



Luxshare Precision Industry Co., Ltd.

Semi-annual Report 2020

2020-065

August 2020

This document is a translated version of the Chinese version Semi-annual Report 2020 of Luxshare Precision Industry Co., Ltd. (“《立讯精密 2020 年半年度报告》”), and the published Semi-annual Report 2020 of Luxshare Precision Industry Co., Ltd. in the Chinese version shall prevail. The complete published Chinese Semi-annual Report 2020 of Luxshare Precision Industry Co., Ltd. may be obtained at www.cninfo.com.cn.

Section I. Important Note, Table of Contents and Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and executives of the Company hereby warrant that the information contained in this Semi-annual Report is true, accurate and complete and this Semi-annual Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liability for this Semi-annual Report.

WANG Laichun, Principal of the Company, CFO WU Tiansong and Chief Accountant XIAO Na hereby represent that the financial statements contained in this Semi-annual Report are true, accurate and complete.

All directors of the Company attended the meeting of the Board of Directors.

The relevant risks facing the Company are set out in “Section IV Discussion and Analysis of Business Situations - X. Risks Facing the Company and Countermeasures”.

The Company will not distribute cash or stock dividends or capitalize the capital reserve for the reporting period.

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Definitions

| Terms | | Definition |
|----------------------------------|-------|--|
| Luxshare-ICT | means | Luxshare Precision Industry Co., Ltd. |
| Luxshare HK | means | Luxshare Precision Limited (HK), founder and controlling shareholder of Luxshare |
| Xuntao Dongguan | means | Dongguan Xuntao Electronic Co., Ltd. |
| Luxshare Dongguan | means | Dongguan Luxshare Precision Industry Co., Ltd. |
| Leader Dongguan | means | Dongguan Leader Precision Industry Co., Ltd. |
| Xiexun Jiangxi | means | Xiexun Electronic (Ji'an) Co., Ltd. |
| Intelligent Manufacture Jiangxi | means | Jiangxi Luxshare Intelligent Manufacture Co., Ltd. |
| ASAP Jiangxi | means | ASAP Technology (Jiangxi) Co., Ltd. |
| Xiexun Wan'an | means | Wan'an Xiexun Electronic Co., Ltd. |
| Xiexun Xinyu | means | Xinyu Xiexun Electronic Co., Ltd. |
| Luxshare Kunshan | means | Kunshan Luxshare Precision Industry Co., Ltd. |
| Lanto Kunshan | means | Lanto Electronic Limited |
| Luxshare Electronic Kunshan | means | Luxshare Electronic Technology (Kunshan) Co., Ltd. |
| Luxshare Intelligent Manufacture | means | Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd. |
| Luxshare Suzhou | means | Luxshare Precision Industry (Suzhou) Co., Ltd. |
| Luxshare Changshu | means | Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd. |
| Luxshare Automation Jiangsu | means | Luxshare Automation (Jiangsu) Ltd. |
| Lanto Bozhou | means | Bozhou Lanto Electronic Limited |
| Luxshare Chuzhou | means | Luxshare Precision Industry (Chuzhou) Ltd. |
| Lixun Fengshun | means | Fengshun Lixun Precision Industry Co., Ltd. |
| Luxshare Precision | means | Luxshare Precision Limited |
| ICT-Lanto | means | ICT-Lanto Limited |
| SuK | means | SuK Kunststofftechnik GmbH |
| Meite Suzhou | means | Meite Technology (Suzhou) Co., Ltd. |
| Shenzhen MSA | means | Shenzhen Administration for Industry and Commerce, whose functions have been assumed by the Market Supervision Administration of Shenzhen Municipality |
| AOA | means | Articles of Association of Luxshare Precision Industry Co., Ltd. |

Section II Company Profile and Financial Highlights

I. Company profile

| | | | |
|-----------------------------|---------------------------------------|------------|--------|
| Stock short name | Luxshare-ICT | Stock code | 002475 |
| Stock exchange | Shenzhen Stock Exchange | | |
| Chinese name | 立讯精密工业股份有限公司 | | |
| Chinese short name (if any) | 立讯精密工业股份有限公司 | | |
| English name (if any) | Luxshare Precision Industry Co., LTD. | | |
| English short name (if any) | Luxshare-ICT | | |
| Legal representative | WANG Laichun | | |

II. Contact person and contact information

| | Board Secretary | Securities Affairs Representative |
|-----------|--|--|
| Name | HUANG Dawei | LI Ruihao |
| Address | No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong | No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong |
| Telephone | 0769-87892475 | 0769-87892475 |
| Fax | 0769-87732475 | 0769-87732475 |
| E-mail | David.Huang@luxshare-ict.com | Ray.Li@luxshare-ict.com |

III. Other information

1. Contact information of the Company

Was there any change in the registered address, office address, postal code, website or email address of the Company during the reporting period?

☐ Applicable ☒ N/A

Our registered address, office address, postal code, website and email address have remained unchanged during the reporting period. Please refer to our annual report 2019.

2. Media for information disclosure and place for keeping the financial reports

Was there any change in the media for information disclosure and place for keeping the financial reports during the reporting period?

☐ Applicable ☒ N/A

The designated newspapers for information disclosure, the websites designated by the China Securities Regulation Commission for publishing our semi-annual report and the place for keeping our semi-annual report have remained unchanged during the reporting period. Please refer to our annual report 2019.

IV. Main accounting data and financial highlights

Did the Company need to retrospectively adjust or re-state any accounting data of prior accounting years?

☐ Yes ☒ No

| | Six-month period ended | Six-month period ended | Y/Y % Change |
|--|------------------------|------------------------|--------------|
|--|------------------------|------------------------|--------------|

| | June 30, 2020 | June 30, 2019 | |
|---|-------------------|-------------------|-------------------------|
| Operating income (RMB) | 36,451,626,148.86 | 21,440,739,019.87 | 70.01% |
| Net profit attributable to shareholders of the listed company (RMB) | 2,537,774,758.46 | 1,501,538,958.84 | 69.01% |
| Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss (RMB) | 2,338,313,210.82 | 1,424,437,647.93 | 64.16% |
| Net cash flows from operating activities (RMB) | 3,181,944,342.45 | 4,188,400,473.33 | -24.03% |
| Basic earnings per share (RMB/share) | 0.36 | 0.22 | 63.64% |
| Diluted earnings per share (RMB/share) | 0.36 | 0.22 | 63.64% |
| Weighted average return on net assets | 11.77% | 9.24% | +2.53 percentage points |
| | June 30, 2020 | December 31, 2019 | % Change |
| Total assets (RMB) | 53,680,722,422.21 | 49,377,910,671.23 | 8.71% |
| Net assets attributable to shareholders of the listed company (RMB) | 22,768,754,113.62 | 20,296,618,968.52 | 12.18% |

V. Differences in accounting data arising from adoption of foreign and Chinese accounting standards concurrently

1. Differences in net profit and net assets disclosed on the financial statements according to the international accounting standards and the Chinese accounting standards

☐ Applicable ☒ N/A

There was no difference in net profit and net assets disclosed on the financial statements for the reporting period due to adoption of the international accounting standards and the Chinese accounting standards by us concurrently.

2. Differences in net profit and net assets disclosed on the financial statements according to the foreign accounting standards and the Chinese accounting standards

☐ Applicable ☒ N/A

There was no difference in net profit and net assets disclosed on the financial statements for the reporting period due to adoption of the foreign accounting standards and the Chinese accounting standards by us concurrently.

VI. Items and amounts of extraordinary gain or loss

☒ Applicable ☐ N/A

In RMB

| Item | Amount | Remark |
|--|----------------|--------|
| Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off) | -8,643,622.43 | |
| Government grants recognized in profit or loss (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies of the country) | 126,474,795.32 | |
| Gain or loss on assets under entrusted investment or management | 36,839,234.15 | |
| Gain or loss on changes in fair value of held-for-trading financial assets, derivative financial assets and financial liabilities held for | 87,601,688.39 | |

| | | |
|---|----------------|----|
| trading, and gain on disposal of held-for-trading financial assets, derivative financial assets, financial liabilities held for trading and other debt instruments, except for effective hedges held in the ordinary course of business | | |
| Other non-operating income and expenses | 2,049,673.01 | |
| Less: Effect of income tax | 38,777,094.59 | |
| Effect of minority interest (exclusive of tax) | 6,083,126.21 | |
| Total | 199,461,547.64 | -- |

If the Company classifies any item of extraordinary gain or loss defined by or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Extraordinary Gain or Loss as recurring profit or loss, please explain the reason.

☐ Applicable ☒ N/A

We have not classified any item of extraordinary gain or loss defined by or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Extraordinary Gain or Loss as recurring profit or loss in the reporting period.

Section III. Operational Highlights

I. Main business in the reporting period

We are mainly engaged in the provision of solutions relating to hi-speed connectivity, acoustic, RF antenna, wireless charging, vibration motor and communication base station products, and production of smart wearable and smart household products. Our products are widely applied in consumer electronics, communication and data center, automotive electronics, healthcare and other fields.

II. Material changes in major assets

1. Material changes in major assets

| Major assets | Reason of material changes |
|-----------------------------------|--|
| Equity assets | No material change |
| Fixed assets | No material change |
| Intangible assets | No material change |
| Construction in progress | A 116.51% increase as compared with that at January 1, 2020, primarily due to the increase in factory building and dormitory construction projects of our subsidiaries |
| Held-for-trading financial assets | An 81.67% increase as compared with that at January 1, 2020, primarily due to the increase in the wealth management products purchased |
| Notes receivable | A 171.02% increase as compared with that at January 1, 2020, primarily due to the increase in our note transactions |
| Other receivables | A 45.12% increase as compared with that at January 1, 2020, primarily due to the increase in the trade account receivable |
| Long-term equity investment | A 47.57% increase as compared with that at January 1, 2020, primarily due to the increase in the associates and joint ventures |
| Other non-current assets | A 60.07% increase as compared with that at January 1, 2020, primarily due to the increase in prepayments for equipment and projects costs made by our subsidiaries |

2. Main overseas assets

☐ Applicable ☒ N/A

III. Analysis of core competencies

Since our establishment, we have adhered to our original intention, focused on precision manufacturing, attached great importance to quality, and been committed to providing our customers with complete and perfect comprehensive solutions. After years of forward-looking deployment, deep ploughing and intensive cultivation, we have achieved continuous and rapid growth, and gained core competitive advantages in human resources, strategic deployment, technological innovation, quality assurance, customer service and other areas. Our core competencies are reflected in the following aspects:

1. Talent selection, training, use and retention mechanisms deeply integrated with corporate culture

The core competencies of a company will be ultimately reflected in the soft power arising from in-depth integration and mutual

nourishment of talents and corporate culture. Core talents are the basis for the sustainable development of a company and the cornerstone for cultivating the talents required by a company. We have adhered to the strategy of invigorating the business through talents, and continuously improved our talent echelon building system and talent pool mechanism. We vigorously recruit outstanding talents required in our development who recognize and conform to the distinctive characteristics of our corporate culture, to continuously augment our team of core talents. On the other hand, we have built and continuously improved a talent training system, under the nurture of our corporate culture of being pragmatic and enterprising, constantly striving for perfection, and fulfilling the missions, provided the core talents with a vast space to exercise their talents, effectively stimulated their sense of mission, sense of achievement and sense of collective honor, and created a talent pool for our sustainable development.

