare	53,653,777.02	101,129,052.91	127,948,018.87	26,834,811.06
(3) Social insurance	16,355,412.98	306,481,674.88	308,754,685.56	14,082,402.30
Including: Medical insurance	16,338,266.40	300,917,108.50	303,184,977.47	14,070,397.43
Work-related injury insurance	1,677.33	402,664.29	396,600.16	7,741.46
Maternity insurance	11,189.36	1,594,455.61	1,605,478.82	166.15
Other social insurance (disability employment allowance)	4,279.89	3,567,446.48	3,567,629.11	4,097.26
(4) Supplemental medical insurance		705,265.08	705,265.08	
(5) Housing accumulation fund	2,817,784.51	19,709,428.12	20,624,135.93	1,903,076.70
(6) Labor union dues & personnel education expense	1,718,857.29	38,617,150.89	38,657,291.99	1,678,716.19
(7) Short-term paid leave				
(8) Short-term profit sharing plan	11,285,141.32	7,645,676.93	5,873,977.08	13,056,841.17
(9) Other short-term benefits	51,813,453.65	53,397,957.93	48,894,241.41	56,317,170.17
Total	592,605,564.09	4,614,855,382.38	4,447,095,262.05	760,365,684.42

28.3 Defined contribution plan

Item	2020-12-31	Increase	Decrease	2021-12-31
Basic pension insurance	324,085.92	60,289,342.64	59,969,756.67	643,671.89
Unemployment insurance	609,567.97	4,740,532.11	5,331,759.15	18,340.93
Enterprise annuity payment	749,346.60	244,697.55	93,550.40	900,493.75

Item	2020-12-31	Increase	Decrease	2021-12-31
Others	39,746,438.20	106,340,182.26	134,065,947.09	12,020,673.37
Total	41,429,438.69	171,614,754.56	199,461,013.31	13,583,179.94

29. Taxes And Surcharges Payable

Item	2021-12-31	2020-12-31
Value added tax	169,664,754.57	252,317,934.49
Enterprise income tax	252,535,029.82	59,077,716.96
Individual income tax	64,641,546.87	75,077,019.59
Urban maintenance and construction tax	2,108,041.71	3,726,486.41
Education supplementary tax (including local education supplementary tax)	1,263,083.49	2,372,460.89
Stamp duty	3,380,944.20	1,892,942.23
Property tax	28,464,216.50	60,042,745.49
Others	4,837,332.65	8,336,529.65
Total	526,894,949.81	462,843,835.71

30. Other Payable

Item	2021-12-31	2020-12-31
Interest payable		
Dividend payable		
Other payable	2,243,980,491.41	3,679,915,732.68
Total	2,243,980,491.41	3,679,915,732.68

30.1 Others payable

a. Listed by nature of payable

Item	2021-12-31	2020-12-31
Current account – Seine Technology(Loan principle and interest)		2,567,612,011.49
Current account – PAG & Shanghai Shuoda	595,380,092.06	609,312,791.17
Current Account - other	22,793,722.37	24,119,878.89
Accrued expenses (including the cost of utilities, rent, rebate etc.)	374,434,023.97	360,570,040.53
Deposit	27,524,135.56	12,724,839.35
Other payable	66,790,863.49	30,763,671.25
Payable for equity transfer	1,157,057,653.96	74,812,500.00

Item	2021-12-31	2020-12-31
Total	2,243,980,491.41	3,679,915,732.68

b. Significant other payable aged over one year

Item	2021-12-31	Reasons for unpaid or carried forward
Current account – PAG & Shanghai Shuoda	595,380,092.06	there is no agreed due date; the payable has not paid off yet.

31. Non-Current Liabilities Due in One Year

Item	2021-12-31	2020-12-31
Long-term borrowing due in one year	2,253,306,100.15	2,684,517,699.10
Long-term employee compensation due within one year	6,600,000.00	8,000,000.00
Lease liabilities due within one year	180,125,639.27	
Accrued interest on long-term loans due within one year	11,305,725.48	13,319,740.84
Total	2,451,337,464.90	2,705,837,439.94

32. Other Current Liabilities

Item	2021-12-31	2020-12-31
Sales rebate accrued	824,323,038.90	1,038,756,000.03
Accrued extended warranty	80,733,152.28	82,533,378.86
Output tax to be wrote-off	9,582,001.11	6,798,260.63
Advance receipt of shares transfer payment		500,000,000.00
Others	11,202,643.01	
Total	925,840,835.30	1,628,087,639.52

33. Long-Term Borrowings

Item	2021-12-31	2020-12-31
Pledge/Guaranteed loan	6,928,746,157.96	6,659,219,845.40
Credit loan		270,000,000.00
Guarantee, mortgage, pledge loan	250,000,000.00	110,000,000.00
Guaranteed loan	306,575,459.23	
Long-term borrowings-accrued interest	1,263,209.82	1,010,749.98
Total	7,486,584,827.01	7,040,230,595.38

34. Lease liabilities

Item	2021-12-31
Lease Payments	538,752,859.73
Less: Unrecognized financing charges	24,272,460.14
Less: lease liabilities due within one year	180,125,639.27
Total	334,354,760.32

35. Long-term payable

Item	2021-12-31	2020-12-31
Long-term Payable	85,811,409.51	123,637,606.74
Special payable		
Total	85,811,409.51	123,637,606.74

Including : Details of long-term payable

Item	2021-12-31	2020-12-31
Equity acquired payable	85,811,409.51	
Corporate loans payable		123,637,606.74
Total	85,811,409.51	123,637,606.74

36. Long-term employee benefit payable

36.1 Details

Item	2021-12-31	2020-12-31
Post-employment benefits-net liability of defined benefit plan	836,828,593.12	1,123,167,392.64
Dismissal benefits		
Other long-term benefits	70,330,086.25	50,972,654.13
Total	907,158,679.37	1,174,140,046.77

36.2 Changes in Defined Benefit Plan Liabilities

a. Present value of defined benefit plan

Item	2021-12-31	2020-12-31
1. 2021-12-31 of prior year	5,262,009,328.96	5,513,078,557.14
2. Defined benefit cost included in P&L	874,330.29	50,714,244.20
(1)Cost in current period	27,877,236.78	17,360,176.54

Item	2021-12-31	2020-12-31
(2)Cost in prior period		
(3)Gain (+) / Loss (-)	-149,256,918.18	178,363,656.83
(4)Net Interests	122,254,011.69	-145,009,589.17
3. Defined benefit cost included in OCI	-252,687,002.71	59,785,684.77
(1)Actuarial gain (+) / loss (-)	-252,687,002.71	59,785,684.77
(2)Others		
4. Other changes	-152,386,429.58	-361,569,157.15
(1)Payment in settlement		
(2)Benefit paid	-15,505,700.16	-15,917,194.87
(3)Others	-136,880,729.42	-345,651,962.28
5. 2021-12-31 of the current year	4,857,810,226.96	5,262,009,328.96

b. Plan assets

Item	2021-12-31	2020-12-31
1. 2021-12-31 of prior year	4,138,841,936.32	4,280,143,108.73
2. Defined benefit cost included in P&L		
(1)Net Interests		
(2)Others		
3. Defined benefit cost included in OCI		
(1)Return on planned assets (excluding net interest)		
(2)Change in the effect of the asset upper limit (excluding the net interest)		
(3)Others		
4. Other changes	-117,860,302.48	-141,301,172.41
(1)Payment in settlement		
(2)Employer deposit		104,473,063.51
(3)Others	-117,860,302.48	-245,774,235.92
5. 2021-12-31 of the current year	4,020,981,633.84	4,138,841,936.32

c. Net liability (net asset) of defined benefit plan

Item	2021-12-31	2020-12-31
1. 2021-12-31 of prior year	1,123,167,392.64	1,232,935,448.41
2. Defined benefit cost included in P&L	874,330.29	50,714,244.20
3. Defined benefit cost included in OCI	-252,687,002.71	59,785,684.77

Item	2021-12-31	2020-12-31
4. Other changes	-34,526,127.10	-220,267,984.74
5. 2021-12-31 of the current year	836,828,593.12	1,123,167,392.64

37. Provision for liabilities

Item	2020-12-31	Increase	Decrease	2021-12-31	Reason
Expected tax liability	509,673,299.84	81,545,798.47		591,219,098.31	Anticipated tax obligations such as mergers and acquisitions
Estimated restoration cost of rental plant	59,631,829.08	384,001.85		60,015,830.93	Plant repair and restoration costs
Pending action		7,665,292.56		7,665,292.56	Expected indemnity obligation in pendency of action
Product Quality Assurance Obligation	5,995,635.26	5,033,228.92		11,028,864.18	
Others		269,902.40		269,902.40	
Total	575,300,764.18	94,898,224.20		670,198,988.38	

38. Deferred Income

Item	2020-12-31	Increase	Decrease	2021-12-31	Reason of formation
Government subsidy	60,841,412.44	257,386,861.51	18,780,861.04	299,447,412.91	
Total	60,841,412.44	257,386,861.51	18,780,861.04	299,447,412.91	

Significant government subsidies are as follows:

Item	2020-12-31	Increase	Amount in the current period	Other changes	2021-12-31	Relate to asset / profit or loss
Special funds for technological transformation of industrial enterprises	4,374,776.48	2,030,361.51	1,050,474.60		5,354,663.39	Relate to asset
Color laser printer key parts research and development project	3,534,135.96		3,534,135.96			Relate to profit & loss
R&D project of key components of black and white laser printer	2,932,500.00		2,932,500.00			Relate to profit & loss
Supporting funds for key industrial projects of Gaolan Port Modern Industry Development Bureau	50,000,000.00	100,000,000.00			150,000,000.00	Relate to asset
Intelligent power transmission and transformation equipment material production and application demonstration platform project		5,010,000.00	4,035,833.14		974,166.86	Relate to profit & loss
R&D project of key components of color multifunctional laser printer		46,146,500.00	1,211,249.93	-5,100,000.81	39,835,249.26	Relate to asset / profit or loss
Rapid automatic parameter adjustment and search for EDA innovation point tool development and application projects		2,200,000.00	916,666.60		1,283,333.40	Relate to profit & loss
Color Laser Printer R&D I Project		12,000,000.00			12,000,000.00	Relate to asset
High-end color laser printers and key components research and development projects		90,000,000.00			90,000,000.00	Relate to asset
Total	60,841,412.44	257,386,861.51	13,680,860.23	-5,100,000.81	299,447,412.91	

Note: "Other changes" refers to the share of the subsidy transferred out in the current period that belongs to the project partner.

39. Other Non-Current Liabilities

Item	2021-12-31	2020-12-31
Long-term tax liability for overseas subsidiaries' profit share	308,307,946.08	357,274,527.35
Deferred income and extended warranty income	643,225,727.59	645,002,070.45
Long term rent payable	4,216,754.41	5,540,774.45
Others	154,968.66	38,010,161.20
Total	955,905,396.74	1,045,827,533.45

40. Share Capital

Item	2020-12-31	Increase (+) and decrease (-)			2021-12-31
		New issued	Other	Total	
Total share capital	1,074,539,741.00	336,397,619.00		336,397,619.00	1,410,937,360.00

Note:

1. In the current period, the stock option incentive object exercised the right to contribute capital, increasing the company's share capital by 9,546,777 in total, which has been verified by BDO China SHU LUN PAN Certified Public Accountants LLP(special general partnership), and respectively issued XinKuai Shi Bao Zi [2021] No. ZM10110, Xin Kuai Shi Bao Zi [2021] No. ZM10112] and Xin Kuai Shi Bao Zi [2021] No. ZM10127 capital verification report.

2. In the current period, the company completed the transaction of issuing shares and paying cash to purchase 100% equity of Pantum Electronics, with a total of 171,136,112 newly issued shares, which were verified by BDO China SHU LUN PAN Certified Public Accountants LLP(special general partnership), and issued Xin Kuai shi Bao Zi [2021] No. ZM10111 capital verification report.

3. In this period, the company completed the non-public issuance of shares to raise supporting funds, with a total of 155,714,730 newly issued shares, which was verified by BDO China SHU LUN PAN Certified Public Accountants LLP(special general partnership) and issued a capital verification report of Xin Kuai Shi Bao Zi [2021] No. ZM10120.

41. Capital Reserve

Item	2020-12-31	Increase	Decrease	2021-12-31
Capital premium (share premium)	3,944,190,362.10	7,916,624,861.06	3,354,996,368.44	8,505,818,854.72

Item	2020-12-31	Increase	Decrease	2021-12-31
Other capital reserve	325,771,481.64	26,303,555.20	2,516,660.20	349,558,376.64
Total	4,269,961,843.74	7,942,928,416.26	3,357,513,028.64	8,855,377,231.36

Note:

- As stated in “V. (40)” in this note, the company issued new shares of 336,397,619 in the current period, with a total new capital stock premium of 7,916,624,861.06.
- The decrease in share premium in the current period includes:(1)The transfer of part of the equity of the subsidiary Microelectronics in the current period, according to the difference between the disposal price and the share of net assets on the disposal date, the adjustment and increase of the share premium of 391,666,488.99; (2)In the current period, the subsidiary microelectronics purchased the minority shareholders' equity of its subsidiary Zhuhai Yingxin, and adjusted and reduced the capital stock premium by 6,426,080.84 according to the difference between the paid consideration and the share of net assets enjoyed on the purchase date;(3)The 100% equity transaction of Zhuhai Pantum Electronics under the common control in the current period is adjusted to reduce the share premium 3,740,236,776.59.
- Changes in other capital reserves include:(1)14,673,335.91 of share-based payment expenses recognized in the current period;(2)11,630,219.29 of changes in net assets of the associate Chengdu Analog Circuit Technology Inc other than current profits and losses recognized in the current period;(3)In the current period, the equity of Chengdu Analog Circuit Technology Inc, an associate company, was disposed of, and the share of changes in net assets other than the current profits and losses accumulated in previous years was correspondingly transferred out of 2,516,660.20.

42. Other Comprehensive Income

Item	2020-12-31	Increase or decrease						2021-12-31
		Enterprise income tax occurred	Less: Pervious years' other comprehensive income convert to profit or loss in 2021	Less: Pervious years' other comprehensive income convert to retained earnings in 2021	Less: income tax	Net profit attributable to parent company	Net profit attributable to non-controlling interest	
1. Other comprehensive income cannot reclassify to profit or loss	-96,441,796.16	283,334,619.63			49,796,674.43	119,627,237.55	113,910,707.65	23,185,441.39
Include:								
Recalculation of net liability and asset's movement in defined benefit plan	-92,353,508.21	283,124,629.46			49,796,674.43	119,417,247.38	113,910,707.65	27,063,739.17
Share of investee's movement in other comprehensive income under equity method which cannot reclassify to profit and loss								
Changes in fair value of other equity instrument investments	-4,088,287.95	209,990.17				209,990.17		-3,878,297.78
2. Other comprehensive income can reclassify to profit or loss	-159,298,792.13	-319,487,697.20				-168,953,982.96	-150,533,714.24	-328,252,775.09
Include:								

Item	2020-12-31	Increase or decrease						2021-12-31
		Enterprise income tax occurred	Less: Pervious years' other comprehensive income convert to profit or loss in 2021	Less: Pervious years' other comprehensive income convert to retained earnings in 2021	Less: income tax	Net profit attributable to parent company	Net profit attributable to non-controlling interest	
Share of investee's movement in other comprehensive income under equity method which can reclassify to profit and loss	1,837.61	-6,694.04				-5,625.34	-1,068.70	-3,787.73
Changes in the fair value of other debt investments								
Amount of financial assets reclassified and included in other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve	-5,178,072.65	2,942,181.44				1,505,808.50	1,436,372.94	-3,672,264.15
Foreign exchange difference	-154,122,557.09	-322,423,184.60				-170,454,166.12	-151,969,018.48	-324,576,723.21
Total	-255,740,588.29	-36,153,077.57			49,796,674.43	-49,326,745.41	-36,623,006.59	-305,067,333.70

43. Surplus Reserve

Item	2020-12-31 of prior year	2021-01-01	Increase	Decrease	2021-12-31
Statutory surplus reserve	239,049,070.8	239,049,070.8	101,203,493.5		340,252,564.3
	7	7	1		8
Total	239,049,070.8	239,049,070.8	101,203,493.5		340,252,564.3
	7	7	1		8

44. Undistributed Profits

Item	Year 2021	Year 2020
2020-12-31 before adjustment	3,064,494,646.88	3,025,071,432.18
Adjustment (Adjust plus+, minus-)	-5,450,182.35	26,323,776.01
2020-12-31 after adjustment	3,059,044,464.53	3,051,395,208.19
Add: Net profit attributable to parent company	1,163,229,842.99	145,181,220.31
Less: Accrued statutory surplus reserve	101,203,493.51	29,986,681.72
Accrued Discretionary surplus reserve		
Accrued general risk reserve		
Dividend payable	129,186,616.44	102,095,099.90
Stock dividend		
2021-12-31	3,991,884,197.57	3,064,494,646.88

Adjusting the details of undistributed profits at the beginning of the year:

- The new lease standard will be implemented from January 1, 2021, and the retained earnings at the beginning of the year will be adjusted by -5,450,182.35;
- The adjustment of undistributed profits at the beginning of the previous period includes:
 - The new income standard will be implemented from January 1, 2020, and the retained earnings at the beginning of the year will be adjusted by 210,563,620.29;
 - In the current period, the common control merged Zhuhai Pantum Electronics, and the restated statement adjusted the part of the retained earnings at the beginning of the year attributable to the owner of the parent company of Zhuhai Pantum Electronics -184,239,844.28.