We not only provide our employees with an appropriate channel for career development, but also continuously improve the incentive mechanisms, through the combination of platform and incentives, enable our employees to fully share in our operating results and grow together with us.

We clearly know how to attract and retain talents. To develop a virtuous circle of people creating the environment and the environment creating people through in-depth integration of talents and corporate culture is our strongest core competency. Through effective talent mechanisms, we have sufficient talents in our traditional superior fields, and have pooled outstanding talents for new areas and lines of business.

2. Combination of forward-looking deployment with R&D and technological innovation

Our management closely follows up on market trends and developments of the industry, through industrial researches and internal seminars, reviews our development situations, analyzes the boundaries of our existing products and businesses, and continuously explores the ways of diversified innovations and development. Our development toward new products and new areas is based on all-round identification of application pain points of the industry and customers and detailed sand table exercise by our core management. In recent years, due to our management's correct forward-looking planning and business deployment, all of our business segments have been growing rapidly.

We firmly believe that R&D and technological innovation are an important means to realize forward-looking deployment, and will drive our development. Since our listing, we have placed R&D and innovation on an important position in our development, made continuous investments in technology R&D, vigorously upgraded traditional manufacturing processes, continuously improved the level of automatic production, and realized platformization of all precision manufacturing processes. We also attach great importance to the long-term development of underlying materials and innovative production technologies. Our R&D team has continuously learned and explored advanced precision manufacturing technologies and product applications in the countries and regions mastering frontier technologies, and established a number of advanced technology development labs with certain core customers, to jointly develop frontier technologies, such as the form-in-place technology, AOI appearance inspection and laser welding. We have established advanced production technology and manufacturing process R&D platforms in Dongguan, Kunshan, Taiwan and the United States, and own a R&D and intelligent manufacturing team taking the lead in the industry.

Our R&D expenses are mainly classified into early stage R&D expenses and product upgrading expenses. Early stage R&D expenses are incurred in connection with medium-to-long term product and business planning and deployment, and comprise investments in new products and new areas and R&D expenses relating to underlying technologies, accounting for about 30% of our total R&D expenses. Product upgrading expenses are incurred in the process from concept to NPI (new product introduction) of new solutions and new products. All early stage R&D expenses and product upgrading expenses are expensed as incurred to reduce the pressure of asset amortization costs in the future. Our R&D expenses have been continuously increasing, and totaled RMB8.433 billion between 2017 and 2019, and RMB2.569 billion in the first half of 2020. The ratio of R&D expenses to the operating income has also been continuously increasing. The continuous and steady R&D investments will not only consolidate our leading position and advantages in the industry, but also enhance our risk bearing capability in an ever-changing macro environment, and lay a solid

foundation for our continuous and rapid development in the future.

3. Advanced manufacturing and quality management system

Quality is the foothold of a company, and one of the most important core values provided by a company to its customers. Since our establishment, we have adopted “quality first” as one of our corporate values, established and improved the quality management system using scientific and effective quality management approaches, and integrated quality assurance into the whole process from design, manufacturing to inspection of products. Due to our excellent quality assurance capability, we have received praise from our customers continuously, and enhanced customer adhesion.

We have a full set of advanced NPI management process, and control quality from the development and design of products, to lay a solid basis for successful mass production of the products. In the each stage of development of a new product, such as POC (proof of concept), Proto (model verification), EVT (engineering verification test), DVT (design verification test) and PVT (process verification test), we take the highest requirement for mass production that each stage should satisfy as the criteria for approval of entry into the next stage.

As a global leading provider of diversified component solutions, high-quality precision manufacturing has always been one of our core competencies. Since our listing, our precision manufacturing capability has developed from “automation with passive positioning” to “automation with active positioning” and finally to “full automatic and intelligent” super-precision modularized manufacturing today. In the automatic manufacturing of products, we connect product design with the design of automatic manufacturing process seamlessly, and on the basis of ensuring our process capability at key work stations takes the lead in the industry, have introduced visual robots to conduct AOI (automatic optical inspection), to realize active and mutual positioning between components and fixtures. In addition, we use big data and AI technologies, in conjunction with our proprietary algorithms, to feed back real-time measuring and testing data, thereby ensuring the reliable quality assurance and full traceability of products, and enabling the automatic production lines to have the deep learning capability. Through the introduction of intelligent logistics and warehousing, we have formally entered into the stage of “intelligent precision manufacturing” from “precision manufacturing” in the early stage and “quality assured precision manufacturing” in the middle stage.

4. All-round customer-oriented culture

Since our establishment, we have adhered to the philosophy of “customer first”, and been committed to providing our customers with complete and perfect comprehensive solutions, taking into comprehensive consideration response speed, engineering cooperation, service quality, flexible delivery, cost control and other factors. Our leading technologies and excellent quality assurance capability have helped us build a good brand image and reputation in the industry, and brought high-quality customers to us. After years of cultivation, we have established stable cooperation relationships with a lot of global leading brands and manufacturers in the fields of consumer electronics, communication and automotive. Think what customers think and be eager to help the customers in need. Under the guidance of the service philosophy of “customer first”, in addition to fulfilling the tasks assigned by the customers, we have also continuously identified the pain points of the customers in their applications, given full play to our resource and platform advantages, taken the initiative to provide the customers with optimization proposals and suggestions. The long-term in-depth cooperation has continuously enhanced mutual understanding and trust between the purchasers and the suppliers, and also produced a good large customer demonstration effect for us, and laid a solid foundation for our multi-dimensional business development. In addition, the high standards and strict requirements of our core customers have promoted continuous improvement of our performance in production and manufacturing, product R&D, internal management and social responsibility.

Section IV. Discussion and Analysis of Business Situations

I. Summary

In the first half of 2020, the outbreak of COVID-19 has greatly impacted global economy, and the ever-increasing trade frictions between China and the United States have posed severe challenges to the global industry chain. Faced with the complicated external environment, we have adhered to the basic idea of realizing long-term sustainable development, promptly adopted countermeasures, given full play to our advantages in vertical integration, automatic process, production capacity planning, resource integration, cost control and other areas, and relying on the forward-looking planning and deployment made by our core management and through concerted efforts of all employees, realized continuous and rapid growth.

During the reporting period, all of our business lines have developed smoothly: the smart module business has realized cross-product and cross-field applications; the system packaging process has been successfully put into mass production, and the penetration and scope of application of the relevant products are expected to increase and expand continuously in the future; the smart wearable products are in great demand, and the plans for the old and new products have been implemented as scheduled. In addition, our plans for increasing production capability at home and abroad have been implemented smoothly notwithstanding the effect of the epidemic situation and external environment.

During the reporting period, our sales revenues totaled RMB36.452 billion, a 70.01% increase year on year; profit totaled RMB3.088 billion, a 70.05% increase year on year; and net profit attributable to the owners of the parent company totaled RMB2.538, a 69.01% increase year on year.

1. Flexibly address the uncertainties of the external environment

In order to cope with the changes in the macro environment, we have made continuous efforts to reduce costs and increase efficiency, enhance control over expenses, and improve internal operating efficiency. Upon the outbreak of COVID-19 in early 2020, we promptly adopted countermeasures, continuously increased the personnel and materials for preventing and controlling the epidemic situation, and ensured the continuous production and operation using scientific and efficient measures. We have increased the expenditures on the safety, care and recruitment of employees, epidemic prevention materials, and prevention and control measures. We have increased the stock of certain raw materials to satisfy the requirements of production. The electronic manufacturing industry chain of China faces great challenges due to the trade frictions between China and the United States. While our main production bases are located in China, we are striving to reduce the adverse effect of the trade environment through enhancing international strategy deployment, and thorough business communications with our customers, among others. Of course, to maintain our core competencies and relative advantages are the basis for us to gain a foothold on the market.

2. Forward-looking planning and deployment

For a company striving to realize sustainable development, thinking and planning for the development trends of the industry and the adaptability of the company in advance is the most important task for the core management team of the company. Since our establishment, our core management team has personally gone to the market, to understand the market development trends and the demands of the customers, been good at exploring opportunities and identifying risks, and through continuous sand table exercise and scenario simulation, successfully utilized such business opportunities. Our development today comes from our core management's clear understanding of and planning for our short-, medium- and long-term development, and coping with unexpected situations and challenges in a prudent and flexible manner according to the changed circumstances, and our employees and officers at all levels conscientiously fulfilling their tasks, properly implementing all plans made by our core management, and converting business opportunities into beneficial results of the Company.

3. Continuous investment in the future

We have always placed R&D and innovation on an important position in our development, made continuous investments in technology R&D, vigorously upgraded traditional manufacturing processes, and continuously improved the level of automatic production. During the reporting period, we have increased investment in technology R&D, focusing on underlying materials, innovative production technologies and product upgrading, and through joint development with the leading customers in the industry, precisely understood the market development trends, and satisfied the demands of the customers. With respect to the new products and new areas, we will give full consideration to the gross margin and return on investment of the relevant products before making the investment, to bring the highest benefits to us and our shareholders. During the reporting period, our R&D expenses totaled RMB2.569 billion, a 62.74% increase year on year.

In the future, we will continue to ensure work safety, promptly respond to risks and challenges, ensure the stability of production and operation, continuously improve the level of production and operation, and strive to develop into a global leading high-end precision manufacturer.

II. Analysis of main business

Summary

Please see “Section IV Discussion and Analysis of Business Situations - I. Summary”.

Changes in main financial data

In RMB

| | Six-month period ended June 30, 2020 | Six-month period ended June 30, 2019 | Y/Y % Change | Reason of change |
|---|---|---|--------------|---|
| Operating income | 36,451,626,148.86 | 21,440,739,019.87 | 70.01% | Performance growth |
| Operating cost | 29,823,294,770.35 | 17,315,367,197.08 | 72.24% | Performance growth |
| Selling expenses | 242,578,985.43 | 193,996,635.66 | 25.04% | Performance growth |
| Administrative expenses | 764,525,232.29 | 418,342,190.72 | 82.75% | Increase in employee benefits |
| Financial expenses | 113,596,991.44 | 163,351,627.93 | -30.46% | Increase in interest on loans and exchange gain |
| Income tax expenses | 465,987,889.01 | 262,526,986.01 | 77.50% | Performance growth |
| R&D expenses | 2,568,508,521.46 | 1,578,293,697.97 | 62.74% | Expenditures at the new project R&D stage |
| Net cash flows from operating activities | 3,181,944,342.45 | 4,188,400,473.33 | -24.03% | Increase in volumes of order, related expenses and stock of certain materials |
| Net cash flows from investment activities | -5,339,077,964.90 | -2,235,983,616.05 | 138.78% | Acquisition of fixed assets and purchase of wealth management products |
| Net cash flows from financing activities | 2,427,089,861.17 | -383,702,532.71 | -732.54% | Increase in loans |
| Net increase in cash and cash equivalents | 380,086,869.67 | 1,636,772,727.21 | -76.78% | |

Material changes in the components and source of profits in the reporting period:

□ Applicable √ N/A

Our components and source of profits have not undergone any material change in the reporting period.

Components of operating income

In RMB

| | Six-month period ended June 30, 2020 | | Six-month period ended June 30, 2019 | | Y/Y % Change |
|--|---|-----------------------|---|-----------------------|--------------|
| | Amount | % of operating income | Amount | % of operating income | |
| Total operating income | 36,451,626,148.86 | 100% | 21,440,739,019.87 | 100% | 70.01% |
| By segment | | | | | |
| Computer connectivity products and precision components | 1,699,017,545.86 | 4.66% | 1,433,559,383.35 | 6.69% | 18.52% |
| Automotive connectivity products and precision components | 1,275,965,563.78 | 3.50% | 1,065,555,563.98 | 4.97% | 19.75% |
| Communication connectivity products and precision components | 1,067,219,609.68 | 2.93% | 1,547,603,591.54 | 7.22% | -31.04% |
| Consumer electronics | 31,083,812,155.97 | 85.27% | 16,661,815,911.01 | 77.71% | 86.56% |
| Other connectors and other business | 1,325,611,273.57 | 3.64% | 732,204,569.99 | 3.42% | 81.04% |
| By product | | | | | |
| Computer connectivity products and precision components | 1,699,017,545.86 | 4.66% | 1,433,559,383.35 | 6.69% | 18.52% |
| Automotive connectivity products and precision components | 1,275,965,563.78 | 3.50% | 1,065,555,563.98 | 4.97% | 19.75% |
| Communication connectivity products and precision components | 1,067,219,609.68 | 2.93% | 1,547,603,591.54 | 7.22% | -31.04% |
| Consumer electronics | 31,083,812,155.97 | 85.27% | 16,661,815,911.01 | 77.71% | 86.56% |
| Other connectors and other business | 1,325,611,273.57 | 3.64% | 732,204,569.99 | 3.42% | 81.04% |
| By region | | | | | |
| Domestic market | 3,416,572,015.31 | 9.37% | 2,171,745,438.39 | 10.13% | 57.32% |
| Overseas market | 33,035,054,133.55 | 90.63% | 19,268,993,581.48 | 89.87% | 71.44% |

Segments, products or regions representing more than 10% of operating income or profit:

√ Applicable □ N/A

In RMB

| | Operating income | Operating cost | Gross margin | Y/Y % Change in operating income | Y/Y % Change in operating cost | Y/Y % Change in gross margin |
|---|------------------|------------------|--------------|----------------------------------|--------------------------------|------------------------------|
| By segment | | | | | | |
| Computer connectivity products and precision components | 1,699,017,545.86 | 1,342,032,363.41 | 21.01% | 18.52% | 19.48% | -0.64% |

| | | | | | | |
|--|-------------------|-------------------|--------|---------|---------|--------|
| Automotive connectivity products and precision components | 1,275,965,563.78 | 1,068,707,916.45 | 16.24% | 19.75% | 19.97% | -0.15% |
| Communication connectivity products and precision components | 1,067,219,609.68 | 833,592,823.67 | 21.89% | -31.04% | -31.47% | 0.49% |
| Consumer electronics | 31,083,812,155.97 | 25,541,192,874.96 | 17.83% | 86.56% | 89.08% | -1.10% |
| Other connectors and other business | 1,325,611,273.57 | 1,037,768,791.86 | 21.71% | 81.04% | 79.85% | 0.52% |
| By product | | | | | | |
| Computer connectivity products and precision components | 1,699,017,545.86 | 1,342,032,363.41 | 21.01% | 18.52% | 19.48% | -0.64% |
| Automotive connectivity products and precision components | 1,275,965,563.78 | 1,068,707,916.45 | 16.24% | 19.75% | 19.97% | -0.15% |
| Communication connectivity products and precision components | 1,067,219,609.68 | 833,592,823.67 | 21.89% | -31.04% | -31.47% | 0.49% |
| Consumer electronics | 31,083,812,155.97 | 25,541,192,874.96 | 17.83% | 86.56% | 89.08% | -1.10% |
| Other connectors and other business | 1,325,611,273.57 | 1,037,768,791.86 | 21.71% | 81.04% | 79.85% | 0.52% |
| By region | | | | | | |
| Domestic market | 3,416,572,015.31 | 2,717,633,322.13 | 20.46% | 57.32% | 25.14% | -0.39% |
| Overseas market | 33,035,054,133.55 | 27,105,661,448.22 | 17.95% | 71.44% | 40.67% | -1.11% |

In case of any adjustment to the statistic scale for main business data, the main business data of the most recent reporting period as adjusted according to the statistic scale applied at the end of the current reporting period:

☐ Applicable ☒ N/A

Analysis of changes in the relevant data over 30% year on year:

☐ Applicable ☒ N/A

III. Analysis of non-main business

☒ Applicable ☐ N/A

In RMB

| | Amount | % of total profit | Reason | Whether or not sustainable |
|-------------------|----------------|-------------------|------------------------------|----------------------------|
| Investment income | 134,415,519.44 | 4.35% | Revenue from investments and | No |

| | | | | |
|---------------------------------------|----------------|--------|--|----|
| | | | wealth management products classified as financial assets at fair value through profit or loss | |
| Gain or loss on changes in fair value | -1,051,916.59 | -0.03% | Revenue from investments classified as financial assets at fair value through profit or loss | No |
| Impairment loss on assets | -10,548,638.93 | -0.34% | Allowance for impairment of inventories and fixed assets | No |
| Non-operating income | 11,262,010.90 | 0.36% | Revenue from retirement of assets | No |
| Non-operating expenses | 30,376,854.30 | 0.98% | Loss on disposal of fixed assets | No |
| Gain on disposal of assets | 12,520,893.98 | 0.41% | Disposal of production equipment | No |
| Other gains | 126,474,795.32 | 4.10% | Government grants related to income | No |
| Impairment losses of credit | -3,382,447.80 | -0.11% | Impairment loss on accounts receivable | No |

IV. Analysis of assets and liabilities

1. Material changes in components of assets

In RMB

| | June 30, 2020 | | June 30, 2019 | | Y/Y % Change | Reason of material change |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-----------------|--|
| | Amount | % of total assets | Amount | % of total assets | | |
| Cash and cash equivalents | 6,562,402,504.17 | 12.22% | 6,180,466,259.01 | 12.52% | -0.30% | |
| Accounts receivable | 11,532,044,279.79 | 21.48% | 13,243,625,572.22 | 26.82% | -5.34% | |
| Inventories | 8,714,532,162.31 | 16.23% | 7,700,857,888.16 | 15.60% | 0.63% | Increase in volumes of order and stock of materials |
| Investment properties | 48,631,228.96 | 0.09% | 52,656,477.74 | 0.11% | -0.02% | |
| Long-term equity investment | 447,214,654.45 | 0.83% | 303,050,580.10 | 0.61% | 0.22% | |
| Fixed assets | 14,762,146,814.72 | 27.50% | 13,707,298,535.36 | 27.76% | -0.26% | Increase in investment in factory buildings, dormitories and equipment |
| Construction in progress | 1,874,034,373.48 | 3.49% | 865,549,438.56 | 1.75% | 1.74% | Factory building and dormitory construction projects of subsidiaries transferred to fixed assets |
| Short-term borrowings | 6,753,078,774.01 | 12.58% | 4,166,302,223.17 | 8.44% | 4.14% | Increase in short-term financing activities |

| | | | | | | |
|----------------------------|-------------------|--------|-------------------|--------|--------|---|
| Long-term loans | 1,327,886,195.96 | 2.47% | 1,562,908,824.30 | 3.17% | -0.70% | |
| Prepayments | 235,114,108.55 | 0.44% | 212,018,611.91 | 0.43% | 0.01% | Payment of other payables |
| Other receivables | 490,838,346.31 | 0.91% | 338,237,923.96 | 0.68% | 0.23% | Increase in trade account receivable |
| Other current assets | 1,189,860,648.30 | 2.22% | 1,484,451,151.73 | 3.01% | -0.79% | Increase in deductible input tax |
| Long-term prepaid expenses | 536,360,917.05 | 1.00% | 352,042,451.40 | 0.71% | 0.29% | Routine maintenance expenses of factory buildings and workshops |
| Other non-current assets | 2,293,145,459.10 | 4.27% | 1,432,566,528.37 | 2.90% | 1.37% | Prepayments for equipment, projects costs and land use fees |
| Notes payable | 91,266,401.14 | 0.17% | 206,496,660.20 | 0.42% | -0.25% | Decrease in note transactions |
| Accounts payable | 15,714,339,373.78 | 29.27% | 17,268,223,180.16 | 34.97% | -5.70% | Stock of materials to fulfill orders |
| Other payables | 300,081,198.73 | 0.56% | 352,390,271.77 | 0.71% | -0.15% | Increase in local fiscal appropriation |
| Other current liabilities | 2,190,916,954.75 | 4.08% | 646,115,152.49 | 1.31% | 2.77% | Issuance of short-term bonds |
| Deferred income | 264,631,854.19 | 0.49% | 256,059,554.91 | 0.52% | -0.03% | Increase in government grants related to capital |
| Deferred tax liabilities | 559,468,977.82 | 1.04% | 598,184,393.00 | 1.21% | -0.17% | |

2. Assets and liabilities at fair value

☐ Applicable ☒ N/A

3. Encumbrances on assets as of the end of the reporting period

As of the end of the reporting period, our main assets are free and clear of any sequestration, attachment, freeze, mortgage or pledge, or any condition for and prohibition on liquidation, and could be used to set off liabilities.