45. Operating revenue and operating cost

45.1 Details

Item	Year 2021		Year 2020	
	Operating income	Operating cost	Operating income	Operating cost
Main business	22,541,775,951.85	14,937,642,620.07	20,867,981,756.13	14,136,758,715.45
Other business	249,882,517.83	78,063,023.70	247,579,309.18	121,579,191.23
Total	22,791,658,469.68	15,015,705,643.77	21,115,561,065.31	14,258,337,906.68

45.2 The details of operating income

Item	Year 2021	Year 2020
Operating revenue from main business	22,541,775,951.85	20,867,981,756.13
Include: Sale of goods	20,804,487,620.61	19,028,815,008.91
Rendering of service	1,737,288,331.24	1,839,166,747.22
Operating revenue from other business	249,882,517.83	247,579,309.18
Include: Royalty income	72,735,634.02	82,504,110.19
Sale of materials	117,489,046.90	116,316,143.41
Others	59,657,836.91	48,759,055.58
Total	22,791,658,469.68	21,115,561,065.31

46. Tax and Surcharges on Operations

Item	Year 2021	Year 2020
Turnover tax	6,648,568.95	9,382,967.15
Urban maintenance and construction tax	26,073,028.42	18,669,531.07
Education supplementary tax (including local education supplementary tax)	19,632,190.81	14,275,458.94
Property Tax	24,350,623.17	27,477,289.86
Stamp duty	17,803,970.21	8,940,020.08
Others	12,173,188.86	13,522,839.57
Total	106,681,570.42	92,268,106.67

47. Selling and Distribution Expenses

Item	Year 2021	Year 2020
Salaries (Including wages, welfare benefit, etc)	1,364,089,966.62	1,411,157,727.97
Transportation fees	12,178,442.63	8,500,971.87
Intermediary and outsourcing service fee	131,465,240.03	123,009,048.52

Item	Year 2021	Year 2020
Administration expense	88,766,891.37	82,301,035.63
Travel expense	25,139,632.91	31,672,344.07
Advertising fee and business promotion fee	209,927,477.78	140,451,424.64
Rental expense	21,005,580.30	98,541,076.62
Depreciation expense, amortization expense	111,280,120.88	31,036,084.37
Insurance fee (credit and property insurance)	35,340,723.66	36,754,555.16
Marketing expense	46,793,094.68	32,961,135.67
Others	89,428,623.52	114,489,073.45
Total	2,135,415,794.38	2,110,874,477.97

48. General and Administrative Expenses

Item	Year 2021	Year 2020
Salaries (Including wages, welfare benefit, etc)	982,727,880.65	1,098,099,543.26
Depreciation expense, amortization expense	347,235,488.84	337,860,346.20
Intermediary and outsourcing service fee	258,836,017.88	242,659,330.72
Equity incentive plan fee	14,394,193.27	112,813,818.95
Rental expense	31,165,313.88	40,157,753.57
Others	165,715,093.89	113,848,486.58
Total	1,800,073,988.41	1,945,439,279.28

49. Research and Development Expenses

Item	Year 2021	Year 2020
Salaries (Including welfare benefit, etc)	919,768,344.65	832,107,287.52
Technical service fee	87,512,652.90	63,672,896.15
Material and low consumption	126,682,904.68	128,691,078.85
Administration expense	152,250,025.95	180,628,005.44
Depreciation expense, amortization expense	60,672,171.65	56,733,429.56
Intermediary and outsourcing service fee	43,034,330.96	26,556,430.94
Patents, copyrights expenses, royalties	24,378,594.90	21,543,603.44
Charges for water and electricity	2,781,455.97	14,352,613.80
Others	34,577,294.27	53,656,965.84
Total	1,451,657,775.93	1,377,942,311.54

50. Financial expenses

Item	Year 2021	Year 2020
Interest expense	595,642,542.86	844,775,529.85
Including: lease liability interest expense	22,542,246.68	
Less: interest income	183,510,531.95	91,417,700.95
Exchange gains/losses (gains (-)/losses (+))	174,258,404.65	778,451,557.85
Handling fee and others	21,802,962.03	51,873,041.06
Financing fees and cash discounts, etc.	5,053,809.00	40,790,500.33
Total	613,247,186.59	1,624,472,928.14

51. Other incomes

Item	Year 2021	Year 2020
Government grants	173,298,659.24	153,582,061.84
Extra deduction for Input tax	260,683.22	146,198.34
Returned handling fee for withholding personal income tax	980,427.01	41,644.16
Direct exemption for VAT	719.72	520.23
Total	174,540,489.19	153,770,424.57

Government subsidies included in other income

Items	Year 2021	Year 2020	Related to assets/related to income
VAT levy tax refund (software product tax rebate)	58,140,205.63	39,160,387.49	related to income
Based on domestic embedded CPU scale application subsidy(SOC budget subsidy)		32,109,450.67	related to income
R&D project of key components of color multifunctional laser printer	1,211,249.93		related to income
Export credit insurance subsidies	1,845,599.80	9,845,448.17	related to income
Color laser printer key parts research and development project	3,534,135.96	4,532,932.04	related to income
Steady-job subsidies, job subsidies, social	4,465,905.96	14,406,215.44	related to income

Items	Year 2021	Year 2020	Related to assets/related to income
insurance subsidies			
Subsidy from applying for patent	1,808,800.00	1,012,252.00	related to income
R&D project of key components of black and white laser printer	2,932,500.00	4,210,000.00	related to income
Subsidies for High-tech enterprises, R&D	5,612,200.00	2,300,000.00	related to income
Afterwards reward and compensation for technological reform of industrial enterprises (Inclusive)	1,050,474.60	1,146,714.96	related to assets
Encouraging enterprises to enlarge and strengthen supporting funds	600,000.00	1,547,000.00	related to income
Subsidies for Integrated Circuit Industry Development	6,769,100.00	1,052,100.00	related to income
Rapid automatic parameter adjustment and search for EDA innovation point tools R&D and application project subsidies	916,666.60		related to income
State allocated funds for the demonstration platform for the production and application of intelligent power transmission and transformation equipment and materials	4,035,833.14		related to income
Innovation-driven technology industry sub-project	3,000,000.00		related to income
Investment promotion subsidy	4,000,000.00		related to income
Special funds for domestic and foreign economic and trade development	9,722,525.33	8,873,524.45	related to income
Special funds to promote high-quality economic development	22,797,846.91	9,113,700.00	related to income
Subsidies for promoting a new generation of IT	10,470,000.00	5,000,000.00	related to income
Supporting financial subsidies to promote the development of the digital economy industry	300,000.00		related to income
Hengqin Technology Entrepreneurship Competition Award	22,500,000.00		related to income
E-commerce special subsidy	857,487.99	1,000,000.00	related to income

Items	Year 2021	Year 2020	Related to assets/related to income
Industrial Internet Development Fund		1,630,000.00	related to income
Technological transformation project funds		8,304,635.00	related to income
City headquarters entity support funds		4,000,000.00	related to income
Others	6,728,127.39	4,337,701.62	related to income
Total	173,298,659.2	153,582,061.8	
	4	4	

52. Investment Income

Item	Year 2021	Year 2020
Long-term equity investment income calculated by equity method	6,102,879.27	2,867,696.50
Investment income from disposal of long-term investment	55,259,667.03	-12,660,867.67
Investment income of trading financial assets during the holding period	4,582,805.54	6,469,247.85
Investment income from disposal of trading financial assets	32,452,358.68	118,979.42
Dividend income obtained during the holding period of other equity instrument investments	196,078.00	
Income from entrusted wealth management	1,769,491.10	7,443,000.41
Total	100,363,279.62	4,238,056.51

53. Income from change in fair value

Source	Year 2021	Year 2020
Trading Financial Assets	198,677,388.41	23,162,808.42
Trading Financial Liabilities		-574,217.76
Total	198,677,388.41	22,588,590.66

54. Loss on Credit Impairment(positive number represents losses)

Item	Year 2021	Year 2020
Bad debts losses on accounts receivable	40,536,578.40	-3,038,651.91
Bad debts losses on other receivable	-10,541,482.14	-4,570,471.08

Item	Year 2021	Year 2020
Total	29,995,096.26	-7,609,122.99

55. Loss on Assets Impairment(positive number represents losses)

Item	Year 2021	Year 2020
Losses on inventory written down and impairment of contract performance costs	127,396,152.06	157,992,066.62
Losses on contract assets impairment	501,803.98	-4,751,364.84
Losses on fixed assets impairment		8,452,888.34
Others		1,205,780.99
Total	127,897,956.04	162,899,371.11

56. Gains from Disposal of Assets

Item	Year 2021	Year 2020	Amount included in current non-recurring gains and losses
Gains on disposal of fix assets	40,577,901.55	-11,190,539.65	40,577,901.55
Gains on disposal of intangible assets		-403,416.60	
Total	40,577,901.55	-11,593,956.25	40,577,901.55

57. Non-operating Income

Item	Year 2021	Year 2020	Amount included in current non-recurring gains and losses
Gains from the long-term asset disposal	504.60		504.60
Gains from the Inventory profit	1,857.95		1,857.95
Others	6,404,368.51	3,333,330.36	6,404,368.51
Total	6,406,731.06	3,333,330.36	6,406,731.06

58. Non-operating Expenses

Item	Year 2021	Year 2020	Amount included in current non-recurring gains and losses
Losses from non-current assets damaged and scrapped	7,816,929.83	2,670,907.08	7,816,929.83
Donation	984,415.80	1,365,224.74	984,415.80
Fine, indemnity, overdue fees	780,892.29	123,154.10	780,892.29
Losses on scrapping of inventory	10,242,736.71	1,476,187.63	10,242,736.71
Others	5,998,035.45	4,038,537.20	5,998,035.45
Total	25,823,010.08	9,674,010.75	25,823,010.08

59. Income Tax Expenses

59.1 Statement of income tax expenses

Item	Year 2021	Year 2020
Current income tax expense	612,120,226.01	-115,857,504.10
Deferred income tax expense	-202,859,862.16	-206,884,111.43
Total	409,260,363.85	-322,741,615.53

59.2 Reconciliation between accounting profit and income tax expenses

Item	Year 2021
Profit before tax	2,005,726,237.63
Income tax expense calculated pursuant to statutory/applicable tax rate	300,858,935.64
Impact from different tax rates applicable to subsidiaries	11,062,491.80
Impact from adjustment to income tax in prior periods	22,981,500.11
Impact from non-taxable income	-1,528,146.29
Impact from non-deductible cost, expense and loss	58,967,294.31
Impact of the use of deductible losses on the use of unrecognized deferred income tax assets in the prior period	-25,535,776.67
Impact from deductible temporary differences or deductible losses of unrecognized deferred tax assets from this period	107,662,700.01
Impact of R&D costs	-66,834,706.13
Calculation of tax rate changes applicable to deferred income tax assets/liabilities	-783,337.98

Item	Year 2021
Government approved levy	1,468,349.58
Others	941,059.47
Income tax expense	409,260,363.85

60. Earnings per share

60.1 Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stock shareholders of the parent company by the weighted average number of common stock issued by the Company:

Item	Year 2021	Year 2020
Consolidated net profit attributable to shareholders of ordinary shares of the parent company	1,163,229,842.99	145,181,220.31
The weighted average number of ordinary shares issued by the company	1,185,527,167.00	1,141,724,903.00
Basic earnings per share	0.9812	0.1272
Include: Basic earnings per share for continuing operations	0.9812	0.1272
Basic earnings per share discontinued		

Note: The company completed the issuance of shares and paid cash to purchase 100% equity of Zhuhai Pantum Electronics on October 9, 2021, and the non-public issuance of shares to raise supporting funds in November 2021, and the current period due to the incentive object of the stock option incentive plan. The right to issue additional shares and increase the share capital accordingly. According to the standards, the calculation process of the weighted average number of ordinary shares issued by the Company is briefly listed below:

Item		Amount
1. Issued shares on October 9, 2021 to purchase 100% equity of Zhuhai Pantum Electronics		
The number of newly issued shares (shares) to the actual controller	A1	67,271,709.00
Number of months remaining from the issuance time of newly issued shares to the end of the reporting period	A2	12.00
Issued shares (shares) to other shareholders of Zhuhai Pantum Electronics	A3	103,864,403.00

Item		Amount
Number of months remaining from the issuance time of newly issued shares to the end of the reporting period	A4	3.00
2.Non-public offering of shares to raise supporting funds in November 2021		
Number of newly issued shares	B1	155,714,730.00
Number of months remaining from the issuance time of newly issued shares to the end of the reporting period	B2	1.00
3.exercise of stock options		
Number of newly issued shares (shares) for exercise of stock options	C1	9,546,777.00
Number of months remaining from the issuance time of newly issued shares to the end of the reporting period	C2	6.00
Plus: the weighted average number of common shares outstanding at the beginning of the year (shares)	D	1,074,539,741.00
The weighted average number of common shares issued by the company (shares)	$E=A1*A2/12+A3*A4/12+B1*B2/12+C1*C2/12+D$	1,185,527,167.00

60.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stock shareholders of the parent company (diluted) by the weighted average number of ordinary shares issued by the Company (diluted):

Item	Year 2021	Year 2020
Consolidated net profit attributable to shareholders of ordinary shares of the parent company (diluted)	1,163,229,842.99	145,181,220.31
The weighted average number of ordinary shares issued by the company (diluted)	1,187,391,007.00	1,147,391,605.00
Diluted earnings per share	0.9797	0.1265
Include:Basic earnings per share for continuing operations	0.9797	0.1265
Basic earnings per share discontinued		

Note: During the reporting period, the employee stock options granted by the company include:

(1) On October 31, 2019, 48,533,000.00 stock options were granted to employees

(the first grant of options), which were exercised in four phases. The original exercise price was 27.73 per share. After the implementation of cash dividend distribution in 2021, the exercise price will be adjusted to 27.51yuan per share;

(2) On August 27, 2020, 9,879,300.00 employee stock options were granted (reserved for granting options), which were exercised in three phases, and the exercise price was 37.77 per share. After the implementation of cash dividend distribution in 2021, the exercise price will be adjusted to 37.65 per share;

The company's earnings for the current period and the average market price of common shares are higher than the exercise price. Therefore, when calculating earnings per share in the current period, the dilution of earnings per share from the exercise of stock options should be considered. The detailed calculation and adjustment process is as follows:

1) Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)

According to the standards, when considering the dilution of the earnings per share from the exercise of stock options, there is no need to adjust the consolidated net profit attributable to ordinary shareholders of the parent company.

2) The weighted average number of ordinary shares issued by the company (diluted)

① First grant of option

Item	No.	Amount
Number of options granted for the first time (shares)		48,533,000.00
Include:the number of shares exercised in the third period	B2	11,940,100.00
Number of shares exercised in the third to fourth periods ^{note1}	B3	11,593,300.00
Number of shares exercisable in the third period (after adjustment) ^{note2}	B4=B2*Performance completion rate	0.00
Number of exercisable shares in the first &second period	B1	10,654,478.00
Less: the actual number of shares exercised in the first&second period	B5	9,633,324.00
Less: shares voided upon expiry of the first and second exercise periods	B6	1,021,154.00
The number of stock options that are expected to be exercisable	C=B1+B3+B4-B5-B6	11,593,300.00
^{注 4} Average market price of common shares in the current period (yuan/share) ^{note3}	D	32.78

Item	No.	Amount
Exercise price (RMB / share)	E	27.51
Number of common shares added when stock options are to be exercised	$F=C*(D-E)/D$	1,863,840.00
The number of ordinary shares to be issued when stock options are to be exercised (months)	G	12.00
Weighted average of the number of ordinary shares increased by assuming that diluted potential ordinary shares are converted into issued ordinary shares (shares)	$H=F*G/12$	1,863,840.00

Note 1: The number of shares exercised in the third and fourth periods has excluded the options originally granted to the resigned employees;

Note 2: According to the stock option incentive plan, the company's 2021 net profit completion rate has not reached 80% of the promised profit target of the incentive plan, so it is estimated that the number of shares that are expected to be exercised in the second phase is 0.00 shares;

Note 3: The "average market price of ordinary shares for the period" is calculated based on the weighted average of the closing prices of the company every week from January 1, 2021 to December 31, 2021.

② Reserved grant option

Item	No.	Amount
Number of options reserved (shares)		9,879,300.00
Including: the number of shares that are expected to be exercisable in the second period	B1	2,963,790.00
Number of shares exercised in the third period ^{note1}	B3	3,564,720.00
Number of shares exercised in the first period (after adjustment) ^{note2}	$A=B1*Performance$ completion rate	0.00
The number of stock options that are expected to be exercisable	$C=A+B2+B3$	3,564,720.00
Average market price of common shares in the current period (yuan/share) ^{note3}	D	32.78
Exercise price (yuan/share)	E	37.65
Number of common shares added when stock options are to be exercised ^{note4}	$F=C*(D-E)/D$	0.00
The number of ordinary shares to be issued when stock options	G	12.00

Item	No.	Amount
are to be exercised (months)		
Weighted average of the number of ordinary shares increased by assuming that diluted potential ordinary shares are converted into issued ordinary shares (shares)	$H=F*G/12$	0.00

Note 1: The estimated number of shares exercised in the third period has excluded the number of options originally granted to resigned employees;

Note 2: According to the stock option incentive plan, the company's 2021 net profit completion rate has not reached 80% of the promised profit target of the incentive plan, so it is estimated that the number of shares that are expected to be exercised in the second phase is 0.00 shares;

Note 3: The "average market price of common stocks for the current period" is calculated based on the weighted average of the closing prices of the company every week from January 1, 2021 to December 31, 2021.

Note 4: The average market price of common stocks in the current period is less than the exercise price, and the dilution of reserved options is not considered.

③ The weighted average number of ordinary shares issued by the Company (diluted)

Item		Amount
The weighted average number of ordinary shares (shares) that assumes the conversion of dilutive potential ordinary shares into issued ordinary shares and the increase in the number of ordinary shares-first grant option	A1	1,863,840.00
The weighted average number of ordinary shares (shares) that assumes the dilution of potential ordinary shares to be converted into issued ordinary shares and the number of ordinary shares ---- reserved for granting options	A2	
Plus: the weighted average number of common shares issued by the company	A	1,185,527,167.00
Weighted average number of common shares issued by the company (diluted)	$B=A+A1+A2$	1,187,391,007.00

61. Cash Flow Statement Partly Details

61.1 Other cash receipts relating to operating activities

Item	Year 2021	Year 2020
Government subsidy income	363,942,220.49	93,470,292.37
Deposit interest	91,105,537.44	48,989,277.68
current payments	8,513,676.09	3,640,687.74
Received the restricted funds related to operating activities	11,310,187.04	25,625,622.40
Others	36,478,012.36	46,466,559.47
Total	511,349,633.42	218,192,439.66

61.2 Other cash payments relating to operating activities

Item	Year 2021	Year 2020
Period costs	2,940,989,655.85	3,253,572,718.37
Transferred the restricted funds related to operating activities	25,413,844.70	5,764,466.01
Others	49,858,053.55	26,426,655.12
Total	3,016,261,554.10	3,285,763,839.50

61.3 Other cash receipts relating to investing activities

Item	Year 2021	Year 2020
Income from forward foreign exchange settlement contracts	118,597,418.33	9,139,220.00
Foreign exchange contract deposit	50,509,547.91	2,215,788.16
Received for Kofax Limited's sales	9,026,360.00	5,272,187.14
Receipt of related party loans	72,436,086.11	66,000,000.00
Received the restricted funds related to investing activities		12,913,750.64
Obtain the net cash paid by the subsidiary (negative reclassification)		3,295,742.14
Others	1,289,480.00	2,068,230.00
Total	251,858,892.35	100,904,918.08

61.4 Other cash payments relating to investing activities

Item	Year 2021	Year 2020
Payment of related party loans	137,000,000.00	338,812,334.80
Foreign exchange contract deposit	99,257,689.39	46,202,586.62
Funds in the custody account (used to pay equity in installments)	46,277,594.83	
Others	5,355,970.19	40,751,497.02
Total	287,891,254.41	425,766,418.44

61.5 Other cash receipts relating to financing activities

Item	Year 2021	Year 2020
Receipt of related party loans	180,000,000.00	540,000,000.00
Received the restricted funds associated with fundraising activities	228,794,613.65	25,000,000.00
Cash received from disposing of part of the equity of the subsidiary without losing control		1,200,000,000.00
Others	11,605,320.00	
Total	420,399,933.65	1,765,000,000.00

61.6 Other cash payments relating to financing activities

Item	Year 2021	Year 2020
Repayment of related party loans	2,740,782,489.07	1,572,714,244.21
Financing-related costs(including issues shares/bond expense/Bill discount, etc.)	33,526,480.00	68,149,296.39
Payments for purchasing the equity held by the minority shareholders of subsidiaries	88,812,500.00	81,520,228.75
The cash consideration paid under the common control	433,284,523.75	
Rents other than short-term leases and simplified treatment leases under the new lease standard	250,182,906.87	
Loan guarantee paid	100,000,000.00	
Others	4,672,800.00	5,513,887.03
Total	3,651,261,699.69	1,727,897,656.38

Note: The cash consideration paid for the merger of the same control is the consideration paid to the original shareholders of Zhuhai Pantum Electronics in the current period of the company's merger of Zhuhai Pantum Electronics with the same control, and is classified as cash flow generated from financing activities at the level of the consolidated statement.

62. Supplementary Information of the Statement of Cash Flows

62.1 Supplementary information of the Statement of Cash Flow

Items	Year 2021	Year 2020
1.Reconciliation of net profit to cash flows from operating activities		

Ninestar Corporation and Subsidiaries
Year 2021
Notes to Consolidated Financial Statements

Items	Year 2021	Year 2020
Net Profit	1,596,465,873.78	36,339,857.54
Add: Credit impairment losses	29,995,096.26	-7,609,122.99
Impairment losses on assets	127,897,956.04	162,899,371.11
Depreciation of fixed assets	490,441,258.22	569,634,691.03
Depletion of oil and gas assets		
Depreciation of right-of-use assets	146,268,488.49	
Amortization of intangible assets	465,459,815.47	590,720,372.47
Amortization of long-term prepayments	173,642,231.25	91,882,602.69
Loss on disposal of fixed assets, intangible assets and other long-term assets ('-' represents 'gains')	-40,577,901.55	11,593,956.25
Loss on scrapping of fixed assets ('-' represents 'gains')	7,816,425.23	2,670,907.08
Loss on change of fair value ('-' represents 'gains')	-198,677,388.41	-22,588,590.66
Financial expenses ('-' represents 'gains')	812,214,481.52	1,365,970,312.87
Loss on investments ('-' represents 'gains')	-100,363,279.62	-4,238,056.51
Decrease in deferred tax assets ('-' represents 'increase')	-38,125,677.06	-115,422,689.77
Increase of deferred tax liabilities ('-' represents 'decrease')	-164,734,185.10	-91,461,421.66
Decrease in inventories ('-' represents 'increase')	-742,081,377.96	288,618,549.54
Decrease in operating receivables ('-' represents 'increase')	-418,725,425.70	-394,895,778.26
Increase in operating payables ('-' represents 'decrease')	470,570,709.20	-356,798,320.59
Others	239,332,110.05	149,561,851.67
Net cash flows from operating activities	2,856,819,210.11	2,276,878,491.81
2. Significant investing and financing activities not involving cash inflows and outflows		
Capital transferred from debts		
Convertible corporate bonds due within 1 year		
Fixed assets under finance lease		
3. Net changes of cash and cash equivalents:		
Cash balance at the end of the period	9,359,467,670.94	6,643,773,236.16
Less: Cash balance at the beginning of the period	6,643,773,236.16	4,260,000,315.02
Add: Cash equivalents balance at the end of the period		
Less: Cash equivalents balance at the beginning of the period		
Net increase of cash and cash equivalents	2,715,694,434.78	2,383,772,921.14

62.2 Net cash payment for acquiring subsidiaries and other business units

	Amount
Cash or cash equivalents paid in the current period for consolidation that occurred in the current period	118,447,282.12
Including: Zhongshan Sanrun Printing Consumables Co., Ltd.	40,801,730.00
Rainbow Tech International Limited	77,645,552.12
Less: the cash and cash equivalents held by the company on the purchase day	38,514,051.87
Including: Zhongshan Sanrun Printing Consumables Co., Ltd.	37,612,832.26
Rainbow Tech International Limited	901,219.61
Add: Cash or cash equivalents paid in the current period for consolidation that occurred in the previous period	
Net cash payment for acquiring subsidiaries and other business entities	79,933,230.25

62.3 Information of cash and cash equivalents

Item	2021-12-31	2020-12-31
1. Cash	9,359,467,670.94	6,643,773,236.16
Including: Cash on hand	416,827.90	266,530.58
Bank deposits always available for payment	9,346,209,918.29	6,633,012,477.28
Other monetary funds always available for payment	12,840,924.75	10,494,228.30
Deposit in central bank always available for payment		
Deposit in Interbank		
Deposit from Inter for interbank		
2. Cash equivalents		
Including: Bond investments due within three months		
3. 2021-12-31 of cash and cash equivalents	9,359,467,670.94	6,643,773,236.16
Including: Cash and cash equivalents of the parent company or the subsidiaries in the group with restricted use		

63. Assets Which are Restricted from Owner's Right and Usage Right

Item	2021-12-31	Reason for restriction
Monetary fund	377,680,492.22	Guaranteed fund, loan mortgage/pledge, lawsuit freezing,

Item	2021-12-31	Reason for restriction
		etc.
Accounts receivable	1,079,707,383.15	Loan mortgage/pledge, etc.
Inventory	491,014,733.69	Loan mortgage/pledge, etc.
Fixed asset	1,291,522,973.66	Loan mortgage/pledge, etc.
Intangible assets	2,522,681,851.32	Loan mortgage/pledge, etc.
Other receivables	11,627,114.29	Loan mortgage/pledge, etc.
Contract assets	127,453,439.58	Loan mortgage/pledge, etc.
Other current assets	440,990,125.03	Loan mortgage/pledge, etc.
Long-term receivables	128,828,518.75	Loan mortgage/pledge, etc.
Long-term receivables within the group	785,098,066.28	Loan mortgage/pledge, etc.
Investment in subsidiaries	7,824,771,025.30	Loan mortgage/pledge, etc.
Construction in progress	77,539,005.76	Loan mortgage/pledge, etc.
Long term deferred expenses	41,827,098.99	Loan mortgage/pledge, etc.
Other non-current assets	155,716,181.61	Loan mortgage/pledge, etc.
Total	15,356,458,009.63	

Notes:

(1) Company has pledged the following share capital for the Company's subsidiaries to gain the syndicated loans: Ninestar Holdings Company Limited holds 100% share capital of Ninestar Group Company Limited, Ninestar Group Company Limited holds 100% share capital of Lexmark International II, LLC, Lexmark International II, LLC holds 100% share capital of Apex KM Technology Limited, Apex KM Technology Limited holds 100% share capital of Apex HK Holdings Limited, Apex HK Holdings Limited holds 100% share capital of Apex Swiss Holdings SARL, Lexmark Holdings Company Limited holds 100% share capital of Lexmark Group Company Limited. Apex Swiss Holdings SARL holds 100% share capital of Lexmark International Inc.

(2) The above-listed investment in subsidiaries, long-term accounts receivable within the group (including: 785,098,066.28 from internal transactions) and other current accounts due to internal transactions have been offset during the consolidation process.

(3) As approved by the company's third extraordinary general meeting in 2021, the company pledged 25% of its equity of Zhuhai Apex Microelectronics Co., Ltd. to Zhuhai Huabei Ecological Technology Co., Ltd. (hereinafter referred to as the "Pledgee").) to provide a pledge guarantee for Seina Technology to borrow no more than US\$200 million from the pledgee.

(4) The company pledged the 78.9039% equity of Ninestar Printing, a subsidiary, to provide guarantee for the actual loan under the loan contract signed by Ninestar Printing and the syndicate (CCB, BOC, ABC, ICBC).

64. Monetary items in foreign currency

64.1 Monetary items in foreign currency

Item	Balance in foreign currency	Exchange rate	Balance in RMB
Monetary funds			1,889,074,944.32
Including: USD	241,981,411.88	6.3757	1,542,800,887.71
EUR	18,240,933.82	7.2197	131,694,069.93
JPY	636,627,666.00	0.055415	35,278,722.11
HKD	35,298,940.45	0.8176	28,860,413.71
GBP	1,572,549.43	8.6064	13,533,989.41
Others	500,006,536.97	According to the exchange rate of each currency	136,906,861.45
Accounts receivables			2,516,121,249.09
Including: USD	278,916,462.84	6.3757	1,778,287,692.15
EUR	30,328,892.89	7.2197	218,965,507.99
JPY	243,619,991.66	0.055415	13,500,201.84
GBP	16,321,627.78	8.6064	140,470,457.35
Others	939,969,282.93	According to the exchange rate of each currency	364,897,389.76
Other receivable			51,619,081.62
Including: USD	7,490,904.55	6.3757	47,759,760.14
EUR	359,649.63	7.2197	2,596,562.42
JPY	7,601,018.66	0.055415	421,210.45
HKD	250,692.00	0.8176	204,965.78
Others	1,320,873.98	According to the exchange rate of each currency	636,582.83
Contract assets			321,602,036.99
Including: USD	50,441,839.64	6.3757	321,602,036.99
Long-term receivables			256,929,465.49
Including: USD	30,213,659.03	6.3757	192,633,225.86

Item	Balance in foreign currency	Exchange rate	Balance in RMB
EUR	6,453,430.08	7.2197	46,591,829.15
Others	53,827,139.11	According to the exchange rate of each currency	17,704,410.48
Short-term borrowings			449,486,850.00
Including: USD	70,500,000.00	6.3757	449,486,850.00
Accounts payable			3,006,097,582.81
Including: USD	449,865,708.82	6.3757	2,868,208,799.70
EUR	5,666,644.12	7.2197	40,911,470.59
JPY	47,312,627.00	0.055415	2,621,829.23
HKD	432,995.92	0.8176	354,017.46
Others	193,713,140.86	According to the exchange rate of each currency	94,001,465.83
Other payable			948,720,492.75
Including: USD	143,093,674.43	6.3757	912,322,340.04
EUR	1,037,453.70	7.2197	7,490,104.47
JPY	30,290,682.00	0.055415	1,678,558.14
HKD	1,292,244.05	0.8176	1,056,538.73
Others	-318,243.11	According to the exchange rate of each currency	26,172,951.37
Non-current liabilities within one year			2,310,646,475.26
Including: USD	362,414,554.52	6.3757	2,310,646,475.26
Long-term borrowing			6,523,746,157.96
Including: USD	1,023,220,377.05	6.3757	6,523,746,157.96
Long-term payable			69,113,347.22
Including: USD	10,840,119.08	6.3757	69,113,347.22

64.2 Notes for the foreign legal entities, which include main overseas operation entities, and its functional currency and the reasons for the currency chosen; if the functional currency changed in this year, it should also disclose the related reasons. During the reporting period, the material foreign legal entities' main operation office locations and functional currency are shown as follows:

Company name	Main operation location	Functional currency
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Company name	Main operation location	Functional currency
Ninestar Image Tech Limited	Hong Kong, China	RMB
Seine (Holland) B.V.	Holland	EUR
Ninestar Image (Malaysia) Sdn Bhd.	Malaysia	RMB
Static Control Components, Inc.	United State	USD
Static Control Components (Europe) Limited	Britain	GBP
Static Control Components (Hong Kong) Limited	Hong Kong, China	USD
Static Control Components (South Africa) (Proprietary) Limited	South Africa	ZAR
Static Control Components Turkey Elektronik Yedek Parca Ticaret Anonim Sirketi	Turkey	YTL
Nihon Ninestar Company Limited	Japan	JPY
Ninestar Technology Company Ltd	United State	USD
Lexmark International II LLC..and its subsidiaries	United State	USD
Ninestar Electronic Company Limited	Hong Kong, China	RMB
Cartridge Tech Pty Ltd	Australia	AUD
Verisiti LLC	United State	USD
Acartridge B.V.	Holland	EUR
ICartridge Corp.	United State	USD
Plenty Talent Corp.	United State	USD
Superpage Inc	United State	USD
Lemero B.V.	Holland	EUR
Lemero US	United State	USD
Rainbow Tech International Limited	Hong Kong, China	RMB
Green Project Inc.	United State	USD
Pantum International Limited	Hong Kong, China	RMB
Pantum (USA) Co., Ltd	United State	USD
Pantum (Holland) B.V.	Holland	EUR

65. Government Grants

During the period of this annual report, detailed information on the Company's government grants refer to "V.38" and "V.51" in this note.

During the reporting period, the company had no return of government grants.

66. Leasing

66.1 As a lessee

Item	Year 2021
Interest expense on lease liability	22,542,246.68
Short-term lease expenses included in the cost of related assets or simplified treatment of current profit and loss	36,125,259.40
Leasing expenses of low-value assets (except short-term lease expenses of low-value assets) included in the cost of relevant assets or simplified treatment of the current profit and loss	1,843,548.13
Variable lease payments included in the cost of the relevant asset or current profit or loss but not included in the measurement of the lease liability	
Including: the part generated from the sale and leaseback transaction	
Income from sublease of right-of-use assets	
Total cash outflow related to lease	289,642,506.08
Gains and losses arising from sale and leaseback transactions	
Sale and leaseback transaction cash inflow	
Sale and leaseback transaction cash outflow	

66.2 As a lessor

Including: operating lease

	Year 2021
Operating lease income	130,875,629.98
Including: Income related to variable lease payments not included in lease receipts	

Note: The operating lease income is the income related to the MPS business of Lexmark International, a subsidiary of the company. By leasing machinery and equipment, rent is charged according to the consumption.

VI. CHANGES OF CONSOLIDATION SCOPE

1. Consolidation not Under Common Control

1.1 Consolidation not Under Common Control in the current period

The name of acquirees	Time point of equity acquisition	Equity acquisition cost	Proportion of equity acquisition (%)	Method of obtaining equity	acquisition date	The basis for determining the acquisition date	The income of the purchased party from the date of purchase to the end of the period	Net profit of the purchased party from the purchase date to the end of the period
Zhongshan sanrun printing consumables Co., Ltd	2021.12.31	40,801,730.00	51.00	purchase	2021.12.31	Obtained the right of management decision control		
Rainbow Tech International Limited	2021.5.31	146,910,932.36	100.00	purchase	2021.5.31	Obtained the right of management decision control	82,427,892.18	-529,778.79

1.2 Consolidation costs and goodwill

Item	Zhongshan sanrun printing consumables Co., Ltd	Rainbow Tech International Limited
Consolidation costs		
—Cash	40,801,730.00	146,910,932.36
—Others		
Total	40,801,730.00	146,910,932.36
Less: the fair value share of identifiable net assets obtained	41,792,606.39	42,686,361.43

Item	Zhongshan sanrun printing consumables Co., Ltd	Rainbow Tech International Limited
Goodwill/consolidation cost is less than the amount of the fair value share of identifiable net assets obtained	-990,876.39	104,224,570.93

Note: as of December 31, 2021, the paid amount for the purchase of rainbow was USD 11,480,647.46, and the unpaid amount was USD 10,840,119.08.

1.3 The identifiable assets and liabilities of the acquirees on the acquisition date

Item	Zhongshan sanrun printing consumables Co., Ltd		Rainbow Tech International Limited	
	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date
Assets:	169,913,175.61	161,916,404.67	144,226,823.97	80,286,275.05
Monetary fund	37,612,832.26	37,612,832.26	901,219.61	901,219.61
Accounts receivable	20,789,979.07	19,766,571.89	18,932,610.32	18,932,610.32
Inventories	16,684,961.06	16,684,961.06	47,950,043.45	47,950,043.45
Fix assets	52,316,560.44	46,908,844.14	791,707.64	791,707.64
Right-of-use Asset	31,989,318.22	31,989,318.22	3,486,995.89	3,486,995.89
Intangible assets	2,740,162.88	568,749.80	64,168,715.24	228,166.32
Other assets	7,779,361.68	8,385,127.30	7,995,531.82	7,995,531.82
Liabilities:	87,966,888.58	86,830,019.18	101,540,462.54	82,390,268.14
Loan	11,575,459.23	11,575,459.23	9,544,725.25	9,544,725.25
Accounts payable	30,888,075.18	30,888,075.18	68,466,778.30	68,466,778.30
Lease liabilities (including the part due within 1 year)	37,738,867.39	37,738,867.39	3,473,597.25	3,473,597.25
Deferred tax liability	1,136,869.40		19,150,194.40	

Item	Zhongshan sanrun printing consumables Co., Ltd		Rainbow Tech International Limited	
	Fair value on acquisition date	Book value on acquisition date	Fair value on acquisition date	Book value on acquisition date
Other liabilities	6,627,617.38	6,627,617.38	905,167.34	905,167.34
Net assets	81,946,287.03	75,086,385.49	42,686,361.43	-2,103,993.09
Less: minority interests	40,153,680.64	36,792,328.89		
Net assets acquired	41,792,606.39	38,294,056.60	42,686,361.43	-2,103,993.09

2. Consolidation Under Common Control

2.1 Business combinations under common control in the current period

The name of merged party	Proportion of equity obtained in merger(%)	The basis for merger under common control	Merger date	The basis for determining merger date	Income of the merged party from the beginning of the current period to the merger date	Net profit of the merged party from the beginning of the current period to the merger date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period
Zhuhai Pantum Electronic Limited (consolidated)	100.00	Controlled by the actual controller before and after the merger	2021.09.30	Obtained the right of management decision control	2,825,229,043.03	545,845,389.69	2,251,893,344.03	282,857,182.42

Notes: Upon deliberation and approval of the 9th meeting of the 6th board of directors, the 15th meeting of the 6th board of directors, the 2nd extraordinary general meeting of shareholders in 2021, the 18th meeting of the 6th board of directors and the 20th meeting of the 6th board of directors, and upon approval of the document of China Securities Regulatory Commission (zjxk [2021] No. 3170), the company purchased Wang Dongying, Li Dongfei, Zeng Yangyun (hereinafter collectively referred to as the "actual controller", holding 39.3089% equity of Pantum electronics on the merger date), Lv Rusong, Yan Wei, Kongdezhu, Wang Dongjie, Yu

Yiding, Pengbingjun, Yanyachun, Chen Li, Caishouping, Chen Ling, Kuang Yong, Ma Li, Zhuhai Hengqin Jinqiao phase I high end manufacturing stock investment partnership (limited partnership), Xiamen pantum Heye investment partnership (limited partnership), Beijing Junlian Shengyuan equity investment partnership (limited partnership), Xiamen pantum Fengye investment partnership (limited partnership), Xiamen pantum Hengye investment partnership (limited partnership), Zhuhai Yongying investment partnership (limited partnership) and other 18 specific objects (hereinafter collectively referred to as the original shareholders of pantum electronics) jointly hold 100.00% of the equity of Zhuhai pantum electronics limited.