V. Analysis of investments

1. Overall situation

☒ Applicable ☐ N/A

| Amount of investment in the reporting period (RMB) | Amount of investment in the corresponding period in 2019 (RMB) | Y/Y % Change |
|--|--|--------------|
| 946,034,000.00 | 383,800,000.00 | 146.49% |

2. Major equity investments acquired in the reporting period

√ Applicable □ N/A

In RMB

| Investee | Main business | Method of investment | Amount of investment | Shareholding percentage | Source of funds | Partner | Term of investment | Product type | Status as of the balance sheet date | Expected income | Investment income/ loss in the reporting period | Whether or not involved in any litigation | Date of disclosure (if any) | Reference (if any) |
|-------------------|--|----------------------|----------------------|-------------------------|------------------|---------|--------------------|-----------------------|-------------------------------------|-----------------|---|---|-----------------------------|--------------------|
| Luxshare Changshu | Business subject to licensing: import and export of goods; import and export of general technologies; manufacturing of electronic components and electro-mechanical components; sale of electronic components and electro-mechanical components; sale of power electronic components; manufacturing of wearable smart equipment; sale of wearable smart equipment; manufacturing of communication equipment; sale of communication equipment; manufacturing of opto-electronic components; sale of opto-electronic components; manufacturing of special rubber processing equipment; sale of special rubber processing equipment; manufacturing of computer software, hardware and peripherals; technical services, technology development, technical consulting, technical exchanges, technology transfer; lease of non-residential properties. | Capital injection | 333,000,000.00 | 100.00% | Self-owned funds | N/A | Long | Electronic components | Paid in full | 0.00 | 0.00 | No | April 21, 2020 | 2020-028 |
| Total | -- | -- | 333,000,000.00 | -- | -- | -- | -- | -- | -- | 0.00 | 0.00 | -- | -- | -- |

3. Major non-equity investments that have not yet been completed in the reporting period

□ Applicable √ N/A

4. Financial assets at fair value

√ Applicable □ N/A

In RMB

| Type of asset | Initial investment cost | Gain or loss on changes in fair value in the reporting period | Aggregate changes in fair value recorded in equity | Amount acquired in the reporting period | Amount sold in the reporting period | Aggregate investment income | Closing balance | Source of funds |
|-----------------------|-------------------------|---|--|---|-------------------------------------|-----------------------------|-------------------------|------------------|
| Financial derivatives | 3,467,171,400.00 | 90,118,924.00 | -1,051,917.00 | 14,652,168,809.00 | 15,510,544,459.00 | 91,170,841.00 | 2,608,795,750.00 | Self-owned funds |
| Stock | 22,500,000.00 | 42,269,850.00 | 161,927,550.00 | 0.00 | 0.00 | 0.00 | 213,003,000.00 | Self-owned funds |
| Total | 3,489,671,400.00 | 132,388,774.00 | 160,875,633.00 | 14,652,168,809.00 | 15,510,544,459.00 | 91,170,841.00 | 2,821,798,750.00 | -- |

5. Investment in financial assets**(1) Investment in securities**

√ Applicable □ N/A

| Type of security | Security code | Short name | Initial investment cost | Method of measurement | Opening carrying amount | Gain or loss on changes in fair value in the reporting period | Aggregate changes in fair value recorded in equity | Amount acquired in the reporting period | Amount sold in the reporting period | Gain or loss in the reporting period | Closing carrying amount | Accounting item | Source of funds |
|--|---------------|-----------------|-------------------------|-----------------------|-------------------------|---|--|---|-------------------------------------|--------------------------------------|-------------------------|--|------------------|
| Stock listed on domestic or overseas market | 603595 | Tony Electronic | 22,500,000.00 | Fair value | 170,733,150.00 | 42,269,850.00 | 161,927,550.00 | 0.00 | 0.00 | 42,269,850.00 | 213,003,000.00 | Investment in other equity instruments | Self-owned funds |
| Total | | | 22,500,000.00 | -- | 170,733,150.00 | 42,269,850.00 | 161,927,550.00 | 0.00 | 0.00 | 42,269,850.00 | 213,003,000.00 | -- | -- |
| Disclosure date of the announcement of the board of directors approving the investment in securities | | | | | | | | | | | | | |
| Disclosure date of the announcement of the shareholders' meeting approving the investment in securities (if any) | | | | | | | | | | | | | |

(2) Investment in derivatives

√ Applicable □ N/A

In RMB0'000

| Counterparty | Affiliation | Whether or not a related-party transaction | Type of derivative | Initial investment cost | Date of commencement | Date of termination | Opening balance | Amount acquired in the reporting period | Amount sold in the reporting period | Allowance for impairment loss (if any) | Closing balance | Ratio of closing balance to the net asset as at the end of the reporting period | Actual gain or loss in the reporting period |
|--------------|-------------|--|--------------------|-------------------------|----------------------|---------------------|-----------------|---|-------------------------------------|--|-----------------|---|---|
| | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|---|---------------|----|---------------------------|---|----|----|---------------|-------------------|-------------------|---|---------------|--------|---------------|
| Bank | Non-affiliate | No | Forward exchange contract | 2,263,776,900 | | | 2,263,776,900 | 9,869,966,558.71 | 11,011,642,708.71 | 0 | 1,122,100,750 | 4.93% | 76,754,940.93 |
| Bank | Non-affiliate | No | Foreign exchange option | 1,203,394,500 | | | 1,203,394,500 | 4,782,202,250 | 4,498,901,750 | 0 | 1,486,695,000 | 6.53% | 14,415,900 |
| Total | | | | 3,467,171,400 | -- | -- | 3,467,171,400 | 14,652,168,808.71 | 15,510,544,458.71 | 0 | 2,608,795,750 | 11.46% | 91,170,840.93 |
| Source of funds | | | | Self-owned funds | | | | | | | | | |
| Whether or not involved in any litigation | | | | N/A | | | | | | | | | |
| Disclosure date of the announcement of the board of directors approving the investment in derivatives (if any) | | | | August 20, 2019 | | | | | | | | | |
| | | | | April 20, 2020 | | | | | | | | | |
| Disclosure date of the announcement of the shareholders' meeting approving the investment in derivatives (if any) | | | | May 13, 2020 | | | | | | | | | |
| Analysis of risks associated with the derivatives held in the reporting period (including without limitation market risk, liquidity risk, credit risk, operational risk and legal risk) and related risk control measures | | | | 1. We conduct foreign exchange derivative transactions for the purpose of fixing costs, and avoiding and preventing foreign exchange and interest rate risks, and prohibit any speculation. | | | | | | | | | |
| | | | | 2. We have established strict business management policy regarding financial derivative transactions, which contain explicit provisions on the principle of operation, approving power, internal operating process, information segregation measures, internal risk controls, information disclosure and other issues relating to financial derivative transactions, to control the risks associated with such transactions. | | | | | | | | | |
| | | | | 3. We carefully examine the terms of contracts entered into with the relevant banks, and strictly implement the risk management policy to prevent legal risks. | | | | | | | | | |
| | | | | 4. Our Finance Department continuously follows up on the changes in the market price or fair value of the relevant foreign exchange derivatives, promptly assesses the changes in risk exposures of such foreign exchange derivatives, reports to the management on a regular basis, promptly reports the abnormal situations discovered, calls attention to the relevant risks, and takes the appropriate emergency measures. | | | | | | | | | |
| | | | | 5. In order to prevent any delay in the delivery of forward exchange contracts, we attach great importance to the management of accounts receivable, and have established safety management measures to prevent any delay in the payment of accounts receivable. | | | | | | | | | |
| | | | | 6. Our Internal Audit Department is responsible for supervising and auditing the decision-making, management, execution and other issues in respect of foreign exchange derivative transactions. | | | | | | | | | |
| Changes in the market price or fair value of the derivatives held in the reporting period (in the analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed) | | | | Change in the fair value of a foreign exchange derivative is the difference between its fair market price in the month in which the delivery date determined by the Company falls and its contract price. | | | | | | | | | |
| Whether there's any material change in the accounting policies and accounting principles for the measurement of derivatives in the reporting period as compared with the preceding reporting period | | | | No material change | | | | | | | | | |
| Special opinion issued by the independent directors regarding the Company's investment in derivatives and related risk control measures | | | | We conduct foreign exchange derivative transactions for the purpose of avoiding foreign exchange risk arising from fluctuation of the foreign exchange rate of RMB, and effectively controlling the uncertainties of costs caused by foreign exchange risk. We have established the Business Management Policy Regarding Financial Derivative Transactions, to enhance risk management and control over foreign exchange derivative transactions. In addition, we only provide self-owned funds, rather than any offering proceeds, as deposit for derivative transactions. The review, voting and other procedures relating to such transactions have complied with the Company Law, the AOA and other applicable regulations. | | | | | | | | | |

6. Use of offering proceeds

☐ Applicable ☒ N/A

No offering proceeds have been used during the reporting period.

7. Major projects invested with funds other than offering proceeds

☐ Applicable ☒ N/A

There was no major project invested by us during the reporting period that used funds other than offering proceeds.

VI. Sale of material assets and equities**1. Sale of material assets**

☐ Applicable ☒ N/A

No material asset has been sold during the reporting period.

2. Sale of material equities

☐ Applicable ☒ N/A

VII. Analysis of major subsidiaries and associates

☒ Applicable ☐ N/A

Major subsidiaries and associates representing more than 10% of the net profit of the Company:

In RMB

| Company name | Type | Main business | Registered capital | Total assets | Net assets | Operating income | Operating profit | Net profit |
|---------------------------------------|------------|---|--------------------|-------------------|------------------|-------------------|------------------|----------------|
| Luxshare Precision Technology Limited | Subsidiary | Research and development of electronic products, data lines, connection lines, connectors, computer and peripherals, plastic and hardware products | USD23,218,022.77 | 298,311,102.86 | 223,937,659.49 | 200,112,199.82 | -14,589,749.09 | -16,491,099.05 |
| Luxshare Precision | Subsidiary | Purchase and sale of electronic products, data lines, connection lines, connectors, computer and peripherals, plastic and hardware products | USD 5,000,000 | 19,025,556,222.08 | 933,262,655.49 | 39,503,960,680.06 | 163,235,943.32 | 137,726,088.47 |
| ICT-Lanto | Subsidiary | Sale and service in respect of internal and external connection lines for IT, communication and consumer electronic applications, and precision connectors | USD83,290,323 | 12,238,793,484.62 | 2,076,029,613.99 | 6,480,266,187.19 | 336,085,205.35 | 284,379,160.57 |
| Luxshare Kunshan | Subsidiary | Production, processing, sale, development and technical services in respect of connection lines, connectors, computer peripherals, plastic and hardware products, electronic components, electronic products, auto parts and molds; general road freight transport; import and export of goods and technologies | RMB508,000.00 | 1,145,963,685.82 | 723,944,728.67 | 626,417,956.58 | 48,802,076.68 | 37,740,668.31 |
| Lanto Kunshan | Subsidiary | Research, development, production and sale of computer peripherals, connection lines and connectors, new-type electronic components, | RMB1,220,000.000 | 10,156,066,594.49 | 6,053,925,467.01 | 5,737,827,642.79 | 466,820,061.95 | 416,753,720.49 |

| | | | | | | | | |
|---|------------|--|-------------------|------------------|------------------|------------------|----------------|----------------|
| | | communication and IT instruments and components, plastic and hardware products, special electronic equipment, testing instruments, tooling, remote control dynamic models and related products and components; production and sale of power supplies and wireless transmission products; software development; import and export of goods and technologies | | | | | | |
| Xiexun Wan'an | Subsidiary | Production and sale of computer plugs, sockets connection lines, connectors and peripherals, and precision molds; import and export; lease of personal properties, lease of real properties | RMB40,000,000 | 75,350,703.77 | 56,625,261.00 | 44,905,729.92 | 3,734,557.89 | 2,778,418.42 |
| Ji'an Jizhou District Luxshare Electronic Co., Ltd. | Subsidiary | Production and sale of computer plugs, sockets, connection lines, connectors and peripherals; lease of personal properties | RMB8,000,000 | 21,481,954.82 | 10,920,900.87 | 24,792,136.12 | -5,798,428.97 | -5,961,026.88 |
| Xiexun Jiangxi | Subsidiary | Production and sale of computer plugs, sockets, connection lines, connectors and peripherals, precision molds, equipment and components, robot and precision metal molds, automatic equipment, metal fixture components, and electro-mechanical equipment, processing of precision machinery; lease of personal properties, lease of real properties; import and export; medical appliances, medical equipment, personal protective equipment, digital electronics and non-medical masks | RMB114,718,979.44 | 1,532,820,645.24 | 908,315,366.03 | 816,054,387.37 | 104,802,268.13 | 88,322,645.84 |
| ASAP Jiangxi | Subsidiary | Design, production and sale of electric wires and cables, plastic pellets, plastic and hardware products, precision molds, digital electronic and electronic IT product system assembly, high/low frequency data transmission lines, connectors, computer peripherals, new-type electronic components, data and signal transmission products, medical appliances, medical supplies, smart household products; import and export; | RMB100,924,134 | 2,468,562,324.07 | 1,387,482,826.30 | 1,489,013,271.46 | 157,782,992.38 | 133,757,306.89 |

| | | | | | | | | |
|---|------------|---|------------------|------------------|------------------|------------------|----------------|----------------|
| | | lease of real properties, lease and sale of tangible personal properties | | | | | | |
| Fujian JK Wiring Systems Co., Ltd. | Subsidiary | Manufacturing of automotive electronic devices (automotive engine control system, electronic car body control system, etc.), automotive wire harness, plastic components and other components | USD 5,600,000 | 187,406,396.34 | 170,027,180.35 | 102,515,670.10 | 172,239.74 | 3,211.63 |
| Luxshare Electronic Kunshan | Subsidiary | Development and production of opto-electronic switches, smart sensors, new-type instrument components, opto-electronic components, communication products and connectors, keyboards, push buttons, chassis, silicon rubber electronic components, precision cavity molds, punching die, connection lines and hi-fi systems; processing of watchband; sale and after-sale service in respect of self-made products; import and export of goods and technologies; business subject to licensing: production of Class 2 medical appliances; production of Class 3 medical appliances; dealing in Class 3 medical appliances; business not subject to licensing: sale of Class 2 medical appliances; manufacturing of hardware products; manufacturing of metal components for use in construction; manufacturing of molds; manufacturing of wearable smart equipment; sale of wearable smart equipment; business not subject to licensing: production of Class 1 medical appliances; sale Class 1 medical appliances | RMB1,600,000,000 | 8,386,612,752.40 | 3,409,625,373.24 | 5,981,788,757.67 | 270,842,082.58 | 228,507,028.32 |
| Shenzhen Luxshare Acoustics Technology Ltd. | Subsidiary | Business not subject to licensing: research, development and sale of acoustic equipment, connection lines, connectors, electronic product components, plastic and hardware products, molds and antennas; domestic trade, import and export of goods and technologies; business subject to licensing: | RMB28,000,000 | 338,732,430.31 | 81,302,115.60 | 231,215,735.61 | 35,467,072.57 | 26,565,317.90 |

| | | | | | | | | |
|-----------------------------|------------|---|------------------|------------------|------------------|------------------|----------------|----------------|
| | | production of acoustic equipment, connection lines, connectors, electronic product components, plastic and hardware products, molds and antennas | | | | | | |
| Lixun Fengshun | Subsidiary | Research, development, production and sale of electric wires and cables, connection lines, connectors, computer peripherals, plastic and hardware products; import and export of goods | RMB10,000,000 | 19,300,515.51 | 17,656,314.87 | 7,064,176.82 | 475,891.80 | 573,027.86 |
| Luxshare Chuzhou | Subsidiary | Production and sale of connectors and connection lines for computers, mobile phones, video game player and TV sets, components and accessories of communication electronic products (including electroplating); import and export of goods and technologies produced or owned by the company or others | RMB758,000,000 | 2,974,261,896.04 | 1,303,159,063.17 | 1,951,028,674.96 | 188,734,987.72 | 161,104,057.28 |
| SuK | Subsidiary | Design, research, development, manufacturing and sale of thermoplastic products and molds for automotive, medical, industrial and other applications | EUR 2,023,700 | 123,489,753.58 | -14,229,224.06 | 58,004,649.48 | -20,576,134.25 | -17,564,041.18 |
| Luxshare Automation Jiangsu | Subsidiary | Production and sale of robots, precision metal molds, automatic equipment, components of metal fixtures and electro-mechanical equipment; processing of precision machinery; import and export of goods and technologies produced or owned by the company | RMB30,000,000 | 431,278,563.21 | 255,708,595.63 | 191,842,531.69 | 18,272,339.90 | 15,232,577.72 |
| Luxshare Dongguan | Subsidiary | Research, development, production and sale of electronic components, precision molds, precision hardware, precision injection molding, mobile terminal antennas, high performance antenna connectors, audio modules, acoustic equipment, connection lines, connectors, electronic product components, molds, electric wires and cables, computer peripherals, plastic and hardware products, mobile phone peripherals, chargers and accumulators, smart household | RMB1,000,000,000 | 2,196,468,888.13 | 1,216,144,181.94 | 716,199,889.24 | -30,901,988.51 | -34,513,953.14 |

| | | | | | | | | |
|---|------------|---|------------------|-------------------|------------------|-------------------|------------------|------------------|
| | | appliances, acoustic equipment; research, development, design, production and sale of robots, automatic equipment, fixtures, electro-mechanical equipment, precision machinery, avionics equipment, automatic control equipment, unmanned aircraft systems and radio data transmission systems; wholesale of goods of the same types as self-made products; lease of self-owned factory buildings; import and export of goods and technologies | | | | | | |
| Intelligent Manufacture Jiangxi | Subsidiary | Production and sale of electronic products and molds; import and export; engineering and technological research and test development; lease of equipment, and lease of housing | RMB1,000,000,000 | 11,916,764,207.34 | 3,239,235,298.00 | 16,228,708,238.32 | 1,197,754,647.26 | 1,020,412,452.43 |
| Shenzhen Luxshare Standard Co., Ltd. | Subsidiary | Sale of electric wires and cables and assemblies, connectors, power supply adaptors, electro-acoustic products, leather sheaths, leather cases, protective films, knapsacks, garment, power bank, smart household products, smart wearable products, molds, plastic and hardware products; domestic trade; information consulting; import and export | RMB30,000,000 | 89,538,806.21 | 87,170,022.26 | 755,711.08 | 1,410,926.35 | 1,410,926.35 |
| Luxshare Precision Industry (Enshi) Co., Ltd. | Subsidiary | Research, development, production and sale of flexible circuit boards, connectors for IT and communication applications, silicon rubber electronic components, precision cavity molds, punching die, automotive electronic connection lines and wiring harness, wearable equipment and wireless transmission products, and smart household appliances; import and export of goods and technologies; processing of electronic products; labor dispatch | RMB100,000,000 | 168,201,328.48 | 54,739,524.51 | 165,636,881.76 | -2,270,641.36 | -2,270,641.36 |
| Luxshare Suzhou | Subsidiary | Production, research, development, sale and after-sale service in respect of electronic components, communication | RMB130,000,000 | 1,021,534,147.37 | 116,090,086.29 | 752,632,807.28 | 1,118,095.36 | 1,118,095.36 |

| | | | | | | | | |
|----------------------------------|------------|--|-----------------|------------------|----------------|------------------|----------------|----------------|
| | | equipment, computer equipment and accessories, molds and smart equipment; sale of electro-mechanical equipment, mechanical equipment, electric equipment, testing equipment, automatic equipment and accessories, molds, plastic products, metal products and fixtures; import and export of goods and technologies produced or owned by the company or others; computer software technology development and technical service | | | | | | |
| Luxshare Intelligent Manufacture | Subsidiary | Production, research, development, sale and after-sale service in respect of electronic components, communication equipment, computer equipment and accessories, molds and smart equipment; import and export of goods and technologies produced or owned by the company or others; computer software technology development and technical service | RMB730,000.00 | 1,370,729,422.03 | 486,011,725.11 | 1,152,836,472.29 | -40,260,065.89 | -40,260,065.89 |
| Luxshare Changshu | Subsidiary | Business subject to licensing: import and export of goods; import and export of general technologies; manufacturing of electronic components and electro-mechanical components; sale of electronic components and electro-mechanical components; sale of power electronic components; manufacturing of wearable smart equipment; sale of wearable smart equipment; manufacturing of communication equipment; sale of communication equipment; manufacturing of opto-electronic components; sale of opto-electronic components; manufacturing of special rubber processing equipment; sale of special rubber processing equipment; manufacturing of computer software, hardware and peripherals; technical services, technology | RMB1,300,000.00 | 852,528,567.85 | 354,579,309.89 | 426,963,000.00 | -1,415,910.44 | -1,415,910.44 |

| | | | | | | | | |
|--|--|---|--|--|--|--|--|--|
| | | development, technical consulting, technical exchanges, technology transfer; lease of non-residential properties. | | | | | | |
|--|--|---|--|--|--|--|--|--|