The 100.00% equity of Zhuhai pantum electronics limited. has been changed and registered under the name of the company on October 9, 2021.

As of October 10, 2021, the company has issued 171,136,112 common shares (A shares) to the original shareholders of Pantum Electronics.

2.2 Consolidation cost

Item	Zhuhai Pantum Electronics limited
Cash	1,584,000,261.00
Book value of non-cash assets	
Book value of debt issued or assumed	
Face value of equity securities issued	5,015,999,739.00
Contingent consideration	
Total consolidated costs	6,600,000,000.00

2.3 Book value of assets and liabilities of the combined party on the combination date

Item	Zhuhai Pantum Electronics limited	
	Combination date	End balance in 2020
Asset:	2,520,249,360.28	1,861,699,277.23
Monetary	931,459,002.74	667,800,607.68
Account receivables	222,060,791.77	161,931,017.60
Inventory	1,080,713,752.54	786,799,280.21
Fix asset	61,475,905.04	50,823,750.95
Intangible asset	21,042,819.49	23,646,602.04
Development expenditure	78,144,338.41	
Other assets	125,352,750.29	170,698,018.75
Liability:	944,197,930.73	830,953,811.54
Loans		200,085,555.56
Account payables	569,072,394.45	309,724,650.34
Other liabilities	375,125,536.28	321,143,605.64
Net Asset	1,576,051,429.55	1,030,745,465.69
Minus: Minority interests	1,938,448.76	
Net assets acquired	1,574,112,980.79	1,030,745,465.69

3. Reverse Merger

There is no reverse merger occurring in 2021.

4. Disposal of Subsidiary

As for reporting date, the Company has not disposed any subsidiaries.

5. Other Reasons for Consolidation Scope Changes

In 2021, the Company set up new subsidiaries as follows:

Name of subsidiaries
Zhuhai Hengqin G&G technology Co., Ltd
Ninestar Zhuhai Investment Co., Ltd
Zhuhai Pantum Zhizao technology Co., Ltd
Willtech Holdings Limited
Zhuhai Lingxin Technology Co., Ltd(the subsidiary of Apex Microelectronics)
Chengdu Geehy technology Co., Ltd(the subsidiary of Apex Microelectronics)
Geehy semiconductor (Shenzhen) Co., Ltd(the subsidiary of Apex Microelectronics)
Shanghai Geehy Yingxin Technology Co., Ltd(the subsidiary of Apex Microelectronics)
Hefei Pantum Intelligent Manufacturing Co., Ltd(the subsidiary of Pantum technology)
Printour B.V.(the subsidiary of Ninestar image)
Printour Tech Co., Limited(the subsidiary of Ninestar image)
Printsant Co., Limited(the subsidiary of Ninestar image)
Clickwise Co., Limited(the subsidiary of Ninestar image)
Cartribution Co., Limited(the subsidiary of Ninestar image)
Imaging Lab B.V.(the subsidiary of Ninestar image)

VII. INTEREST IN OTHER LEGAL ENTITIES

1. Interest in Subsidiaries

1.1 Group structure

Name of subsidiaries	Main operating place	Registered place	Nature of business	Holding rights (%)		Method of acquisition
				Direct	Indirect	
Apex Microelectronics Co., Ltd and its subsidiaries	China	Zhuhai	Designing, developing and selling for IC	85.79 ^{note1}		Acquired from reverse merger
Zhuhai Lianxin Investment Limited	China	Zhuhai	Project investment and consultant; Investment manage; Assets management.	100		Established
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables		52	Acquired from consolidation under same control
Zhuhai Ninestar Enterprise Management Limited	China	Zhuhai	Management and consulting	100		Acquired from consolidation under same control
Zhuhai G&G Digital Technology Co., Ltd. and its subsidiaries	China	Zhuhai	Selling products of printing consumables		100	Acquired from consolidation under same control
Ninestar Image Tech Limited and its subsidiaries	Abroad	Hong Kong	Selling products of printing consumables		100	Acquired from consolidation under same control
Seine (Holland) B.V.	Abroad	Holland	Selling products of printing consumables		100	Acquired from consolidation under same control
Static Control Holdings Limited	Abroad	Hong Kong	Investment		100	Established
Static Control Components Limited	Abroad	Britain	Investment		100	Established
Static Control Components Inc.and its subsidiaries	Abroad	United State	Designing, manufacturing and selling for chips of common printing consumables; Designing, manufacturing and selling for components of common and recycled		100	Acquired from consolidation not under same control

Name of subsidiaries	Main operating place	Registered place	Nature of business	Holding rights (%)		Method of acquisition
				Direct	Indirect	
			printing consumables			
Static Control Components (Europe) Limited and its subsidiaries	Abroad	Britain	sales of general printed consumables chips and general recycled printing consumables components		100	Acquired from consolidation not under same control
Ninestar Technology Company Ltd	Abroad	United State	Printing consumables sales		100	Acquired from consolidation not under same control
Zhuhai SCC Fine Chemical Company Limited	China	Zhuhai	R & D, producing, processing and selling products of printing consumables	100		Established
Ninestar Holdings Company Limited	Abroad	Cayman Islands	Investment holding	51.18		Established
Ninestar Group Company Limited	Abroad	Cayman Islands	Investment holding		51.18	Established
Lexmark International II LLC.and its subsidiaries	Abroad	United State	R & D, producing, and selling printers and printing consumables; software services		51.18	Acquired from consolidation not under same control
Topjet Technology Co., Ltd and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables		51	Acquired from consolidation not under same control
Cinvi Technology Co., Limited and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables		100	Acquired from consolidation not under same control
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables		100	Acquired from consolidation not under same control
Ninestar Electronic Company Limited	Abroad	Hong Kong	Selling products of printing consumables	100		Established
Ninestar Printing Technology Co., Ltd.	China	Zhuhai	Design, Manufacture and sell of printer and printing consumables	78.9039		Established

Name of subsidiaries	Main operating place	Registered place	Nature of business	Holding rights (%)		Method of acquisition
				Direct	Indirect	
Zhuhai Ninestar Information Technology Limited Company	China	Zhuhai	Design, Manufacture and sell of printing consumables		100	Established
Zhuhai ninestar Lehmann Technology Co., Ltd. and its subsidiaries	China	Zhuhai	Sales of office equipment, consumables, etc.		100	Established
Zhuhai Hengqin G&G technology Co., Ltd	China	Zhuhai		100		Established
Zhuhai Ninestar Investment Co., Ltd	China	Zhuhai	Investment holding	100		Established
Zhuhai Pantum Zhizao technology Co., Ltd	China	Zhuhai	R & D, producing, and selling printers and printing consumables; software services	100		Established
Willtech Holdings Limited	Abroad	British Virgin Islands	Investment holding	100		Established
Zhuhai Pantum electronics Co., Ltd	China	Zhuhai	R & D, producing, and selling printers and printing consumables; software services	100		Acquired from consolidation not under same control
Zhongshan sanrun printing consumables Co., Ltd	China	Zhuhai	Manufacturing and selling products of printing consumables		51	Acquired from consolidation not under same control
Rainbow Tech International Limited	Abroad	United State	Manufacturing and selling products of printing consumables		100	Acquired from consolidation not under same control

Note 1: On December 23, 2020, as approved by the resolution of the sixth extraordinary general meeting of shareholders held in 2020, the company transferred part of its shares in Microelectronics to four new shareholders, including Tianjin prohuajin equity investment fund partnership (limited partnership). After the transaction is completed in January 2021, the company's shareholding ratio in Microelectronics will be changed from 85.79% to 83.159%. See "XIV (V) 2" in this note for details

Note 2: The company purchased 100% equity of Zhuhai Pantum electronics by issuing shares and paying cash. See "VI (II)" of this note for details of the transaction.

Note3: The company purchased 51% equity of Zhongshan sanrun printing consumables Co., Ltd. and 100% equity of rainbow Tech International Limited respectively by paying cash, and incorporated the two companies into the scope of company merger. See "VI. (I) of this note for details.

1.2 Important non-wholly owned subsidiaries

Unit:in RMB 10 thousand

Name of subsidiaries	Non-controlling interest (%)	Profit of loss attributable to non-controlling interest in 2021	Dividend announced to pay to non-controlling interest in 2021	2021-12-31 of Non-controlling interest
Ninestar Holdings Company Limited(consolidated)	48.82	4,549.83		288,594.55
Topjet Technology Co., Ltd(consolidated)	49.00	2,052.78		13,380.51
Apex Microelectronics Co., Ltd(consolidated)	16.841	11,713.90	6,736.40	74,153.82
Ninestar Printing Technology Co., Ltd.	21.0961	540.48		22,432.86

1.3 Financial positions of Major Partly Owned subsidiaries

Unit:in RMB 10 thousand

Name of subsidiaries	2021-12-31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ninestar Holdings Company Limited(consolidated)	584,471.09	2,065,998.14	2,650,469.23	966,631.07	1,052,498.89	2,019,129.96
Topjet Technology Co., Ltd (consolidated)	43,163.07	7,792.95	50,956.02	20,177.02	927.57	21,104.59
Apex Microelectronics Co., Ltd(consolidated)	439,846.18	29,919.80	469,765.98	23,459.90	4,599.37	28,059.27
Ninestar Printing Technology Co., Ltd.	31,336.62	171,872.32	203,208.94	41,255.36	55,500.00	96,755.36

Unit:in RMB 10 thousand

Name of subsidiaries	2020-12-31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ninestar Holdings Company Limited(consolidated)	599,550.11	2,169,383.70	2,768,933.81	1,042,450.19	1,095,961.95	2,138,412.14
Topjet Technology Co., Ltd (consolidated)	39,694.24	2,613.26	42,307.50	16,438.00	468.06	16,906.06
Apex Microelectronics Co., Ltd(consolidated)	416,381.09	25,535.48	441,916.57	27,063.43	1,660.87	28,724.30
Ninestar Printing Technology Co., Ltd.	40,723.39	124,091.69	164,815.08	44,928.71	16,000.00	60,928.71

Unit:in RMB 10 thousand

Name of subsidiaries	Year 2021				Year 2020			
	Sales from operation	Net profit	Total comprehensive income	Cash flow from operating activities	Sales from operation	Net profit	Total comprehensive income	Cash flow from operating activities
Ninestar Holdings Company Limited (consolidated)	1,403,578.37	9,319.61	1,760.12	138,780.15	1,380,091.21	-55,354.46	-100,246.23	93,279.39
Topjet Technology Co., Ltd (consolidated)	63,978.48	4,189.35	4,300.83	3,873.34	70,410.72	5,515.78	5,745.93	-139.49
Apex Microelectronics Co., Ltd(consolidated)	143,240.20	69,555.83	69,396.71	126,428.09	140,879.98	49,621.22	49,609.35	30,967.66
Ninestar Printing Technology Co., Ltd		2,562.01	2,562.01	2,453.13		847.94	847.94	34,660.13

Note 1: The data in the above table are from the financial statements of important non-wholly-owned subsidiaries, not the balance calculated according to the shareholding ratio of minority shareholders. The data in the above table need to be adjusted to some extent, including the adjustment based on the fair value of the company's identifiable assets and liabilities on the consolidation date, and the adjustment of the subsidiary's financial statements according to the parent company's accounting policies due to the inconsistency between the parent company's and the subsidiary's accounting policies, but it is not necessary to offset the internal transactions between the member enterprises of the enterprise group.

Note 2: The difference between the detailed addition and the total in the above table is the data reserved 10,000 digits, and the difference in the mantissa caused by the rounding of the data is a normal difference.

1.4 Significant restriction on using group's assets and repaying group's liabilities

The details of significant restriction on using group's assets:

Item	2021-12-31	Reason of restriction
Monetary fund	194,805,176.00	Deposit, loan mortgage / pledge, litigation related freezing, etc
Accounts receivable	1,079,707,383.15	Loan mortgage/pledge, etc.
Inventory	491,014,733.69	Loan mortgage/pledge, etc.
Fixed asset	1,291,522,973.66	Loan mortgage/pledge, etc.
Intangible assets	2,522,681,851.32	Loan mortgage/pledge, etc.
Other receivables	11,627,114.29	Loan mortgage/pledge, etc.
Contract assets	127,453,439.58	Loan mortgage/pledge, etc.
Other current assets	440,990,125.03	Loan mortgage/pledge, etc.
Long-term receivables	128,828,518.75	Loan mortgage/pledge, etc.
Long-term receivables within the group	785,098,066.28	Loan mortgage/pledge, etc.
Investment in subsidiaries	7,824,771,025.30	Loan mortgage/pledge, etc.
Construction in progress	77,539,005.76	Loan mortgage/pledge, etc.
Long-term deferred and prepaid expenses	41,827,098.99	Loan mortgage/pledge, etc.
Other non-current assets	155,716,181.61	Loan mortgage/pledge, etc.
Total	15,173,582,693.41	/

Note: The investment in subsidiaries, long-term accounts receivable within the group (including:785,098,066.28 related to internal transactions) and other current accounts due to internal transactions as listed above have been offset during the consolidation process.

1.5 Financial support or other support to the structured legal entity which included in the consolidated financial statements

There is no financial support or other support provided to the structured legal entity which included in the consolidated financial statements in 2021.

2.Transactions Leading to the Change of Shareholding in Subsidiaries but not Losing the Control

2.1 Description of changes in the share of owners' equity in subsidiaries

a. Transfer of microelectronics equity

On December 23, 2020, as approved by the resolution of the sixth extraordinary general meeting of shareholders held in 2020 , the company transferred part of its shares in Microelectronics to four new shareholders, including Tianjin prohuajin equity investment fund partnership (limited partnership). After the transaction is completed in

January 2021, the company's shareholding ratio in Microelectronics will be changed from 85.79% to 83.159%. See "XIV (V) 2" in this note for details

b. Purchase of minority shareholders' equity of Zhuhai Yingxin

In June, 2021, the subsidiary microelectronics purchased 1% equity of Zhuhai Yingxin held by Zhuhai Xinhe Hengtai Investment Center (limited partnership) (hereinafter "Xinhe Hengtai") and 1% equity of Zhuhai Yingxin held by Shangrao Xinlingzhe enterprise management partnership (limited partnership) (hereinafter "Xinlingzhe") respectively according to the agreement.

After the completion of the equity transaction, the shareholding ratio of Zhuhai Yingxin held by microelectronics was changed from 94% to 96%.

2.2 Impact of the transactions on non-controlling interest and the equity attributable to shareholders of the Company:

a. Transfer of microelectronics equity

Item	Apex Microelectronics Co., Ltd.
Disposal consideration	
—Cash	500,000,000.00
—Fair value of non-cash asset	
Total consideration for disposal	500,000,000.00
Less:share of net assets of subsidiaries in respect to the shareholding proportion disposed	108,333,511.01
Difference	391,666,488.99
Including: Capital reserve adjustment	391,666,488.99
Surplus reserve adjustment	
Undistributed profit adjustment	

b. Purchase of minority shareholders' equity of Zhuhai Yingxin

Item	Zhuhai Yingxin Technology Co., Ltd
Purchase consideration	
—Cash	14,000,000.00
—Fair value of non-cash asset	
Total consideration for disposal	14,000,000.00
Less:share of net assets of subsidiaries in respect to the shareholding	7,573,919.16

Item	Zhuhai Yingxin Technology Co., Ltd
proportion disposed	
Difference	-6,426,080.84
Including: Capital reserve adjustment	-6,426,080.84
Surplus reserve adjustment	
Undistributed profit adjustment	

3. Interests in Joint Ventures and Associates

3.1 Significant joint ventures and associates

There is no significant joint ventures and associates in 2021.

3.2 Summarized financial information of insignificant joint ventures and associates

Item	2021-12-31/Amount for the current period	2020-12-31/Amount for the previous period
Associates:		
Total investment book value	143,839,389.29	60,707,697.77
The total of the following items calculated by the shareholding ratio	17,725,813.57	16,173,162.16
—Net profit	6,102,879.27	2,867,696.50
—Other comprehensive income	-7,284.99	2,139.24
—Total comprehensive income	11,630,219.29	13,303,326.42

Note: In November, 2021, Apex Microelectronics disposed of part of the equity of its associated enterprise Chengdu Analog Circuit Technology, which correspondingly reduced the investment cost by 6,422,500.00 and the change in the book value of long-term equity investment recognized in previous years by 2,750,642.07.

3.3 Explanation of the significant limitation of the ability of the joint venture or associate to transfer funds to the Company

There is no significant limitation of the ability of the joint venture or associate to transfer funds to the Company in 2021.

4. Significant Joint Operation

There is no joint operation in 2021.

5. Equity in Structuring Legal Entity which is Not Included in Scope of Consolidation Financial Statement

There is no equity in structuring legal entity which is not included in scope of consolidation financial statement in 2021.

VIII. THE RISK RELATED TO FINANCIAL INSTRUMENTS

The Company faces a variety of financial risks during operation: credit risk, liquidity risk and market risk. Company's board of directors is fully responsible for the determination of risk management objectives and policies and assumes ultimate responsibility for them. However, the board of directors has authorized the management of the Company to design and implement the procedure to ensure effective implementation of the risk management objectives and policies. The board reviews the effectiveness of the implemented procedures and the rationality of the risk management objectives and policies through the monthly reports submitted by the management. The Company's internal auditors also audit risk management policies and procedures, and report findings to the audit committee.

The overall goal of the Company's risk management is to formulate risk management policies that minimize risks without unduly affecting the Company's competitiveness and resilience.

1. Credit Risk

Credit risk refers to the risk of the company's financial losses due to the failure of the counterparty to perform its contractual obligations.

The company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, other receivables and financial guarantee contracts. As of the balance sheet date, the book value of the company's financial assets has represented its maximum credit risk exposure; the maximum credit risk exposure off the balance sheet is the maximum amount that needs to be paid to perform the financial guarantee (see this note for details of the guarantee "X.5.4")

The company's monetary funds are mainly bank deposits deposited in reputable state-owned banks with high credit ratings and other large and medium-sized listed banks. The company believes that there is no significant credit risk, and there will be almost no huge losses caused by bank defaults.

In addition, for notes receivable, accounts receivable and other receivables, the company sets relevant policies to control credit risk exposure. The company ensures that the company's overall credit risk is within a controllable range through quarterly monitoring of existing customer credit ratings and monthly review of accounts receivable aging analysis. When monitoring the credit risk of customers, they are grouped according to their credit characteristics. Customers rated as "high risk" will be placed on the restricted customer list, and only with additional approval, the company can sell them on credit in the future, otherwise they must be required to pay the corresponding amount in advance to ensure that the company's overall credit risk is within the controllable range.