Subsidiaries acquired and disposed of during the reporting period:

√ Applicable □ N/A

| Company name | Method of acquisition or disposal of subsidiary during the reporting period | Effect on the production, operation and results of the Company taken as a whole |
|--|---|---|
| Meilv Luxshare (Vietnam) Co., Ltd. | Purchase of shares | No remarkable effect on the production, operation and results of the Company taken as a whole |
| Suzhou Lanto Electronic Co., Ltd. | Newly established | No remarkable effect on the production, operation and results of the Company taken as a whole |
| Xingning Luxshare-ICT Precision Industry Co., Ltd. | Newly established | No remarkable effect on the production, operation and results of the Company taken as a whole |
| Luxshare Precision Industry (Jiangsu) Co., Ltd. | Newly established | No remarkable effect on the production, operation and results of the Company taken as a whole |
| Dongguan Luxshare Technology Limited Qingxi Branch | Deregistered | No remarkable effect on the production, operation and results of the Company taken as a whole |
| Luxshare Precision Industry (Xi'an) Co., Ltd. | Sale of shares | No remarkable effect on the production, operation and results of the Company taken as a whole |

Particulars of major controlled subsidiaries and associates:

VIII. Structured entities controlled by the Company

□ Applicable √ N/A

IX. Forecast of the results of operation in January-September 2020

Whether the estimated net profit for the period from the beginning of the current year to the end of the next reporting period will be negative or vary greatly from the corresponding period in the preceding year and the reasons thereof:

√ Applicable □ N/A

Result forecast: The net profit will be positive and increase by more than 50% year on year.

Type of result forecast: Data of the relevant period

| | January 1-September 30, 2020 | | | January 1-September 30, 2019 | Y/Y % Change | | | |
|---|---|----|------------|------------------------------|--------------|--------|----|--------|
| Estimated aggregate net profit (RMB0'000) | 404,253.07 | -- | 462,003.51 | 288,752.19 | Increase | 40.00% | -- | 60.00% |
| Basic earnings per share | 0.58 | -- | 0.66 | 0.41 | Increase | 41.50% | -- | 60.98% |
| Explanation | Faced with all sorts of challenges brought by the external environment, we adhere to the strategy of long-term sustainable development. Our core management has a clear understanding of and planning for our short-, medium- and long-term development, and is able to cope with unexpected situations and challenges in a prudent and flexible manner according to the changed circumstances. Our employees are of one mind in fulfilling their tasks. We continuously give full play to our advantages in vertical integration, automatic process, digitalized management and cost control, among others. Our operating results in the forecast period are expected to continue to increase rapidly. | | | | | | | |

Note: Basic earnings per share is calculated on the basis of our total share capital as of the disclosure date of this report, which may be changed as a result of exercise of rights under our stock option incentive plan after the date of this report.

X. Risks facing the Company and countermeasures

(1) Risk of fluctuation of macro economy

The numerous uncertainties existing in the domestic and foreign macro environment at present, such as the spread of the epidemic situation throughout the world and the trade frictions between China and the United States, might result in slowdown of global economy, and affect people's income, purchasing power and willingness to spend. If the uncertainties of the macro environment continue for a long time, the industry will be impacted and face certain challenges.

(2) Risk of foreign exchange rate

At present, our revenue from the overseas market constitutes a large proportion in our total operating income, and our overseas transactions are mainly settled in US Dollars. Our sales on the overseas market totaled RMB33.035 billion in the reporting period, representing 90.63% of the revenue from main business. Because our country implements the managed floating rate system, the foreign exchange rates fluctuate along with the changes in domestic and foreign political and economic environment. If the foreign exchange rates fluctuate greatly, the exchange gains or losses may affect our operating results. In order to reduce the uncertainties caused by fluctuations of foreign exchange rates on our operating results, we will strive to keep abreast of the movement of foreign exchange rates, strictly control the proportion of foreign currency denominated assets in our net assets, and through foreign exchange derivative transactions, reduce the effect of the fluctuation of foreign exchange rates.

(3) Management risk

We have been growing rapidly in recent years, and continuously expanded our business in consumer electronics, communication, automotive and other fields. We have a great number of operating entities which are relatively decentralized. Due to the impact of the trade frictions between China and the United States and the spread of the epidemic situation throughout the world, our customers will put forward increasingly high requirements for the internationalized level of the deployment of our production capacity, which will in turn put forward higher requirements for our operation and management capability and pool of outstanding talents. If our management level cannot satisfy the requirements of the rapid growth of our scale of operation, we may face certain management risks.

(4) Risk of relative concentration of customers

We attach great importance to maintaining long-term and stable cooperation relationships with our major customers. At present, our customers are relatively concentrated, most of whom are engaged in consumer electronics. If any of our major customers falls into serious difficulties in its operation, we may face certain operating risk.

Section V. Significant Matters

I. Annual shareholders' meeting and extraordinary shareholders' meeting held during the reporting period

1. Shareholders' meeting held during the reporting period

| Session of meeting | Type of meeting | % of investors attending the meeting | Date of meeting | Date of disclosure | Reference |
|-----------------------------------|------------------------------|--------------------------------------|-----------------|--------------------|---|
| Annual shareholders' meeting 2019 | Annual shareholders' meeting | 52.64% | May 13, 2020 | May 14, 2020 | Refer to Announcement No. 2020-041 published on www.cninfo.com.cn |

2. Extraordinary shareholders' meeting held on requisition of preferred shareholders whose voting rights have been restituted

☐ Applicable ☒ N/A

II. Proposals for profit distribution and capitalization of the capital reserve for the reporting period

☐ Applicable ☒ N/A

We will not distribute cash or stock dividends or capitalize the capital reserve for the reporting period.

III. Commitments made by the actual controller, shareholders, affiliates and acquirer of the Company, the Company itself and other related parties that have been fulfilled during the reporting period or failed to be fulfilled as at the end of the reporting period

☐ Applicable ☒ N/A

There was no commitment made by us or any of our actual controller, shareholders, affiliates or acquirer, or other related parties that have been fulfilled during the reporting period or failed to be fulfilled at the end of the reporting period.

IV. Engagement and termination of appointment of accounting firm

Has this Semi-annual Financial Report been audited?

☐ Yes ☒ No

This Semi-annual Financial Report has not been audited.

V. Explanation by the Board of Directors and the Board of Supervisors about the modified auditor's report issued by the accounting firm for the reporting period

☐ Applicable ☒ N/A

VI. Explanation by the Board of Directors about the modified auditor's report for the preceding year

☐ Applicable ☒ N/A

VII. Matters relating to bankruptcy and reorganization

☐ Applicable ☒ N/A

We have not been involved in any bankruptcy or reorganization proceedings during the reporting period.

VIII. Litigation

Material litigations and arbitrations:

☐ Applicable ☒ N/A

We have not been involved in any material litigation or arbitration during the reporting period.

Other litigation

√ Applicable □ N/A

| Background | Amount claimed (RMB0'000) | Whether a provision is recognized | Status | Result and effect | Enforcement of judgment/award | Date of disclosure | Reference |
|---|---------------------------|-----------------------------------|---------|--|---------------------------------|--------------------|-----------|
| Other litigation occurred during the reporting period | 30.52 | No | Closed | The case has been settled/closed by mediation or won, and does not have a material effect on us. | Closed by mediation or enforced | | N/A |
| Other litigation occurred during the reporting period | 45,834.2 | No | Pending | The case is pending, and will not have a material effect on us. | Pending | | N/A |

IX. Media questioning

□ Applicable √ N/A

There was no matter related to us that has been questioned by the media generally during the reporting period.

X. Punishments and rectifications

□ Applicable √ N/A

We have not been subject to any punishment or required to make any rectification during the reporting period.

XI. Credit standing of the Company and its controlling shareholder and actual controller

√ Applicable □ N/A

There was no outstanding court judgment or overdue debt of a large amount involving us or our controlling shareholder or actual controller during the reporting period.

XII. Implementation of share incentive plans, employee stock ownership plans and other employee incentives granted by the Company

√ Applicable □ N/A

1. 2018 stock option incentive plan

On the authority of the 2nd shareholders' meeting in 2018, the 13th session of the 4th Board of Directors and the 13th session of the 4th Board of Supervisors determined that the vesting conditions for the first vesting period of the 2018 stock option incentive plan have been satisfied. 1,762 awardees who have satisfied the vesting conditions may exercise up to 24,465,506 stock options in the first vesting period at the exercise price of RMB13.48 per share at their sole discretion.

On June 17, 2020, we implemented the equity distribution proposal for the year of 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares, we distributed to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares, or RMB644,617,443.60 in total, and 2.999711 bonus shares per 10 shares issued through capitalization of the capital reserve, as a result of which, our total share capital was increased to 6,983,871,085 shares. Accordingly, we adjusted the exercise price and number of stock options under the 2018 stock option incentive plan. After such adjustment, the number of outstanding stock options was increased from 99,001,310 stock options to 128,698,841 stock options, and their exercise price was adjusted from RMB13.48 per share to RMB10.28 per share.

2. 2019 stock option incentive plan

We adopted the 2019 stock option incentive plan upon approval by the 7th session of the 4th Board of Directors and the 1st extraordinary shareholders' meeting in 2019.

The first grant of share options under the plan was completed on April 22, 2019 and registered on June 12, 2019, wherein 50,076,000 stock options in total, representing 1.22% of our total share capital, were granted to 348 awardees, at the exercise price of RMB23.36 per share (option short name: Luxshare JLC2; option code: 037825).

On July 5, 2019, we implemented the equity distribution proposal for the year of 2018, pursuant to which, on the basis of the total share capital of 4,114,616,722 shares, we distributed to all shareholders a cash dividend of RMB0.5 (inclusive of tax) per 10 shares, or RMB205,730,836.10 in total, and 3 bonus shares per 10 shares issued through capitalization of the capital reserve, as a result of which, our total share capital was increased to 5,349,001,738 shares. Accordingly, we adjusted the number and exercise price of stock options under the 2019 stock option incentive plan. After such adjustment, the exercise price of the stock options granted for the first time was adjusted from RMB23.36 per share to RMB17.93 per share, and the number of such stock options was increased from 50,076,000 stock options to 65,098,800 stock options, and the number of the reserved stock options thereunder was adjusted

from 12,519,000 stock options to 16,274,700 stock options.

The reserved stock options under the 2019 stock option incentive plan were granted on November 27, 2019, and registered on January 21, 2020, wherein 16,274,700 stock options were granted to 263 awardees, at the exercise price of RMB17.93 per share.

On June 17, 2020, we implemented the equity distribution proposal for the year of 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares, we distributed to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares, or RMB644,617,443.60 in total, and 2.999711 bonus shares per 10 shares issued through capitalization of the capital reserve, as a result of which, our total share capital was increased to 6,983,871,085 shares. Accordingly, we adjusted the number and exercise price of stock options under the 2019 stock option incentive plan. After such adjustment, the number of awardees receiving the first grant of share options was adjusted from 348 to 340, the number of such stock options granted for the first time was increased from 65,098,800 stock options to 84,626,558 stock options, the exercise price of such stock options was adjusted from RMB17.93 per share to RMB13.70 per share, and the number of the reserved stock options thereunder was adjusted from 16,241,700 stock options to 21,113,740 stock options, and the exercise price of such stock options was adjusted from RMB17.93 per share to RMB13.70 per share.

On the authority of the 1st extraordinary shareholders' meeting in 2019, the 19th session of the 4th Board of Directors and the 19th session of the 4th Board of Supervisors determined that the vesting conditions for the first vesting period of the 2019 stock option incentive plan have been satisfied. 339 awardees who have satisfied the vesting conditions may exercise up to 16,456,708 stock options in the first vesting period at the exercise price of RMB13.70 per share at their sole discretion.

XIII. Material related-party transactions

1. Related-party transactions relating to day-to-day operation

☐ Applicable ☒ N/A

We have not conducted any related-party transaction relating to day-to-day operation during the reporting period.

2. Related-party transactions involving acquisition or sale of assets or equities

☐ Applicable ☒ N/A

We have not conducted any related-party transaction involving acquisition or sale of assets or equities during the reporting period.

3. Related-party transactions involving joint external investment

☐ Applicable ☒ N/A

We have not conducted any related-party transaction involving joint external investment during the reporting period.

4. Accounts receivable from and payable to related parties

☐ Applicable ☒ N/A

We did not have any accounts receivable from or payable to any related party during the reporting period.

5. Other material related-party transactions

☐ Applicable ☒ N/A

We have not conducted any other material related-party transaction during the reporting period.

XIV. Occupation by the controlling shareholder and its affiliates of the funds of Company for non-operating purpose

☐ Applicable ☒ N/A

Our controlling shareholder and its affiliates have not occupied our funds for non-operating purpose during the reporting period.

XV. Material contracts and performance

1. Trusteeship, contracting and leases

(1) Trusteeship

☐ Applicable ☒ N/A

No such case during the reporting period.

(2) Contracting

☐ Applicable ☒ N/A

No such case during the reporting period.

(3) Leases

□ Applicable √ N/A

No such case during the reporting period.

2. Material guarantees

√ Applicable □ N/A

(1) Guarantees

In RMB0'000

| External guarantees provided by the Company and its subsidiaries (excluding those provided for the subsidiaries) | | | | | | | | |
|--|--|---------------------------|-----------------------------|---|-----------------------------|-------------------|------------------------|---|
| Obligor | Disclosure date of announcement on the maximum amount guaranteed | Maximum amount guaranteed | Effective date of guarantee | Actual amount guaranteed | Type of guarantee | Term of guarantee | Whether or not expired | Whether or not provided for a related party |
| Guarantees provided by the Company for its subsidiaries | | | | | | | | |
| Obligor | Disclosure date of announcement on the maximum amount guaranteed | Maximum amount guaranteed | Effective date of guarantee | Actual amount guaranteed | Type of guarantee | Term of guarantee | Whether or not expired | Whether or not provided for a related party |
| ICT-Lanto | April 20, 2020 | 20,530.55 | June 23, 2020 | 20,530.55 | Joint and several guarantee | One year | Not | Yes |
| ICT-Lanto | April 16, 2020 | 21,238.5 | July 30, 2019 | 5,663.6 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 20, 2020 | 7,787.45 | June 23, 2020 | 0 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 16, 2020 | 35,397.5 | October 9, 2019 | 0 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 20, 2020 | 35,397.5 | | 0 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 20, 2020 | 56,636 | | 0 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | September 12, 2017 | 283,180 | December 1, 2017 | 0 | Joint and several guarantee | Five years | Not | Yes |
| Luxshare Precision | April 16, 2019 | 28,318 | September 5, 2019 | 28,318 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 20, 2020 | 9,911.3 | June 22, 2020 | 8,477.7 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 16, 2019 | 19,114.65 | July 9, 2019 | 19,043.86 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 16, 2019 | 36,813.4 | October 16, 2019 | 35,397.5 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 20, 2020 | 19,695.17 | May 21, 2020 | 19,397.83 | Joint and several guarantee | One year | Not | Yes |
| Luxshare Precision | April 20, 2020 | 27,737.48 | | 0 | Joint and several guarantee | | Not | Yes |
| Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1) | | 318,577.5 | | Total amount of guarantee actually provided for subsidiaries during the reporting period (B2) | | 48,406.08 | | |
| Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (B3) | | 601,757.5 | | Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (B4) | | 136,829.04 | | |
| Guarantees provided by subsidiaries for each other | | | | | | | | |
| Obligor | Disclosure date of announcement on the maximum amount guaranteed | Maximum amount guaranteed | Effective date of guarantee | Actual amount guaranteed | Type of guarantee | Term of guarantee | Whether or not expired | Whether or not provided for a related party |
| Total amount of guarantee provided by the Company | | | | | | | | |
| Total amount of guarantee approved during the reporting period (A1+B1+C1) | | 318,577.5 | | Total amount of guarantee actually provided during the reporting period (A2+B2+C2) | | 48,406.08 | | |
| Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3) | | 601,757.5 | | Total amount of guarantee actually provided as at the end of the reporting period (A4+B4+C4) | | 136,829.04 | | |
| Ratio of total amount of guarantee actually provided (A4+B4+C4) to the net assets of the Company | | | | 6.01% | | | | |
| Where: | | | | | | | | |
| Outstanding guarantees provided for shareholders, actual controller and their affiliates (D) | | | | 0 | | | | |
| Outstanding guarantees directly or indirectly provided for obligors whose debt-to-assets ratio exceeds 70% (E) | | | | 136,829.04 | | | | |
| Portion of total amount of guarantee in excess of 50% of the net assets (F) | | | | 0 | | | | |

| | |
|--|------------|
| Total (D+E+F) | 136,829.04 |
| Explanation about the joint and several liability that has been or might be incurred in respect of outstanding guarantees during the reporting period (if any) | None |
| Explanation about external guarantees provided in contravention of the established procedures (if any) | None |

Particulars of the guarantees provided using complex method:

(2) External guarantees in contravention of the regulations

☐ Applicable ☒ N/A

We have not provided any external guarantee in contravention of the applicable regulations during the reporting period.

3. Entrusted wealth management

☒ Applicable ☐ N/A

In RMB0'000

| Type | Source of funds | Total amount | Outstanding amount | Overdue amount |
|-------------------------------|------------------|--------------|--------------------|----------------|
| Bank wealth management amount | Self-owned funds | 274,701 | 274,701 | 0 |
| Total | | 274,701 | 274,701 | 0 |

High-risk entrusted wealth management products that are significant individually, illiquid or not principal protected:

☐ Applicable ☒ N/A

Entrusted wealth management products the principal of which may be unrecoverable or which may otherwise be impaired:

☐ Applicable ☒ N/A

4. Other material contracts

☐ Applicable ☒ N/A

We have not entered into any other material contract during the reporting period.

XVI. Social responsibility

1. Material environmental issues

Whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authority?

No.

Neither us nor any of our subsidiaries has been identified as a major polluter by the environmental protection authority during the reporting period.

2. Performance of social responsibility for targeted poverty alleviation

We have not carried out any targeted poverty alleviation program during the reporting period and do not have any targeted poverty alleviation program for the time being.

XVII. Other significant matters

☒ Applicable ☐ N/A

On January 9, 2020, the Issuance Examination Committee of the China Securities Regulatory Commission ("CSRC") examined and approved the application from Luxshare Precision Industry Co., Ltd. for issuance of convertible corporate bonds.

In February 2020, we received the Reply on Approving the Public Issuance of Convertible Corporate Bonds by Luxshare Precision Industry Co., Ltd. (Zheng Jian Xu Ke [2020] No. 247) from the CSRC, which approved us publicly issuing convertible corporate bonds in an aggregate amount of RMB3 billion with a term of six years.

XVIII. Significant matters concerning the subsidiaries of the Company

☐ Applicable ☒ N/A

Section VI. Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: Share

| | Before the change | | +, - | | | | | After the change | |
|---|-------------------|---------|------------|--------------|------------------------------------|-----------|---------------|------------------|---------|
| | Number | % | New shares | Bonus shares | Capitalization of capital reserves | Others | Subtotal | Number | % |
| I. Non-tradable shares | 6,560,918 | 0.13% | | | 2,028,919 | 202,800 | 2,231,719 | 8,792,637 | 0.13% |
| 1. Shares held by the State | 0 | 0.00% | | | | | | | |
| 2. Shares held by State-owned corporations | 0 | 0.00% | | | | | | | |
| 3. Shares held by other domestic investors | 887,250 | 0.02% | | | 304,170 | 126,750 | 430,920 | 1,318,170 | 0.02% |
| Incl.: Shares held by domestic non-State-owned corporations | 0 | 0.00% | | | | | | | |
| Shares held by domestic natural persons | 887,250 | 0.02% | | | 304,170 | 126,750 | 430,920 | 1,318,170 | 0.02% |
| 4. Shares held by foreign investors | 5,673,668 | 0.11% | | | 1,724,749 | 76,050 | 1,800,799 | 7,474,467 | 0.11% |
| Incl.: Shares held by foreign corporations | 0 | 0.00% | | | | | | | |
| Shares held by foreign natural persons | 5,673,668 | 0.11% | | | 1,724,749 | 76,050 | 1,800,799 | 7,474,467 | 0.11% |
| II. Tradable shares | 5,358,554,675 | 99.87% | | | 1,609,514,208 | 7,009,565 | 1,616,523,773 | 6,975,078,448 | 99.87% |
| 1. RMB-denominated ordinary shares | 5,358,554,675 | 99.87% | | | 1,609,514,208 | 7,009,565 | 1,616,523,773 | 6,975,078,448 | 99.87% |
| 2. Foreign currency-denominated shares listed domestically | 0 | 0.00% | | | | | | | |
| 3. Foreign currency-denominated shares listed overseas | 0 | 0.00% | | | | | | | |
| 4. Others | 0 | 0.00% | | | | | | | |
| III. Total shares | 5,365,115,593 | 100.00% | | | 1,611,543,127 | 7,212,365 | 1,618,755,492 | 6,983,871,085 | 100.00% |

Reasons of changes in shares:

√ Applicable □ N/A

1. The 13th session of the 4th Board of Directors determined that the vesting conditions for the first vesting period of the 2018 stock option incentive plan had been satisfied, and approved 1,762 awardees thereunder may exercise up to 24,465,506 stock options in the first vesting period at the exercise price of RMB13.48 per share at their sole discretion. As a result of exercise of such stock options, we issued an additional 7,212,365 shares in total. As of June 16, 2020, our total share capital was 5,372,327,958 shares.