2. Liquidity Risk

Liquidity risk refers to the risk of capital shortage when an enterprise performs its obligation to settle accounts by delivering cash or other financial assets. It is the Company's policy to ensure that it has sufficient cash to meet maturing debts. Liquidity risk is controlled by the Company's financial department. By monitoring cash balances,

marketable securities and rolling projections of cash flow over the next 12 months, the finance department ensures that the Company has sufficient funds to service its debt with all reasonable projections.

At the same time, it will continue to monitor whether the company complies with the provisions of the loan agreement, and obtain commitments from major financial institutions to provide sufficient reserve funds (such as bank credit, etc.) to meet short-term and long-term funding needs.

3. Market Risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to market price changes, including interest rate risk, exchange rate risk, and other price risk.

3.1 Interest Rate Risk

The interest rate risk indicates the risk that results from the fluctuation of the fair value or future cash flow of the financial instruments due to the changes in the market interest rate. The company's interest rate risk mainly comes from bank loans. By establishing a good bank-enterprise relationship, the Company reasonably designs the credit line, credit varieties and credit duration to ensure the sufficient credit line and meet the Company's various short-term financing needs. In addition, the risk of interest rate fluctuation can be reasonably reduced by shortening the term of a single loan and making special provisions for prepayment.

On December 31, 2021, if regard interest rate as floating interest rate and when it rises or fall by 100 basis points, the net profit of Company will increase or decrease by RMB 33.6670 million (RMB 33.9504 million on December 31st 2020) with other variables remain unchanged. The management thinks that 100 basis points reasonably reflects the variable range of interest rate in the next fiscal year.

3.2 Foreign Exchange Risk

Foreign Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change of foreign exchange rate. The company tries its best to match foreign currency income with foreign currency expenditure to reduce exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk.

The exchange rate risks faced by the Company mainly come from financial assets and financial liabilities denominated in US dollars. The amounts converted into RMB from foreign currency financial assets and foreign currency financial liabilities are listed as follows:

a. The Entities Operate in China and the Overseas Entities Using RMB as Bookkeeping Currency.

The foreign exchange rate risks faced by companies operating in China are mainly due to the exchange rate fluctuations from held in foreign currency and non-bookkeeping base currency. The major monetary item converted into RMB in 10 thousand are as follows:

Item	2021-12-31(In RMB, 10 thousand)					2020-12-31(In RMB, 10 thousand)				
	USD	HKD	EUR	Other Currency	Total	USD	HKD	EUR	Other Currency	Total
Monetary fund	78,366.46	2,566.43	11,684.01	4,464.63	97,081.53	86,216.46	1,374.67	6,975.90	4,026.32	98,593.35
Accounts receivable	62,348.15	-3.18	3,065.71	530.05	65,940.73	63,268.62		2,575.33	697.10	66,541.05
Other receivable	350.35	20.50	197.41	66.23	634.49	589.05	5.01	16.05	220.21	830.32
Total assets	141,064.96	2,583.75	14,947.13	5,060.91	163,656.75	150,074.13	1,379.68	9,567.28	4,943.63	165,964.72
Short-term borrowings	44,948.69				44,948.69					
Accounts payable	24,216.50	10.33	252.27	376.98	24,856.08	16,451.96	21.92	273.83	283.45	17,031.16
Other payable	8,805.37	98.93	338.04	43.27	9,285.61	6,240.43	39.70	519.28	97.84	6,897.25
Long-term payables	6,911.33				6,911.33					
Total liability	84,881.89	109.26	590.31	420.25	86,001.71	22,692.39	61.62	793.11	381.29	23,928.41
Net amount	56,183.07	2,474.49	14,356.82	4,640.66	77,655.04	127,381.74	1,318.06	8,774.17	4,562.34	142,036.31

On December 31, 2021, if all the other variables remain unchanged, the Company will reduce or increase its net profit by RMB 56.1831 million (on December 31, 2020 was RMB 127.3817 million) if the USD appreciates or devaluates by 10%; if all the other variables remain unchanged, the Company will reduce or increase its net profit by RMB 2.4745 million (on December 31st 2020 was RMB 1.3181 million) if the HKD appreciates or devaluates by 10%; if all the other variables remain unchanged, the Company will reduce or increase its net profit by RMB 14.3568 million (on December 31st 2020 was RMB 8.7742 million) if the EUR appreciates or devaluates by 10%.

b. The entity operates outside China

The foreign exchange rate risks faced by companies outside China are mainly due to the depreciation of overseas assets caused by the exchange rate fluctuations of bookkeeping base currency, and the decrease in the profit of the statements convert into equivalent value of RMB.

The amount of the book net assets converted into RMB in 10 thousand of the subsidiaries operating outside China are as follows:

Items	The percentage for Shareholding right(%)	2021-12-31 (In RMB, 10 thousand)			2020-12-31(In RMB, 10 thousand)		
		Equity	Minus:Long-term equity investment of consolidated	Total	Equity	Minus:Long-term equity investment of consolidated	Total
Ninestar Holdings Company Limited(USD asset package)	51.18	631,339.27	321,257.91	310,081.36	630,521.66	321,257.91	309,263.75
Static Control Components Inc(USD asset package)	100	-10,682.46	0.82	-10,683.28	-8,192.67	0.82	-8,193.49
Ninestar Technology Company Ltd(USD asset package)	100	4,678.16	2,130.08	2,548.08	3,959.91	2,130.08	1,829.83
Verisiti LLC4 online marketing companies including Icartridge(USD asset package)	100	-1,593.57	4,120.02	-5,713.59	381.66	4,120.02	-3,738.36
The sum of USD asset package		623,741.40	327,508.83	296,232.57	626,670.56	327,508.83	299,161.73
Seine (Holland) B. V.(EUR asset package)	100	-855.06	44.11	-899.17	-969.90	44.11	-1,014.01
Two E-commerce companies including Acartridge (EUR asset package)	100	-1,953.47		-1,953.47	-116.11		-116.11
The sum of EUR asset package		-2,808.53	44.11	-2,852.64	-1,086.01	44.11	-1,130.12
Nihon Ninestar Company Limited(JPY asset package)	100	1,549.93	503.47	1,046.46	1,643.77	503.47	1,140.30
Cartridge Tech Pty Ltd (AUD asset package)	100	86.02	40.69	45.33	48.59	40.69	7.90
Rainbow Tech International Limited(HKD asset package)	100	-262.62	14,691.09	-14,953.71			

On December 31, 2021, if all the other factors are not changed, the Company will increase or reduce its net asset by RMB 146.7458 million (on December 31st 2020 was RMB150.0645 million) if the USD appreciates or devaluates the USD by 10%; if all the other factors are not changed, the Company will reduce or increase its net asset by RMB 2.8526 million (on December 31st 2020 was RMB 1.1301 million) if the EUR appreciates or devaluates by 10%; if all the other factors are not changed, the Company will reduce or increase its net asset by RMB 1.0465 million (on December 31st 2020 was RMB 1.1403 million) if the JPY appreciates or devaluates by 10%; if all the other factors are not changed, the Company will reduce or increase its net asset by RMB 45.3 thousand (on December 31st 2020 was RMB 7.9 thousand) if the AUD appreciates or devaluates by 10%; if the HKD appreciates or devaluates by 10%; if all the other factors are not changed, the Company will reduce or increase its net asset by RMB 14.9537million.

c. Other price risks

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

Other price risks of the company mainly arise from investments in various equity instruments, and there is a risk of changes in the price of equity instruments.

On December 31, 2021, if all other variables remain unchanged, if the value of equity instruments rises or falls by 10%, the company will increase or decrease other comprehensive income by RMB 3.3895 million (Other comprehensive income was RMB 5.1205 million on December 31, 2020). Management believes that 10% reasonably reflects a reasonable range of possible changes in the value of equity instruments in the next year.

IX. FAIR VALUE

The three levels of the fair value hierarchy are:

Level 1 -- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 -- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 -- Unobservable inputs of related assets or liabilities.

Fair value measurements of assets and liabilities are assigned a level within the fair value hierarchy based on the lowest level of any input that is significant to the fair value measurement in its entirety.

1. Assets and Liabilities Measured at Fair Value at December 31

Item	Fair value by the end of the period			Total
	Based on Level 1	Based on Level 2	Based on Level 3	
I. Recurring fair value measurement				
◆ Trading Financial Assets		685,387,379.70		685,387,379.70

Item	Fair value by the end of the period			
	Based on Level 1	Based on Level 2	Based on Level 3	Total
1.The financial assets measured at fair value and changes recognized in the current period		685,387,379.70		685,387,379.70
(1)Debt Investment				
(2)Equity Investment				
(3)Derivative financial assets		37,906,998.44		37,906,998.44
(4)Others		647,480,381.26		647,480,381.26
2.Financial assets measured at fair value of which changes are recorded in current profits and losses				
(1)Debt Investment				
(2)Others				
◆Accounts Receivable Financing				
◆Other Debt Investment				
◆Other Equity Investment	16,611,108.46		17,283,701.88	33,894,810.34
◆Other Non-current Financial Assets				
1.The financial assets measured at fair value and changes recognized in the current period				
(1)Debt Investment				
(2)Equity Investment				
(3)Derivative financial assets				
(4)Others				
2. Financial assets measured at fair value of which changes are recorded in current profits and losses				
(1)Debt Investment				
(2)Others				
Total Assets Measured at Fair Value on a Recurring Basis:	16,611,108.46	685,387,379.70	17,283,701.88	719,282,190.04
◆Trading Financial Liabilities		39,102,831.17		39,102,831.17
1.Trading Financial Liabilities		39,102,831.17		39,102,831.17
(1)Issued trading debts				
(2)Derivative financial liabilities		39,102,831.17		39,102,831.17
(3)Others				
2.Financial liabilities measured at fair value of which changes are recorded in				

Item	Fair value by the end of the period			Total
	Based on Level 1	Based on Level 2	Based on Level 3	
current profits and losses				
Total Liabilities Measured at Fair Value on a Recurring Basis:		39,102,831.17		39,102,831.17
II.Non-Recurring fair value measurement				
◆ Assets held for sale				
Total Asset Measured at Fair Value on a Non-Recurring Basis:				
◆ Liabilities held for sale				
Total Liabilities Measured at Fair Value on a Non-Recurring Basis:				

Notes: Fair values for the Company's derivative financial instruments are based on pricing models or formulas using current market data. Variables used in the calculations include forward points(Basis point used to determine the difference between forward and spot rates) , spot rates, volatility assumptions and benchmark interest rates at the time of valuation, as well as the frequency of payments to and from counter parties and effective and termination dates.

X. RELATED PARTIES AND TRANSACTION

1. Parent Company of the Company

Name of parent company	Place of Registration	Nature of Business	Registered capital	Parent Company's holding shares (%)	Parent Company's voting right (%)
Zhuhai Seine Print Technology Co., Ltd.	Zhuhai	Development, design and sale of printers	341,052,632.00	29.07	29.07

The Company ultimate controller is combining of Mr. Wang Dongying, Mr. Li Dongfei and Mr. Zeng Yangyun.

2. The Company's subsidiaries

Refer to "Note VII, Equity in other entities" of the Notes to Consolidated Financial Statements for more information regarding the Company's Subsidiaries.

3. The Company's joint ventures and associations

Name of joint venture and associate	Relationship between joint venture or associate and the Company
Zhuhai Hainayuan Real Estate Co., Ltd	The Company's joint venture

Name of joint venture and associate	Relationship between joint venture or associate and the Company
Huai'an Xinzhan Polymer Technology Co., Ltd	The Company's associate
Toner Dumping Orth Baer GmbH	The Company's associate
Zhongshan ruiyuanxiang Technology Co., Ltd	The Company's associate
Chengdu Analog Circuit Technology	The Company's associate

4. Other related parties

Name of Other Related Parties	Relationship between other related parties and the Company
AQA S.R.L.	Other enterprises in which the Company has indirect equity participation
Jinan Gege Technology Limited	Company controlled by a close family member of a controlling shareholder or executive
Zhuhai Seine Property Services Co., Ltd	Other companies controlled by controlling shareholders
Zhuhai Wanlida Electric Automation Co., Ltd	Other companies controlled by the shareholder who own more than 5% of the shares
Jiazhilian information technology co. LTD	Other enterprises in which the actual controllers jointly and indirectly participate in shares
Zhuhai Seine 3D Technology Co., Ltd.	Other companies controlled by the shareholder who own more than 5% of the shares
Zhuhai Xielong Plastic Electronics Co., Ltd	Other enterprises in which the company holds shares
Zhuhai G&G Yunshang Technology Co. Ltd	Other companies controlled by company shareholders
Zhuhai Tongdali Printing Co., Ltd.	Other companies where the actual controller has a close relationship with family members serving as executives
Zhuhai guruitai composite material Co., Ltd	Other companies controlled by a close family member of a shareholder who own more than 5% of the shares
Zhuhai Seine Shibo Technology Co., Ltd	Other companies controlled by the shareholder who own more than 5% of the shares
Zhuhai jingjiamei Technology Co., Ltd	Other companies controlled by a close family member of a shareholder who own more than 5% of the shares

5. Related party transaction

5.1 Related party transactions for the purchase and sale of goods, provision and receipt of services

Purchasing of goods and receiving of service

Related Parties	Nature of Transaction	Year 2021	Year 2020
Zhuhai Xielong Plastic Electronics Co., Ltd	Purchase of materials		31,549,076.29
Chengdu Analog Circuit Technology Inc	Purchase of goods	1,271,452.50	4,143,169.77
Huai'an Xinzhan Polymer Technology Co., Ltd	Purchase of materials	24,453,458.35	33,512,476.43
Zhuhai Wanlida Electric Automation Co., Ltd	Software development	564,730.00	97,220.00

Related Parties	Nature of Transaction	Year 2021	Year 2020
	consulting		
Zhuhai Tongdali Printing Co., Ltd.	Purchase of materials	61,542,164.24	84,141,367.25
Zhuhai Seine Print Technology Co., Ltd.	receiving of service		561,074.64
Zhongshan ruiyuanxiang Technology Co., Ltd	Purchase of materials	18,396,055.96	
Zhuhai guruitai composite material Co., Ltd	Service fees	38,000.00	
Zhuhai jingjiamei Technology Co., Ltd	Purchase of materials	2,304,985.77	

Sale of goods and rendering of service

Related Parties	Nature of Transaction	Year 2021	Year 2020
AQA S.R.L.	Sale of goods	27,264,547.52	33,368,607.79
Jinan Gege Technology Limited	Sale of goods	3,583,362.77	3,871,256.61
Jiazhilian information technology Co. Ltd	Sale of goods		4,011,703.54
Zhuhai Xielong Plastic Electronics Co., Ltd	Sale of goods		7,700.00
Huai'an Xinzhan Polymer Technology Co., Ltd	Sale of goods		3,277,964.88
Zhuhai Seine Print Technology Co., Ltd.	Sale of goods		23,132.30
Zhuhai G&G Yunshang Technology Co. Ltd	Sale of goods	2,214,800.05	1,499,945.52
Zhuhai Seine 3D Technology Co., Ltd.	Sale of goods	200,249.91	49,984.97
Zhuhai Seine 3D Technology Co., Ltd.	rendering of service	211,735.85	175,471.70
Zhuhai Seine Property Services Co., Ltd	Sale of goods		33,184.07
Toner Dumping Orth Baer GmbH	Sale of goods	17,462,126.24	11,890,432.76
Zhuhai Seine Shibo Technology Limited	Sale of goods	147.30	
Zhuhai Tongdali Printing Limited	Sale of goods	6,541.59	
Zhuhai jingjiamei Technology Co., Ltd	Sale of goods	1,978.36	

5.2 Associated management/ contracting and entrusted management / outsourcing

The summary of entrusted management On December 29, 2017, all the original shareholders of Zhuhai Pantum Electronic (consolidated) (the "entrusting party") signed the custody agreement with the company (the "entrusted party"), which agreed that all the original shareholders of Zhuhai Pantum Electronic would entrust the company to conduct unified operation and management of Zhuhai Pantum Electronic, and the custody period would be 3 years from the effective date of the custody agreement signed by both parties.

On December 29, 2020, the company signed a new custody agreement with Zhuhai Pantum Electronics, which is valid until Zhuhai Pantum Electronics becomes a wholly-owned subsidiary of the company.

On October 9, 2021, 100.00% equity of Zhuhai Pantum Electronics has been changed and registered in the name of the company.

In addition, the company has no other related entrusted management or entrusted management during the reporting period.

5.3 Leases with related parties:

The Company is as a lessee:

Name of lessor	Lease asset	Year 2021				Year 2020
		Rent expense of simplified short-term leases and low value asset leases and variable lease payments not included in the measurement of lease liabilities	Rent paid	Increased right to use assets	Interest expense of lease liabilities undertaken Confirmed lease fee	Confirmed lease fee
Zhuhai Seine Print Technology Co., Ltd.	Buildings	14,101,647.62	65,768,325.45	154,627,300.57	4,564,484.35	71,138,035.47

5.4 Guaranties among the related parties:

Guarantors	Secured Parties	Currency	Amount(10 thousands)	Duration	Whether contract had been fulfilled
Ninestar Corporation	Ninestar Image Tech Limited ^{note6}	RMB	30,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{nonte2}	RMB	408,556.14	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	USD	5,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	USD	5,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	USD	6,090.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Ninestar Lexmark Company Limited ^{note1· 2}	RMB	337,017.10	In three years after extinction of debt	Under executing
Ninestar Corporation	Ninestar Lexmark Company Limited ^{note1· 2}	USD	10,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note1-2}	USD	10,000.00	In three years after extinction of debt	Under executing
Zhuhai Pantum Electronic Limited, Zhuhai Seine Print Technology Co., Ltd, Mr.Wang Dongying, Mr. Li Dongfei and Mr. Zeng Yangyun	Lexmark International, Inc. ^{note3}	USD	10,000.00	Until the main contract debt is paid off (Zhuhai Pantum Electronic), in three years after extinction of debt	It was finished

Guarantors	Secured Parties	Currency	Amount(10 thousands)	Duration	Whether contract had been fulfilled
Zhuhai Seine Print Technology Co., Ltd	Lexmark International, Inc. ^{note5}	USD	33,910.00	Until the main contract debt is paid off	Under executing
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	70,000.00	Until two years after the expiry date of the debt performance period of the principal debt	It was finished
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	30,000.00	Two years from the date of expiry of the debt performance period under the main contract	It was finished
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	22,000.00	Two years from the maturity date of the guaranteed debt under the main contract	It was finished
Ninestar Corporation	Ninestar Printing Technology Co., Ltd. ^{note7}	RMB	230,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Zhuhai Seine Printing Technology Co., Ltd. ^{note8}	USD	20,000.00	Three years from the expiry date of the unspecified claim period	Under executing
Apex Microelectronics Co., Ltd.	Zhuhai Jihai Semiconductor Co., Ltd.; Chengdu Jihai Technology Co., Ltd; Jihai semiconductor (Shenzhen) Co., Ltd	RMB	928.58	One year	Under executing
Lexmark International, Inc.; Lexmark International Financial Services DAC; Lexmark International Tech, SARL	Lexmark International II LLC	USD	205.00	One year	Under executing
Ninestar Corporation; Mr.Wang Dongying	Lexmark International II LLC	USD	30,500.00	Three years from the expiry date of the unspecified claim period	Under executing

Notes:

- a. As Lexmark International Inc. acquired 100% shares stock of Ninestar Lexmark Company Limited in 2016, Ninestar Lexmark Company Limited's related loans and guarantees were transferred to Lexmark International Inc. However, up to December 31, 2021, the loan's registered information in bank has not been changed.
- b. For guaranty made by Ninestar Group Company Limited, Lexmark International, Inc. and Ninestar Lexmark Company Limited, they are all guaranteed by the actual loan balance under the Credit Agreement between the acquisition and establishment of foreign subsidiaries and the syndications (CITIC, The Export-Import Bank of China, Bank of China.
- c. Zhuhai Pantum Electronics Co., Ltd signed the agreement with CITIC Bank to provide the guarantee to Lexmark International. The guaranteed line is the total amount from the signed loan agreements between CITIC Bank and Lexmark International from January 25, 2019 to January 3, 2020 and December 5, 2019 to December 5, 2020. The principle should be not exceeded USD 100 million. The collateral is the accounts receivables of Zhuhai Pantum Electronics Co., Ltd.
- d. Zhuhai Seine Print Technology Co., Ltd., Wang Dongying, Zeng Yangyun and Li Dongfei signed the agreement with CITIC Bank to provide the guarantee to Lexmark International. The guaranteed line is the total amount from the signed loan agreements between CITIC Bank and Lexmark International from July 3, 2018 to July 3, 2019 and December 5, 2019 to December 5, 2020. The principle should be not exceeded USD 100 million.
- e. Seine Technology used its plant to provide mortgage guarantee for the Company's loans in Bank of Communications.
- f. Seine Technology pledged its shareholding in the Company to provide guarantee for Lexmark International's loans to China CITIC Bank.
- g. The Company provides a guarantee for the subsidiary Ninestar Image Tech Limited with a loan of up to RMB 300 million from the Bank of East Asia.
- h. The company pledged its 78.9039% equity of Ninestar Printing Technology Co., Ltd a subsidiary, to provide guarantee for actual loans under the loan contract signed between Ninestar Printing and the syndicated group (CCB, Bank of China, Agricultural Bank of China, ICBC). As of December 31, 2021, Ninestar Printing Technology Co., Ltd actual loan balance was 405 million.
- i. According to the resolution of the third extraordinary general meeting of the company in 2021, the company pledged 25% of the equity of Zhuhai Apex Microelectronics Co., Ltd. to Zhuhai Huabei Ecological Technology Co., Ltd. (hereinafter referred to as "the pledgee") to provide pledge guarantee for Seine technology to borrow no more than USD 200 million from the pledgee.

5.5 The loans among the related Parties

The lender parties	The borrower parties	Currency	The amount for the loans (in 10 thousands)	Effected Date	Ending date	Notes
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	149,000.00	2019/4/18		According to the contract, the parties have not agreed
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	81,000.00	2019/4/18		

The lender parties	The borrower parties	Currency	The amount for the loans (in 10 thousands)	Effectuated Date	Ending date	Notes
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	41,000.00	2019/5/16		on a specific date of repayment. The borrowing deadline will depend on the actual operation of the Company. See Note (1)
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	10,000.00	2019/6/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	10,000.00	2019/6/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	26,341.62	2019/6/24		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	29.80	2019/6/24		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	22,000.00	2020/3/20		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	10,000.00	2020/4/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	19,000.00	2020/4/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	6,000.00	2021/4/25		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	12,000.00	2021/4/23		
Subtotal			386,371.42			
Ninestar Printing Technology Co., Ltd.	Zhuhai Hainayuan Real Estate Co., Ltd	RMB	65,500.00	2020/11/18	2025/11/17	Note (3)
Ninestar Printing Technology Co., Ltd.	Zhuhai Hainayuan Real Estate Co., Ltd	RMB	4,000.00	2021/2/27	2025/11/17	
Ninestar Printing Technology Co., Ltd.	Zhuhai Hainayuan Real Estate Co., Ltd	RMB	4,000.00	2021/3/30	2025/11/17	
Ninestar Printing Technology Co., Ltd.	Zhuhai Hainayuan Real Estate Co., Ltd	RMB	4,000.00	2021/9/29	2021/10/29	Was repaid as 2021.12.31
Ninestar Printing Technology Co., Ltd.	Zhuhai Hainayuan Real Estate Co., Ltd	RMB	1,700.00	2021/9/29	2025/11/17	
Subtotal			79,200.00			
Zhuhai Seine Print Technology Co., Ltd	Static Control Holdings Limited	USD	1,700.00	2018/6/28	2023/6/27	The interest rate is 4.495% and the principle and interest will be paid off when it is matured. ^{note(2)}

Notes:

- a. Since 2019, the company has borrowed a total of 3,683,714,200 into Seine Print Technology, which had been fully repaid by December 31, 2021.
- b. Static Control Holdings Limited borrowed USD 17.00 million from Seine Print Technology for production and operation, which had been fully repaid.
- c. For details of the loan to Zhuhai Hainayuan Real Estate Co., Ltd., please refer to "V.11" in this note.

5.6 Related party transfer of asset and liability restructuring

Name of related party	Nature of transaction	Year 2021	Year 2020
Zhuhai Seine Print Technology Co., Ltd.	Sales of moulds		4,430.34
Zhuhai Seine 3D Technology Co., Ltd.	Sales of moulds		4,250.93
Huai'an Xinzhan Polymer Technology Co., Ltd.	Sales of assets		5,246,619.90
Zhuhai Seine Print Technology Co., Ltd.	Purchase equipment	2,652,766.37	
Zhuhai Seine 3D Technology Co., Ltd.	Purchase equipment	47,654.86	

5.7 Other related party transaction

Name of related party	Nature of transaction	Year 2021	Year 2020
Zhuhai Seine Print Technology Co., Ltd.	Borrowing cost	85,436,597.12	223,264,805.59
Zhuhai Seine Property Services Co., Ltd	Property management fee	9,752,501.45	10,099,991.86
Zhuhai Seine Print Technology Co., Ltd.	guarantee service fee		3,660,000.00
Zhuhai Seine Print Technology Co., Ltd.	Free transfer of assets		39,764,213.04
Zhuhai Hainayuan Real Estate Co., Ltd.	Loan interest	28,541,612.42	3,082,138.89

6. Related Party Transaction Balance

6.1 Receivable

Account name	Related parties	2021-12-31		2020-12-31	
		Book value	Provision	Book value	Provision
Accounts receivable					
AQA S.R.L.		7,061,568.04	353,078.40	6,051,223.31	302,561.17
Jinan Gege Technology Limited		912,292.98	45,614.65	512,161.75	25,608.09
Zhuhai Seine Print Technology Co., Ltd.				1,009.28	50.46
Huai'an Xinzhan Polymer Technology Co., Ltd.		5,172,353.06	258,617.65	7,209,979.13	360,498.96
Toner Dumping Orth Baer GmbH		7,172,916.20	358,645.81	4,563,365.21	228,168.26
Zhuhai G&G Yunshang Technology Co. Ltd.		2,384,704.16	119,235.21	858,624.42	42,931.22
Zhuhai Seine 3D Technology Co., Ltd.		45,875.00	2,293.75		
Prepayment					
Huai'an Xinzhan Polymer Technology Co., Ltd.		1,168,208.62			
Other receivable					
Zhuhai G&G Yunshang Technology Co.				35,597.46	1,779.87

Account name	Related parties	2021-12-31		2020-12-31	
		Book value	Provision	Book value	Provision
Ltd.					
Long-term receivables					
Zhuhai Hainayuan Real Estate Co., Ltd		752,000,000.00		658,894,473.69	

6.2 Payable

Account name	Related parties	2021-12-31	2020-12-31
Accounts payable			
	Zhuhai Seine Print Technology Co., Ltd.		1,588.28
	Zhuhai Xielong Plastic Electronics Co., Ltd		6,098,743.32
	Huai'an Xinzhan Polymer Technology Co., Ltd	1,891,274.14	3,093,747.52
	Zhuhai Tongdali Printing Co., Ltd.	18,621,482.12	14,640,080.00
	Zhongshan ruiyuanxiang Technology Co., Ltd	3,559,684.83	
	Zhuhai jingjiamei Technology Co., Ltd	667,096.57	
Other payable			
	Zhuhai Seine Print Technology Co., Ltd.	6,007,201.57	2,575,118,587.34
	Zhuhai Wanlida Electric Automation Co., Ltd	4,000.00	218,000.00
	Zhuhai Seine Property Services Co., Ltd	798,252.22	1,028,728.64
	AQA S.R.L	3,187.85	3,262.45
	Jinan Gege Technology Limited		3,156.40
	Zhuhai G&G Yunshang Technology Co. Ltd		120,512.00
	Zhuhai Guruitai compound material Co., Ltd	38,000.00	
Contract liabilities			
	Jiazhilian Information Technology Co., Ltd		458,911.15
	Zhuhai Xielong Plastic Electronics Co., Ltd		2,500.01
Long-term Payables			
	Zhuhai Seine Print Technology Co., Ltd.		123,637,606.74

XI. Share Payment

1. Share-based payment Summary

During the reporting period, the Company and its subsidiaries' share payment situation included: a. The company's stock option incentives implemented in 2019(First grant of option); b.Subsidiary Microelectronics implemented employee equity incentives.;c.The stock option incentives implemented by the company in 2020 (reserved to grant options).

1.1 The total amount of equity instruments granted by the Company in the current period:

RMB 9,400,000.00. Details are as follows:

Item	Amount of equity instruments granted	Notes
Employee equity incentives implemented by subsidiary Microelectronics	9,400,000.00	
Total	9,400,000.00	

1.2 The total amount of equity instruments exercised by the Company during this period:

Item	Amount of equity instruments exercised in the current period	Notes
Stock option incentives implemented(including: first grant of option & reserved to grant options)	9,546,777.00	See "v. (40)" in this note
Employee equity incentives implemented by subsidiary Microelectronics	9,400,000.00	

1.3 The total amount of equity instruments expired by the Company during this period: 17,270,694 options.

Due to factors such as the resignation of the Incentive Persons in the current period and the failure to achieve the performance commitment target of the incentive plan, the company's stock option incentive plan for the current period is partially invalidated and cancelled, and the value of the equity instrument recognized at the time of the original grant is reversed.

1.4 The range and the remaining term of the exercise price of the issued share option:

a. Stock option incentives implemented in 2019 (options granted for the first time)

Period	Exercise price (RMB)	Remaining term of contract (year)
2021.10.31-2022.10.30	27.51	1 year
2022.10.31-2023.10.30	27.51	2 year

Note: Due to the implementation of cash dividend distribution in 2021, the company's nineteenth meeting of the sixth board of directors held on July 21, 2021. It was agreed that the exercise price of the stock options granted by the company for the first time was adjusted to 27.51 per share.

b. Stock option incentives implemented in 2020 (reserved to grant options)

Period	Exercise price (RMB)	Remaining term of contract (year)
2021.8.27-2022.8.26	37.65	1 year
2022.8.27-2023.8.26	37.65	3 year

Note: Due to the implementation of cash dividend distribution in 2021, the company's nineteenth meeting of the sixth board of directors held on July 21, 2021. It was agreed that the exercise price of the stock options granted by the company for the reserved to grant options was adjusted to 37.65 per share.

1.5 The range of the exercise price and the remaining period of the contract of the other equity instruments at the end of period: No other equity instruments.

1.6 Other information:

a. Stock option incentives implemented in 2019 (options granted for the first time)

On October 15, 2019, the Company convened the fourth Extraordinary General Meeting in 2019, and reviewed and approved the Proposal on the Company's 2019 Stock Option Incentive Plan (Draft) and its summary and About the proposal to the shareholders' meeting to authorize the board of directors to handle equity. The proposal on matters related to the incentive plan, agrees that the Company should grant 58,487,700 stock options to 769 incentive persons of which 48,608,400 stock options were granted for the first time and 9,879,300 reserved stock options; the first line of stock options granted the price of the right is 27.73 per share; the source of the underlying stock of the stock option incentive plan is the Company's RMB A-share common stock issued by the Company to the incentive target.

At the same time, the Company's Board of Directors is authorized to determine the stock option grant date, and to grant stock options to the Incentive Persons and handle all matters necessary to grant stock options when the Company and the Incentive Persons meet the conditions.

On October 29, 2019, the Company convened the fourth meeting of the sixth session of the Board of Directors, which reviewed and approved the *Proposal on Adjusting the Incentive Persons and Grant Quantity of the Company's 2019 Stock Option Incentive Plan* and *About the Incentive Persons of the 2019 Stock Option Incentive Plan Proposal to Award Stock Options*. The number of Incentive Persons granted by the Company for the first time was adjusted from 769 to 765; the number of granted stock options was adjusted from 58,487,700 to 58,412,300, of which the number of first grants was adjusted from 48,608,400 to 48,533,000. The reserved quantity remains unchanged at 9,879,300; the initial exercise price of the granted stock options is 27.73 per share.

According to the above incentive plan, on November 21, 2019, the registration of the first granted stock option was completed, the option abbreviated as "Nas JLC1", the option code "037838"; the grant date was October 31, 2019; the number of first grants was 48,533,000; The first exercise price of the granted stock options is RMB 27.73/ share.

b. Employee equity incentives implemented by subsidiary Microelectronics

On December 6, 2018, Ninestar, Xinlingzhe, Xinhe Hengtai, Microelectronics, Core Management, and Yan Xiaolang signed the "Investment Agreement", and the parties

intend to launch the following transaction on the equity of Zhuhai Yingxin:

- 1) In order to achieve the incentives for the existing core employees of the target group, Microelectronics, Core Management and Yan Xiaolang intend to transfer part of their equity to Xinling ("Shuotian Equity Incentive");
- 2) After Shuotian's Equity Incentive is completed, Ninestar intends to acquire its equity in Zhuhai Yingxin from Core Management and Yan Xiaolang, in order to realize direct and indirect absolute holding of Zhuhai Yingxin, and eventually indirectly and absolutely controlled Hangzhou Shuotian ("Ninestar Acquisition");
- 3) After the completion of the acquisition of Ninestar, Ninestar and Microelectronics intend to provide equity incentives to the core employees of Microelectronics in the target group. To this end, Microelectronics intends to transfer part of its equity in Zhuhai Yingxin to Xinhe Hengtai.

In May 2019, Microelectronics, Core Management, Yan Xiaolang, Ninestar, Xinlingzhe, Xinhe Hengtai signed the Supplementary Agreement on the Investment Agreement on Zhuhai Yingxin Technology Co., Ltd., which agreed on the original agreement. The main body of the acquisition of the equity acquisition transaction was changed to Microelectronics.

As of December 31, 2021, all parties to the transaction have completed the third phase of the share repurchase transaction of the holding platform agreed in the Investment Agreement and its supplementary agreement. The changed equity structure of Zhuhai Yingxin is as follows:

Name of shareholders	Shareholding ratio(%)
Apex Microelectronics Co., Ltd.	96.00
Shangrao City Xinlingzhe Enterprise Management Partnership (Limited Partnership)	2.00
Zhuhai Xinhe Hengtai Enterprise Management Partnership (Limited Partnership)	2.00
Total	100.00

c. Stock option incentives implemented in 2020 (reserved to grant options)

On August 27, 2020, the company held the tenth meeting of the sixth board of directors. It reviewed and approved the "Proposal on Granting Stock Options to Incentive Persons Reserved for the 2019 Stock Option Incentive Plan", and agreed that the company would grant 9,799,300 stock options to 359 eligible incentive persons, with an exercise price of 37.77 per share.

On September 17, 2020, the company has completed the registration of reserved grant of stock options, the abbreviation of the option is "Nasi JLC2", and the option code is "037875"; the date of grant is August 27, 2020; the number of grants is 9,879,300; the exercise price is 37.77 per share.

2. Equity-settled Share-based payments

2.1 The Method for determining fair value of equity instruments:

Item	Determination of fair value
Stock option incentives implemented in 2019 (options granted for the first time)	the Black Scholes option pricing model
Employee equity incentive in Microelectronics	According to the difference between the employee's share purchase cost price and the Microelectronics repurchase price, it is recognized as the incentive cost for employees
Stock option incentives implemented in 2020 (reserved to grant options)	the Black Scholes option pricing model

2.2 A method for determining the best estimate of the quantity of feasible equity instrument: On each balance sheet date of the waiting period, the Company provides the best estimate based on the latest available rights, follow-up changes in the number of exercisable employees and amend the estimated amount of equity instruments that can be exercisable. On the exercise date, the quantity of the exercisable equity instruments would be the actual exercisable amount.

2.3 The reasons for this estimate to differ materially from those estimated in the previous period: none.

2.4 The accumulated amount of the equity settled share-based payment that accounted to capital reserve: RMB 781,881,028.42, including:

- a. Equity premium granted to restricted stock for the first time of 247,871,952.00;
- b. From 2016 to 2019, cumulatively recognized incentive expenses of 141,063,996.17 and repurchase of lapsed stocks to offset equity premium of 4,864,729.33;
- c. In 2020, an equity incentive fee of 125,200,074.66 was confirmed, and a share premium of 2,304,746.61 was increased due to the newly issued shares of the first granted option object
- d. In 2021, an equity incentive fee of 14,673,335.91 was confirmed, and a share premium of 255,631,652.40 was increased due to the newly issued shares of stock option exercise.

2.5 Total amount calculated in equity settlement: RMB14,673,335.91.

3. Cash-settled share-based payment

There is no payment of shares in cash settlement in 2021.

4. The Amendment and Termination of The Share-based Payment

During the reporting period, there was no amendment or termination of share based payment.

XII. COMMITMENT AND CONTINGENT EVENT

1. Significant Commitment

Important commitments on balance sheet date

Lexmark International is expected to restore the lease plant to initial state cost 60,015,830.93, the fee will be included in the accrued liabilities in the waiting period until the due date.

2. Contingent Event

Notes: the following only discloses the Company's main litigation and guarantee matters as of the balance sheet date.

2.1 The situation of external guarantee

Details of the guarantee provided by the Company and its subsidiaries during the reporting period see the notes "X.5".

2.2 Significant contingent event

a. Prokuron Solutions Inc

In November 2018, Prokuron Solutions Inc (a Canadian distributor) sued for Lexmark International and Sobey's, Inc. (a Canadian chain store) breaching contract in Ontario provincial court of Canada. Prokuron Solutions Inc claims for damage of around 12.1 million dollars in total.

Lexmark International has notified their insurance companies to cooperate with them to respond the lawsuit actively.

As of the date of this report, the lawsuit is still in progress. No substantial impact on the Company so far.

b. GFP Corporation

In June 2017, GFP Corporation, an Italian distributor of Lexmark International, sued for Lexmark Italian breaching the contact and claimed for the damage of 1.22 million Eurodollar.

Lexmark International launched counterclaim and claimed for damage of 1.41 million Eurodollar.

On December 6th, 2018, the chief Judge postponed this lawsuit until May 2019 to hear.

In March 2021, due to the absence of the other party in court, the next court hearing is expected to be on January 25, 2022.

Both parties reached a settlement in the third quarter of 2021, and both parties gave up the right to continue to appeal. Lexmark international paid the corresponding settlement money to the other party in the third quarter of 2021. The case is closed.

c. Canon

Canon initiated 337 investigations and patent infringement lawsuits in the Federal District Court against several companies including Ninestar and SCC.

As of the balance sheet date, the 337 investigation is still in progress, and the default notice submitted by Ninestar and SCC has been adjudicated and recognized by the US International Trade Commission; The case in the Federal District Court is suspended until the 337 investigation is completed.

As of the date of this report, the case is still in progress and has no material impact on the company.

d. ML Products Inc

In November, 2021, ML Products Inc sued several defendants, including Ninestar and Ninestar Technology Company in the District Court of the Central District of California, USA, for unfair competition in the sales on Amazon.

At present, the case is still in progress, and Ninestar is preparing to respond to the lawsuit, which has no material impact on the company.

e. Zhuhai Liangcheng

On January 13, 2021, Zhuhai Liangcheng building materials limited filed a suit of subrogation against Zhuhai Ninestar Printing Technology, involving an amount of 14,813,844.70.

The judgment of first instance rejected all claims of the plaintiff. The plaintiff refused to accept the judgment of first instance and has appealed. The court session of second instance was held on December 7, 2021, and is now awaiting the judgment of second instance.

As of the date of this report, there is no judgment result of this case, which has no material impact on the company.

f. Yu Yong

On September 8, 2021, Yu Yongcheng filed a dispute over the construction contract of the construction project with Zhuhai Ninestar Printing Technology, China Railway 18th Bureau, Hongxing company, Peng Shiping and Zhao Tianqiong, involving an amount of 977,567.70.

The court session of the first instance was held on November 11, 2021, and the first instance ruled that Ninestar printing was not liable.

As of the date of this report, this case has been closed.

2.3 Restricted assets

At the end of the reporting period, please refer to note "V.63" for the restricted assets and relevant notes.

XIII. SUBSEQUENT EVENT

1. Significant Unadjusted Event

1.1 Amendment to Shareholders' agreement

In order to further promote the development of Lexmark international and enhance the profitability of Lexmark international, as well as to fulfill the agreement on the repurchase of part of the equity of Ninestar Holdings Company Limited (a buyer consortium established in the Cayman Islands for the company, Taimeng investment and Shuoda investment to purchase major assets, hereinafter referred to as "joint venture" or "Consortium") held by Taimeng investment and Shuoda investment in the shareholders' agreement, The Cayman joint venture intends to borrow money from the company and the controlling shareholder Seine technology.

For this purpose, and based on the requirements of applicable laws, the company has amended the shareholders' agreement (see "XIV (V) 1") in accordance with the provisions of the shareholders' agreement and the articles of association of the

Cayman joint venture. The main contents of the amendment are as follows:

- a. USD 367million loan agreement (the "phase I loan agreement") and partial equity repurchase
 - a) The joint venture, as the borrower, signed the loan agreement with the principal amount of USD 367,000,000 in the first phase, and proposed to borrow USD 167,000,000 and USD 200,000,000 respectively from the company and the controlling shareholder Seina technology. The loan term is 5 years.
 - b) About USD 290,000,000 in the first phase of the loan will be used as the capital injection of the Cayman joint venture to its subsidiaries and finally to Lexmark international to optimize the debt structure of Lexmark international.
 - c) The remaining approximately USD 77,000,000 (the "total amount of the first equity repurchase") will be used by the joint venture to repurchase part of its equity from Taimeng investment and Shuoda investment in a relative proportion (the "first equity repurchase"), provided that the phase I loan agreement is successfully delivered.
 - d) Based on the compound interest of 6% of the annual return on the principal of all the funds actually invested by Taimeng investment and Shuoda investment (including capital stock and shareholder bonds), the price of the first equity repurchase is \$2,617 per share, provided that the delivery is completed no later than February 28, 2022. If the delivery is later than this date, the total amount of the first equity repurchase will remain unchanged. In order to ensure the compound interest return of 6% of the annual return on the principal of all the funds actually invested by Taimeng investment and Shuoda investment (including capital stock and shareholder bonds), the number of shares actually repurchased will be reduced accordingly.
- b. Potential second equity repurchase
 - a) The company shall use reasonable commercial efforts to urge the third-party investor to sign an additional loan agreement with the joint venture company (the "second loan agreement") as soon as practical after the successful completion of the first loan agreement. The target principal amount is USD 178,800,000. However, the company does not provide any guarantee for the successful delivery of the second phase loan and the achievement of the target principal amount.
 - b) After the successful delivery of the phase II loan agreement, the joint venture will repurchase part of the remaining shares of Taimeng investment and Shuoda investment in a relative proportion (the "second equity repurchase").
 - c) The price of the potential second equity repurchase is still calculated based on the compound interest of 6% of the annual return on the principal of all the funds actually invested by Taimeng investment and Shuoda investment (including equity and shareholder bonds).
- c. The third equity repurchase ("early partial put right")
 - a) During the period from January 1, 2023 to March 31, 2023, Taimeng investment has the right to exercise the early part of the put right on its remaining equity, requiring the company to purchase the equity with the corresponding total amount of USD 75,000,000 ("early part of the put value of Taimeng"). If Shuoda

investment chooses to exercise the early part of the selling right with Taimeng in the same period, Shuoda investment has the right to require Ninestar to purchase the corresponding total amount of USD 10,300,000 (the "early part of the selling value of Shuoda") from it according to the relative proportion. "Early part sale value of Taimeng" and "early part sale value of Shuoda" are collectively referred to as "total early part sale value". If the total amount of funds loaned under the phase II loan agreement exceeds USD178,800,000, the excess will be deducted from the total amount of the early part of the sale.

- b) The price per share of Taimeng investment and Shuoda investment exercising the early part of the put right will be calculated based on the compound interest of 6% of the annual return on the principal of all the funds (including capital stock and shareholder bonds) actually invested by them. If they are supported by the valuation of a third-party evaluation agency legally decided by the board of directors of the joint venture and approved by the majority of the board of directors of the joint venture, the compound interest of the above 6% can be adjusted to 10% at most.

- d. As a condition precedent to the closing of the corresponding event, the shareholders of the Joint Venture (JV) Company shall take all necessary steps to enable the JV Company to repay the loan when the following events occur (the "mandatory repayment event"):
 - a) Lexmark international sale or initial public offering ("Lexmark strategic event");
 - b) Change of control of the joint venture or its subsidiaries; or
 - c) Taimeng investment exercises the right of lead sale under the shareholders' agreement.
- e. When the following events occur, which are related to the compulsory repayment event, or will directly or indirectly lead to the occurrence of the compulsory repayment event, as a condition for the completion of the settlement of the corresponding events, the loan shall be repaid:
 - a) Taimeng investment exercises the selling right or alternative selling right under the shareholders' agreement;
 - b) Taimeng investment exercises the tag along right under the shareholders' agreement;
 - c) Taimeng investment exercises the above-mentioned first equity repurchase;
 - d) Taimeng investment exercises the above-mentioned early part of the put right;
 - e) Shuoda investment chooses to exercise the above-mentioned early part of the put right; or
 - f) Shuoda investment chooses to exercise the tag along right under the shareholders' agreement.
- f. Within 90 calendar days from the date of delivery of the first phase loan agreement, Taimeng investment and Shuoda investment shall not exercise the preemptive right, put right, alternative put right, early part put right, tag along put right and lead put right, nor claim the second equity repurchase.
- g. The agreements in Items 1 to 6 above shall come into force after the successful settlement of the first phase loan agreement.
- h. The alternative put right originally agreed under the shareholders' agreement, which

starts from the 3rd Anniversary (November 29, 2019) and ends at the 6th anniversary (November 29, 2022) after the transaction settlement of the acquisition of Lexmark international, is extended to September 30, 2024.

The company agrees to the above proposed amendments, and agrees to sign the amended and restated shareholders' agreement with Taimeng investment and Shuoda investment in accordance with the shareholders' agreement and its previous amendments.

This amendment to the shareholders' agreement was deliberated and adopted at the 28th meeting of the sixth board of directors held on January 30, 2022 and the second extraordinary general meeting of shareholders held on February 24, 2022.

1.2 Provide loans for controlled subsidiaries

In order to further promote the development of Lexmark international and enhance the profitability of Lexmark international, on February 5, 2022, Ninestar Holdings Company Limited, the company's overseas holding subsidiary, as the borrower, signed a loan agreement with the lender with a total principal of USD367million, and the company and the controlling shareholder Seine technology, as the lender, intend to loan USD167million and USD200million respectively (hereinafter referred to as "this transaction").

This transaction was reviewed and approved by the 28th meeting of the 6th board of directors held on January 30, 2022 and the second extraordinary general meeting of shareholders held on February 24, 2022.

1.3 Provide guarantee lines for wholly-owned subsidiaries

In order to support the operation and business development of the wholly-owned subsidiary Ninestar Image tech Limited ("image"), the company plans to provide image, a wholly-owned subsidiary, with a bank credit line of no more than 300million (including loans, L / C issuance, bank acceptance bills, letter of guarantee, guarantees for internal guarantee and external loan) (hereinafter referred to as "this guarantee"). The validity of this guarantee line will be effective within 12 months from the date of deliberation and approval by the general meeting of shareholders, When the actual guarantee business occurs, the specific guarantee terms shall be determined by the relevant parties through negotiation, and the company's management shall be authorized to be responsible for the specific implementation of the guarantee and sign the agreement documents related to this guarantee.

The guarantee business was deliberated and approved by the 29th meeting of the sixth board of directors held on February 28, 2022 and the third extraordinary general meeting of shareholders held on March 16, 2022.

1.4 Implement equity incentive

a. Implementation of restricted stock incentives

After the 29th meeting of the sixth board of directors held on February 28, 2022 and the third extraordinary general meeting of 2022 held on March 16, 2022 reviewed and approved the 2022 restricted stock incentive plan (Draft), the company plans to grant 5.365 million restricted shares to 464 Incentive Persons, including 5.1292 million for the first time and 235,800 reserved for grant

(hereinafter referred to as "2022 restricted stock incentive plan").

In view of the fact that the 19 Incentive Persons in the incentive plan gave up the granted restricted shares for personal reasons before the company granted the restricted stock incentive for the first time, a total of 16,900 shares were considered and approved by the 30th meeting of the 6th board of directors held on March 18, 2022. The restricted stock incentive plan for 2022 was adjusted as follows: the number of Incentive Persons granted by the company for the first time was adjusted from 464 to 445, The number of restricted shares granted was adjusted from 5.365 million to 5.3481 million, of which the number of shares granted for the first time was adjusted from 5.1292 million to 5.1123 million, and the reserved number remained unchanged at 235,800.

The first grant date is March 18, 2022. The grant price is 24.82 per share, the number of shares granted is 5.1123 million, and the number of people granted is 445.

- b. Microelectronics, a subsidiary company, plans to implement stock option incentive

In order to effectively motivate the core team of subsidiary microelectronics, the company plans to transfer 2.07% of its microelectronics equity to the employee stock ownership platform for the implementation of the incentive plan, and the transfer price is consistent with the determination method of the incentive equity grant price in this equity incentive plan. The number of incentive rights granted for the first time is 1.73% of the total equity of the company, and the number of incentive rights reserved for grant is 0.34% of the total equity of the company (hereinafter referred to as "microelectronics stock option incentive plan").

The incentive rights reserved for grant shall be held by the executive manager of the shareholding platform or an independent shareholding platform before the grant. The specific reservation method shall be subject to the actual implementation. If the reserved incentive rights and interests have not been determined for more than 12 months, the reserved incentive rights and interests shall become invalid and belong to the company.

The Incentive Persons of the incentive plan include the directors (excluding independent directors), senior managers, middle-level personnel of management, technology, marketing, operation support and other sequences of Microelectronics or / and its subordinate companies, as well as the core backbone personnel of microelectronics or / and its subordinate companies recognized by microelectronics who have made outstanding contributions to its past performance and made great value contributions to its future development, The total number of Incentive Persons to be granted shall not exceed 300.

The microelectronics stock option incentive plan was deliberated and adopted at the 29th meeting of the sixth board of directors held on February 28, 2022 and the third extraordinary general meeting of shareholders held on March 16, 2022.

1.5 Dividends distributed by important non-wholly -owned subsidiaries

According to the resolution of the shareholders' meeting held by microelectronics on January 7, 2022, microelectronics was agreed to distribute

dividends totaling 1.1 billion to shareholders according to their equity ratio.

According to the resolution of the shareholders' meeting held by microelectronics on March 16, 2022, microelectronics was agreed to distribute dividends totaling 700 million to shareholders in accordance with their equity ratio.

2. Profit Distribution

In current period, the Company gained the net profit of RMB1,012,034,935.05 and the net profit contributed to the parent company was RMB 1,163,229,842.99

According to *Company Law* and *the Articles Of Association, Guidelines for standardized operation of Listed Companies in Shenzhen Stock Exchange* after abstract 10% of year 2021 net profit to legal capital reserve RMB 101,203,493.51, and add the beginning retain earning of RMB 1,527,617,961.90 and deduct company's cash dividend RMB 129,186,616.44, and the profit that could be distributed to the shareholders in this year is RMB 2,309,262,787.00.

According to the resolution of the thirty-second meeting of the sixth session of Board of directors of the Company on April 27, 2022, the Company's 2021 profit distribution plan is proposed to use the total share capital 1,410,937,360 shares as the base, and distribute cash dividends of 1 (including tax) for every 10 shares of all shareholders. The capital reserve is not transferring to share capital in 2021.

The above profit distribution plan is still waiting for submitting to company's 2021 annual general meeting.

3. Sales Return

After the balance sheet date, there is no significant sales return.

XIV. OTHER SIGNIFICANT EVENT

1. Retrospectively Adjustment

No retrospectively adjustment in current year.

2. Liability Restructuring

No liability restructuring in current year.

3. Asset Exchange

No non-monetary asset exchange in current year.

4. Discontinued Operation

No discontinued operations in current year.

5. Others

5.1 Sign “Shareholder Agreement”

On October 11, 2016, the Company further developed “Shareholder Agreement” by discussing about the rights, obligations, responsibilities among shareholders, which also based on the previous announced Joint Investment Agreement when the Company signed

for significant asset purchase. In November 7, 2016, the Company and PAG, Shuoda and Ninestar Holdings Company Limited (referred as "Joint venture" or "Consortium") signed the Shareholder Agreement. The "Shareholder Agreement" mainly stated the joint venture's rights, obligations, liabilities and other related matters in the joint venture company: Information rights, the management of the board of directors and target group of the joint venture company, the approval items of the shareholders, the issue of new shares and priorities, the transfer of shares and restrictions, the termination of the agreement, jurisdiction, law and dispute resolution, etc. In addition, the shareholders agreement defines the following: ① After three full financial years from the completion of the purchase of the major assets, PAG and Shuoda investment has the right to require the Company to purchase all or part of its holdings of equity joint venture. The Company will try best to cooperate with the valuation firm to value on target with no less than 13 times of normalized predict net profit, and 10 times of normalized EBITDA, whichever is larger. However, the Company is unable to ensure that the valuation is not less than the higher value under all circumstance. During three completed financial years and six years after significant asset acquisition, if Company cannot successfully acquire shares of PAG and Shuoda investment under instruction of them, within 9 months, PAG investment and Shuoda investment have the right to ask Company to repurchase their shares in proportion of their paid-in capital plus 10% of all the loans provided to the Company. ② If PAG chooses to accept the shares of the Company as the method of the shares sold, according to the requirements of relevant laws and regulations of listed companies, the share price of non-public shares by listed companies must be no less than ninety percent of the average benchmark price before the twenty trading days. The pricing base date is the announcement date of the Board of Directors meeting. ③ Because of the Company against the requirement in the shareholder agreement, the Company failed to fulfill its obligations of acquiring shares sold by joint investors in a timely manner, which would against the right of sale. ④ When the PAG or Shuoda sell shares of the joint venture, the Company enjoys the right of preemption.

The shareholders' agreement was amended in 2022. See "XIII (I) 1" in this note for details.

5.2 Important subsidiaries equity transfer

According to the resolution of the 6th extraordinary general meeting of shareholders in 2020 held by the company on December 23, 2020, and in accordance with the resolution of the general meeting of shareholders held by microelectronics in January 2021 and the amended articles of association, the company transferred part of its shares in microelectronics to four new shareholders, including Tianjin prohuajin equity investment fund partnership (limited partnership).

On January 12, 2021, the industrial and commercial change of the above equity transactions was approved by Zhuhai Xiangzhou District market supervision and Administration Bureau (industrial and commercial approval change registration notice: Yue Zhu He Tu Tong Nei Zi (2021) No. 44040012100001249). After the change, the shareholder information of microelectronics is as follows:

Name of shareholders	Subscribed registered capital	Shareholding ratio
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Name of shareholders	Subscribed registered capital	Shareholding ratio
Ninestar Corporation	68,615,310.00	83.159%
National Integrated Circuit Industry Investment Fund Phase II Co., Ltd.	6,514,112.00	7.895%
Shanghai Xinyin Haisi Investment Management Co., Ltd.	1,737,096.00	2.105%
Zhuhai Gree Financial Investment Management Co., Ltd.	1,519,959.00	1.842%
Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership)	651,411.00	0.790%
Three Gorges Jinshi (Wuhan) Equity Investment Fund Partnership (Limited Partnership)	434,274.00	0.526%
Beijing Yitang Changhou Display Chip Venture Capital Center (Limited Partnership)	434,274.00	0.526%
Zhuhai Hengqin Golden Investment Venture Capital Fund Partnership (Limited Partnership)	217,137.00	0.263%
Jiangsu Jiuquan Junhai Rongxin Investment Partnership (Limited Partnership)	130,282.00	0.158%
Nanjing Zhizhao No. 2 Equity Investment Partnership Enterprise (Limited Partnership)	86,855.00	0.105%
Tianjin prohuajin equity investment fund partnership(Limited Partnership)	1,954,234.00	2.368%
Zhuhai Jinqiao Jixin equity investment partnership(Limited Partnership)	108,569.00	0.132%
Hangzhou Jinyi Maibang investment partnership(Limited Partnership)	86,855.00	0.105%
Hangzhou hualuxin equity investment partnership(Limited Partnership)	21,714.00	0.026%
Total	82,512,082.00	100.000%

5.3 Sign a supplementary loan agreement with the controlling shareholder

Through the resolution of the second extraordinary general meeting of shareholders in 2021 held on April 7, 2021, the company agreed to sign the supplementary agreement II to the loan agreement (hereinafter referred to as "the supplementary agreement") with the controlling shareholder Seine technology according to the actual situation. The main contents of this supplementary agreement include:

(1) The loan term agreed in Article 2.1 of the loan agreement and Article 1 of the supplementary agreement to the loan agreement is amended to: both parties agree that the loan term is from the date of actual loan to March 31, 2024.

(2) Amend the loan interest rate agreed in Article 4.1 of the loan agreement to: both parties agree that the loan interest rate and financing service fee lent by Party A to Party B shall be calculated in accordance with the original agreement from the date of actual loan to December 31, 2020; From January 1, 2021, the loan interest rate that Party A lends to Party B is calculated according to the actual loan time and the benchmark interest rate of RMB loan in the same period, without financing service fee.

(3) This agreement is a supplement to the loan agreement and the supplementary agreement to the loan agreement, and has the same legal effect as the loan agreement and the supplementary agreement to the loan agreement. In case of any inconsistency between this Agreement and the loan agreement and the supplementary agreement to the loan agreement, this Agreement shall prevail. Matters not covered in this Agreement shall be subject to the loan agreement.

During the reporting period, see "X. (V) 5" in this note for details of the company's inter-bank borrowing from Seine technology.

5.4 Subsidiary signs loan mortgage terms

On July 30, 2020, the subsidiary Ninestar Printing and the syndicate (China Construction Bank, Bank of China, Agricultural Bank of China, Industry and Commercial Bank of China) signed the "Ninestar Printing Technology Industrial Park Phase I RMB 2,300,000,000.00 Fixed Asset Loan Contract". According to the contract, Ninestar Printing needs to mortgage the plant property to the syndicate under the contract within three months after the completion of the first phase of the Ninestar Printing Technology Industrial Park project and the property rights certificate, and it shall not be double mortgaged to a third party.

As of the date of issuance of this report, the Ninestar Printing Technology Industrial Park Phase I project is under construction and has not yet been completed.

5.5 Notes of Financial Statements Do Not Disclose the Top Five Information

In accordance with the restrictions of the National security agreement (referred to US national security agreement) signed by the Company, its subsidiaries and the Foreign Investment Committee of the United States (CFIUS), the Company shall not disclose Lexmark International's customers, suppliers' list and relevant financial data. Therefore, the Company has not yet disclosed the balance of the top five accounts receivable and the balance of prepaid balances in this financial report.

XV. NOTES TO PARENT COMPANY'S FINANCIAL STATEMENTS

1. Notes Receivable

1.1 Notes Receivable classified

Name	2021-12-31	2020-12-31
Bank acceptance bill	74,272.11	

Name	2021-12-31	2020-12-31
Commercial acceptance bill		
Total	74,272.11	

1.2 Notes receivable pledged by the company at the end of the period

At the end of report period, there is no notes receivable pledged by the company at the end of the period.

1.3 Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

At the end of report period, there is no notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date.

1.4 At the end of the period, the company converted the bills into accounts receivable due to the drawer's non performance

At the end of the reporting period, the company had no bills that were converted into accounts receivable due to the drawer's non performance.

2. Accounts Receivable

2.1 Disclosure by aging analysis method

Aging	2021-12-31	2020-12-31
Less than 1 year (including 1 year)	987,367,648.02	918,066,631.46
1 to 2 years(including 2 years)	57,814,980.99	26,384,374.25
2 to 3 years(including 3 years)	26,207,337.45	14,080.00
3 to 4 years(including 4 years)	14,080.00	
Subtotal	1,071,404,046.46	944,465,085.71
Less: provision for bad debts	3,702,296.36	3,275,917.64
Total	1,067,701,750.10	941,189,168.07

2.2 Classified disclosure according to bad debt accrual method

Categories	2021-12-31					2020-12-31				
	Balance		Provision for bad debt		Net book value	Balance		Provision for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single item										
Provision for bad debts by combination	1,071,404,046.46	100.00	3,702,296.36	0.35	1,067,701,750.10	944,465,085.71	100.00	3,275,917.64	0.35	941,189,168.07
Total	1,071,404,046.46	100.00	3,702,296.36	0.35	1,067,701,750.10	944,465,085.71	100.00	3,275,917.64	0.35	941,189,168.07

Provision for bad debts by groups:

Name	2021-12-31		
	Accounts receivable	Provision for bad debts	Provision percentage (%)
Aging group	37,768,003.05	3,702,296.36	9.80
Combination of related Parties	1,033,636,043.41		
Total	1,071,404,046.46	3,702,296.36	0.35

2.3 Provision for bad debts accrued, regain or switch back in the current period

category	2020-12-31	Changes in current period			2021-12-31
		accrued	switch back	switch -down/switch off	
Provision for bad debts by single item					
Provision for bad debts by combination	3,275,917.64	426,378.72			3,702,296.36
Total	3,275,917.64	426,378.72			3,702,296.36

2.4 Accounts receivable being written-off during the current period

There is no accounts receivable being written-off in 2021.

2.5 Top 5 amount of accounts receivable

Name	2021-12-31		
	accounts receivable	Percentage of total accounts receivable (%)	provision for bad debts
Ninestar Image Tech Limited	701,076,578.61	65.44	
Ninestar Image (Malaysia) Sdn Bhd	173,078,419.06	16.15	
Zhuhai G&G digital technology Co., Ltd	70,456,705.37	6.58	
Imaging Lab Tech Limited	43,181,038.85	4.03	
Zhuhai Ninestar information technology Co., Ltd..	25,893,719.85	2.42	
Total	1,013,686,461.74	94.62	

2.6 Terminate to recognize account receivable due to financial asset transfer

There is no situation for terminating to recognize account receivable due to financial asset transfer in 2021.

2.7 Transfer of receivables and assets, liabilities by continuing involvement

There are no transfer of receivables and assets, liabilities by continuing involvement in 2021.

2.8 Others

On August 18, 2021 and September 6, 2021, the company pledged USD10,576,520.27 and USD10,000,000.00 of the company's export credit receivables to Zheshang Bank Zhuhai Branch to provide pledge guarantee for the company's US dollar loans from Zheshang Bank Zhuhai Branch. The maturity dates are August 23, 2022 and September 12, 2022 respectively.

3. Other receivables

Item	2021-12-31	2020-12-31
Interest Receivable		
Dividend Receivable		10,490,087.00
Other Receivables	1,431,635,478.47	1,268,280,793.88
Total	1,431,635,478.47	1,278,770,880.88

3.1 Dividend Receivable

Item(Or invested entities)	2021-12-31	2020-12-31
Cinvi Technology Co., Limited		436,457.00
Zhuhai Zhongrunjingjie Printing Technology Co., Ltd		10,053,630.00
Subtotal		10,490,087.00
Less: provision for bad debts		
Total		10,490,087.00

3.2 Other receivables

a. Disclosure by aging analysis method

Aging	2021-12-31	2020-12-31
Less than 1 year(including 1 year)	452,853,743.80	247,396,852.59
1 to 2 years(including 2 years)	40,834,208.97	110,922,186.64
2 to 3 years(including 3 years)	110,288,406.94	192,836.30
3 to 4 years(including 4 years)	50,000.00	911,558,114.83
4 to 5 years(including 5 years)	828,235,881.65	100,000.00
More than 5 years	428,000.00	352,000.00
Subtotal	1,432,690,241.36	1,270,521,990.36
Less: provision for bad debts	1,054,762.89	2,241,196.48
Total	1,431,635,478.47	1,268,280,793.88

b. Classified disclosure according to bad debt accrual method

Categories	2021-12-31					2020-12-31				
	Balance		Provision for bad debt		Net book value	Balance		Provision for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single item										
Provision for bad debts by combination	1,432,690,241.36	100.00	1,054,762.89	0.07	1,431,635,478.47	1,270,521,990.36	100.00	2,241,196.48	0.18	1,268,280,793.88
Total	1,432,690,241.36	100.00	1,054,762.89	0.07	1,431,635,478.47	1,270,521,990.36	100.00	2,241,196.48	0.18	1,268,280,793.88

Provision for bad debts by groups:

Name	2021-12-31		
	Other receivables	Provision for bad debt	Percentage (%)
Aging group	4,450,950.49	1,054,762.89	23.70
Combination of related Parties	1,428,239,290.87		
Total	1,432,690,241.36	1,054,762.89	0.07

c. Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
2020-12-31	2,241,196.48			2,241,196.48
2020-12-31 in current period				
--Enter into phase II				
--Enter into phase III				
--Return to phase II				
--Return to phase I				
Accrued				
Switch back	1,186,433.59			1,186,433.59
Written-down				
Written-off				
Other changes				
2021-12-31	1,054,762.89			1,054,762.89

d. Provision for bad debts accrued, regain or switch back in the current period

Categories	2020-12-31	Changes in current period			2021-12-31
		accrued	switch back	switch -down/switch off	
Provision for bad debts by single item					
Provision for bad debts by combination	2,241,196.48		1,186,433.59		1,054,762.89

Categories	2020-12-31	Changes in current period			2021-12-31
		accrued	switch back	switch -down/switch off	
Total	2,241,196.48		1,186,433.59		1,054,762.89

- e. Other receivable being written-off during the current period
There is no provision written-off in 2021.

f. Classification of other receivables by nature of payments

Items	2021-12-31	2020-12-31
Consolidation of related parties	1,428,239,290.87	1,241,382,520.58
Employee reserve / employee loan	1,919,506.82	1,543,117.54
Deposit	1,446,520.94	4,168,349.74
Personal social security, personal accumulation fund	957,371.09	1,001,559.37
other receivables	127,551.64	22,426,443.13
Total	1,432,690,241.36	1,270,521,990.36

g. Top 5 amount of other receivable

Company name	Nature	2021-12-31	Aging	Percentage of total balance (%)	Provision for bad debts
Ninestar Group Company Limited	related party transactions	828,183,481.65	4-5 year	57.81	
Ninestar Printing Technology Co., Ltd.	related party transactions	273,220,000.00	Within 1 year	19.07	
Zhuhai Ninestar Information Technology Limited Company	related party transactions	150,000,000.00	1-2year: 40 million; 2-3 year 110 million	10.47	
Ninestar Image Tech Limited	related party transactions	133,890,472.12	Within 1 year	9.35	
Zhuhai Hengqing G&G Technology Co., Ltd.	related party transactions	42,301,000.00	Within 1year	2.95	
Total		1,427,594,953.77		99.65	

- h. Other receivables are offset due to transferring of financial asset
There are no other receivables offset due to transferring of financial asset in 2021.

- i. Transfer of other receivables and assets, liabilities by continuing involvement
There are no transfer of other receivables and assets, liabilities by continuing involvement.

4. Long-Term Investment

Item	2021-12-31			2020-12-31		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Investment in subsidiaries	13,271,828,806.24		13,271,828,806.24	8,361,242,220.83	17,450,922.15	8,343,791,298.68
Investment in joint ventures and associations				4,684,984.17		4,684,984.17
Total	13,271,828,806.24		13,271,828,806.24	8,365,927,205.00	17,450,922.15	8,348,476,282.85

4.1 Investment in subsidiaries

Name of investee	2020-12-31	Increase	Decrease	2021-12-31	Accrual impairment in 2021	The balance of accrual impairment in 2021
Apex Microelectronics Co., Ltd.	3,203,375,779.47		119,192,540.15	3,084,183,239.32		
Zhuhai G&G Digital Technology Co., Ltd	20,000,001.00		20,000,001.00			
Ninestar Image Tech Limited	34,245,220.00	153,259,200.00	187,504,420.00			
Seine (Holland) B.V.	441,108.31		441,108.31			
Ninestar Technology Company Ltd	21,300,800.00		21,300,800.00			
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited	6,153,900.00		6,153,900.00			
Zhuhai Ninestar Enterprise Management	11,248,717.03			11,248,717.03		

Name of investee	2020-12-31	Increase	Decrease	2021-12-31	Accrual impairment in 2021	The balance of accrual impairment in 2021
Limited						
Static Control Holdings Limited	8,244.20		8,244.20			
Zhuhai SCC Fine Chemical Company Limited	10,000,000.00		10,000,000.00			
Ninestar Holdings Company Limited	3,212,579,140.67			3,212,579,140.67		
Zhuhai Lianxin Investment Limited	1,000,000.00			1,000,000.00		
Topjet Technology Co., Ltd	222,360,000.00		222,360,000.00			
Cinvi Technology Co., Limited	263,056,863.55		263,056,863.55			
Ninestar Electronic Company Limited	32,834,000.00			32,834,000.00		
Ninestar Printing Technology Co., Ltd.	800,000,000.00			800,000,000.00		
Zhuhai Ninestar Information Technology Limited Company	100,000,000.00		100,000,000.00			
Zhuhai Ninestar Lehmann Technology Co., Ltd	10,000,000.00	20,000,000.00	30,000,000.00			
Zhuhai hengqin G&G Technology Co., Ltd.		1,504,604,113.78		1,504,604,113.78		
Zhuhai Ninestar investment Co., Ltd						
Zhuhai Pantum Electronic Limited		4,624,379,595.44		4,624,379,595.44		

Name of investee	2020-12-31	Increase	Decrease	2021-12-31	Accrual impairment in 2021	The balance of accrual impairment in 2021
Zhuhai Pantum Zhishu Co., Ltd		1,000,000.00		1,000,000.00		
Willtech Holdings Limited						
Total	8,361,242,220.83	6,303,242,909.22	1,392,656,323.81	13,271,828,806.24		

Note 1: as of the end of the reporting period, the company has not actually contributed to Zhuhai Ninestar Investment Co., Ltd. and Willtech Holdings Limited.

Note 2: see "XIV (V) 2" in this note for details of the disposal of equity of Zhuhai Apex Microelectronics Co., Ltd. in this period.

Note 3: during the reporting period, the company implemented internal structure adjustment and transferred the original equity of its subsidiary operating printing consumables business to Zhuhai Hengqin G&G Technology Co., Ltd.

Note 4: as of the end of the reporting period, see "X. (V) 4" in this note for details of the company's equity in subsidiaries used for mortgage guarantee.

4.2 Investment in joint ventures and associations

Name of investee	2020-12-31	Changes in current period								2021-12-31	Impairment provision as at 2021-12-31
		Increase	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other interest changes	Declared cash dividends or profits	Accrued provision for impairment	Others		
2. Joint venture											

Name of investee	2020-12-31	Changes in current period								2021-12-31	Impairment provision as at 2021-12-31
		Increase	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other interest changes	Declared cash dividends or profits	Accrued provision for impairment	Others		
Huai'an Xinzhan Polymer Technology Co., Ltd	4,684,984.17	55,079,020.02	59,852,167.28	88,163.09							
Subtotal	4,684,984.17	55,079,020.02	59,852,167.28	88,163.09							
Total	4,684,984.17	55,079,020.02	59,852,167.28	88,163.09							

Note: During the reporting period, the company implemented internal structure adjustment and transferred all the equity of Huai'an Xinzhan Polymer Technology Co., Ltd. originally held to Zhuhai Hengqin G&G Technology Co., Ltd.

5. Operating revenue & operating cost

5.1 Details

Item	Year 2021		Year 2020	
	Operating income	Operating cost	Operating income	Operating cost
Main business	2,223,893,045.71	1,785,452,900.49	2,191,150,098.37	1,711,544,378.34
Other business	178,720,272.71	139,220,454.65	222,921,153.40	190,586,765.91
Total	2,402,613,318.42	1,924,673,355.14	2,414,071,251.77	1,902,131,144.25

The details of operating income:

Item	Year 2021	Year 2020
Operating income from main business	2,223,893,045.71	2,191,150,098.37
Include: Sale of goods	2,223,893,045.71	2,191,150,098.37
Other business income	178,720,272.71	222,921,153.40
Include: Sale of material	153,427,698.46	208,298,511.89
Rendering of service and others	25,292,574.25	14,622,641.51
Total	2,402,613,318.42	2,414,071,251.77

6. Investment income

Item	Year 2021	Year 2020
Long-term equity investment income calculated by cost method	332,607,217.39	10,490,087.00
Long-term equity investment income calculated by equity method	88,163.09	1,514,627.33
Investment income from disposal of long-term equity investments	616,577,264.86	562,419,417.00
Investment income from disposal of trading financial assets	24,709,515.65	-4,980,562.31
Investment income obtained from entrusting bank wealth management	61,426.88	1,242,379.79
Total	974,043,587.87	570,685,948.81

XVI. SUPPLEMENT INFORMATION

1. Details of non-recurring gain and loss in 2021

Item	Amount	Notes
Non-current assets disposal gains and losses (including equity disposal)	88,282,458.25	
Tax refund and relief from override approved or approved with no formal document		
Government subsidy recognized in current profit or loss (excluding the	92,132,171.86	

Ninestar Corporation and Subsidiaries
Year 2021
Notes to Consolidated Financial Statements

Item	Amount	Notes
subsidy with fixed amount or quantity related closely to company operation)		
Gain or loss from fund occupying fees charged to non-financial enterprise	26,751,588.87	
Bargain gain from consideration lower than investee's identifiable net asset when enterprise is acquiring subsidiaries, associate and joint venture	990,876.39	
Gain or loss from non-monetary asset transaction		
Gain or loss from entrusted investment and management of asset	1,769,491.10	
Accrued impairment for provision due to force major and natural disaster		
Gain or loss from liability restructure		
Enterprise restructure charge, including employee's settlement expense and integration expense	14,602,239.93	
Gain or loss from difference between fair value of transaction and obviously undervalued transaction price		
Net profit from opening date to acquisition date from consolidation under common control	425,015,662.08	
Gain or loss for contingent events not related to operating activities		
Excluding from effective hedge from normal business, fair value movement from trading financial asset and liability, and investment income from disposal from trading financial asset & liability and available-for-sale asset.	232,248,949.13	
Reverse of provision for bad debt test for account receivable、contract assets individually		
Gain or loss from entrusting loans through bank		
Fair value movement from investment property measured in fair value		
Gain or loss influenced from one-time adjustments according to related tax and accounting rules and laws.		
Trustee fee revenue from entrusted management		
Non-operating gain or loss other than above events	-12,715,308.40	
Others	980,427.01	
Subtotal	870,058,556.22	

Item	Amount	Notes
Minus: Tax effect	38,378,247.85	
Minority shareholders' profit and loss impact(after income tax)	326,168,604.70	
Total	505,511,703.67	

2. Return on net asset and earnings per share

Profit in 2020	Return on net asset(%)	Earnings per share (RMB)	
		Basis earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the parent	12.08	0.9812	0.9797
Net profit (excluding non-recurring items) attributable to shareholders of the parent	6.96	0.5794	0.5785

Ninestar Corporation
(Stamp an official seal)
April 27, 2022