2. Upon approval by the 17th session of the 4th Board of Directors and the 2019 annual shareholders' meeting, on June 17, 2019, we implemented the proposals for profit distribution and capitalization of the capital reserve for the year of 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares as of June 16, 2020, we distributed to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares, or RMB644,617,443.60 in total, and 2.999711 bonus shares per 10 shares issued through capitalization of the capital reserve, or 1,611,543,127 shares in total, as a result of which, our total share capital was increased to 6,983,871,085 shares.

Approval of changes in shares:

√ Applicable □ N/A

1. Approval by the 13th session of the 4th Board of Directors;

2. Approval by the 17th session of the 4th Board of Directors and the 2019 annual shareholders' meeting.

Transfer of share ownership:

√ Applicable □ N/A

1. Commence date of exercise of share options vested in the first vesting period of the 2018 stock option incentive plan: December 18, 2019;

2. Ex-rights date of the equity distribution for the year of 2019: June 17, 2020.

Progress of share repurchase:

□ Applicable √ N/A

Progress of sale of repurchased shares through call auction:

☐ Applicable ☒ N/A

Effect of changes in shares on the basic earnings per share, diluted earnings per share, net assets per share attributable to ordinary shareholders and other financial indicators of the Company in the preceding year and the most recent reporting period:

☐ Applicable ☒ N/A

Other information disclosed as the Company deems necessary or required by the securities regulatory authorities:

☐ Applicable ☒ N/A

2. Changes in non-tradable shares

☒ Applicable ☐ N/A

Unit: Share

| Shareholder | Balance of non-tradable shares as at January 1, 2020 | Number of non-tradable shares unlocked in the reporting period | Number of non-tradable shares increased in the reporting period | Balance of non-tradable shares as at June 30, 2020 | Reason for restriction | Unlock date |
|-------------|--|--|---|--|--|---|
| XUE Haogao | 253,500 | 0 | 185,890 | 439,390 | Non-tradable shares held by a retired executive (with respect to the shares held by the retired executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, 75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | With respect to the shares held by the retired executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, the non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| LI Bin | 507,000 | 0 | 152,085 | 659,085 | Non-tradable shares held by a director or executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| HUANG Dawei | 126,750 | 0 | 38,021 | 164,771 | Non-tradable shares held by an executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| YE Yiling | 185,055 | 0 | 55,511 | 240,566 | Non-tradable | The non-tradable |

| | | | | | | |
|----------------|-----------|---|-----------|-----------|--|---|
| | | | | | shares held by a director or executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| XIONG Tengfang | 126,750 | 0 | 92,945 | 219,695 | Non-tradable shares held by a retired executive (with respect to the shares held by the retired executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, 75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | With respect to the shares held by the retired executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, the non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| WANG Laisheng | 5,361,863 | 0 | 1,608,404 | 6,970,267 | Non-tradable shares held by a director (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| WU Tiansong | 0 | 0 | 98,863 | 98,863 | Non-tradable shares held by an executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.) | The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed. |
| Total | 6,560,918 | 0 | 2,231,719 | 8,792,637 | -- | -- |

II. Issuance and listing of securities

☐ Applicable ☒ N/A

III. Number of shareholders of the Company and shareholding structure

Unit: Share

| | | | | | | | | |
|--|-----------------------|-------------------------|------------------------------------|---|---------------------|---------------------------------|------------------|--------|
| Total number of ordinary shareholders at the end of the reporting period | 224,619 | | | Total number of preferred shareholders whose voting rights had been restituted at the end of the reporting period (if any) (Note 8) | | | 0 | |
| Shareholding of ordinary shareholders holding more than 5% of the shares or top 10 ordinary shareholders | | | | | | | | |
| Shareholder | Status of shareholder | Shareholding percentage | No. of ordinary shares held at the | Changes in shareholding | No. of non-tradable | No. of tradable ordinary shares | Pledge or freeze | |
| | | | | | | | Status of | Number |

| | | | end of the reporting period | during the reporting period | ordinary shares held | held | shares | |
|--|---|--------|-----------------------------|-----------------------------|----------------------|---------------|---------|---------------|
| Luxshare Limited | Foreign corporation | 42.92% | 2,997,566,414 | -139,162,348 | | 2,997,566,414 | Pledged | 1,203,506,740 |
| Hong Kong Securities Clearing Company Limited | Foreign corporation | 5.57% | 388,942,905 | -18,368,769 | | 388,942,905 | | |
| Central Huijin Asset Management Co., Ltd. | Stated owned corporation | 1.38% | 96,584,014 | | | 96,584,014 | | |
| China Securities Finance Corporation Limited | Domestic non-stated owned corporation | 1.21% | 84,428,888 | | | 8,442,888 | | |
| Bank of China - China AMC Zhongzheng 5G Communication ETF | Others | 0.84% | 58,373,559 | 58,373,559 | | 58,373,559 | | |
| E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan | Others | 0.55% | 38,656,343 | | | 38,656,343 | | |
| China AMC- Agricultural Bank of China - China AMC Zhongzheng Financial Asset Management Plan | Others | 0.55% | 38,576,831 | | | 38,576,831 | | |
| Zhong Ou Fund - Agricultural Bank of China - Zhong Ou Zhongzheng Financial Asset Management Plan | Others | 0.55% | 38,557,184 | | | 38,557,184 | | |
| Yinhua Fund - Agricultural Bank of China - Yinhua Zhongzheng Financial Asset Management Plan | Others | 0.55% | 38,508,814 | | | 38,508,814 | | |
| Dacheng Fund - Agricultural Bank of China - Dacheng Zhongzheng Financial Asset Management Plan | Others | 0.52% | 36,059,073 | | | 36,059,073 | | |
| Strategic investors or general corporations becoming top 10 ordinary shareholders as a result of rights issues (if any) (Note 3) | N/A | | | | | | | |
| Affiliates or concert parties among the shareholders listed above | 1. Luxshare Limited is our controlling shareholder. 2. We are not aware whether there are affiliates or concert parties as defined in the Administrative Measures for Information Disclosure by the Listed Companies Relating to Changes in Shares Held by Shareholders among the shareholders listed above. | | | | | | | |

| Shares held by top 10 holders of tradable shares | | | |
|--|--|--------------------------------|---------------|
| Shareholder | Number of tradable shares held at the end of the reporting period | Type and number of shares | |
| | | Type | Number |
| Luxshare Limited | 2,997,566,414 | RMB-denominated ordinary share | 2,997,566,414 |
| Hong Kong Securities Clearing Company Limited | 388,942,905 | RMB-denominated ordinary share | 388,942,905 |
| Central Huijin Asset Management Co., Ltd. | 96,584,014 | RMB-denominated ordinary share | 96,584,014 |
| China Securities Finance Corporation Limited | 84,428,888 | RMB-denominated ordinary share | 84,428,888 |
| Bank of China - China AMC Zhongzheng 5G Communication ETF | 58,373,559 | RMB-denominated ordinary share | 58,373,559 |
| E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan | 38,656,343 | RMB-denominated ordinary share | 38,656,343 |
| China AMC- Agricultural Bank of China - China AMC Zhongzheng Financial Asset Management Plan | 38,576,831 | RMB-denominated ordinary share | 38,576,831 |
| Zhong Ou Fund - Agricultural Bank of China - Zhong Ou Zhongzheng Financial Asset Management Plan | 38,557,184 | RMB-denominated ordinary share | 38,557,184 |
| Yinhua Fund - Agricultural Bank of China - Yinhua Zhongzheng Financial Asset Management Plan | 38,508,814 | RMB-denominated ordinary share | 38,508,814 |
| Dacheng Fund - Agricultural Bank of China - Dacheng Zhongzheng Financial Asset Management Plan | 36,059,073 | RMB-denominated ordinary share | 36,059,073 |
| Affiliates or concert parties among top 10 holders of tradable ordinary shares, and among top 10 holders of tradable ordinary shares and top 10 ordinary | 1. Luxshare Limited is our controlling shareholder. 2. We are not aware whether there are affiliates or concert parties as defined in the Administrative Measures for Information Disclosure by the | | |

| | |
|--|--|
| shareholders | Listed Companies Relating to Changes in Shares Held by Shareholders among the shareholders listed above. |
| Engagement by top 10 ordinary shareholders in margin trading (if any) (Note 4) | N/A |

Did any top 10 ordinary shareholder or top 10 holder of tradable ordinary shares conduct any transaction under repurchase agreement during the reporting period?

☐ Yes ☒ No

No top 10 ordinary shareholder or top 10 holder of tradable ordinary shares has conducted any transaction under repurchase agreement during the reporting period

IV. Changes in controlling shareholder or actual controller

Changes in the controlling shareholder during the reporting period:

☐ Applicable ☒ N/A

Our controlling shareholder has remained unchanged during the reporting period.

Changes in the actual controller during the reporting period:

☐ Applicable ☒ N/A

Our actual controller has remained unchanged during the reporting period.

Section VII. Preferred Shares

☐ Applicable ☒ N/A

We did not have any preferred share during the reporting period.

Section VIII. Convertible Corporate Bonds

☐ Applicable ☒ N/A

We did not have any convertible corporate bond during the reporting period.

Section IX. Directors, Supervisors and Executives

I. Changes in shares held by Directors, Supervisors and Executives

√ Applicable □ N/A

| Name | Title | Status | Opening balance of share held | Additional shares acquired during the reporting period | Shares sold during the reporting period | Closing balance of share held | Non-tradable shares granted as at the beginning of the reporting period | Non-tradable shares granted during the reporting period | Non-tradable shares granted as at the end of the reporting period |
|-------------|-------|---------------------|-------------------------------|--|---|-------------------------------|---|---|---|
| WU Tiansong | CFO | Currently in office | 0 | 131,817 | 0 | 131,817 | 0 | 0 | 0 |
| Total | -- | -- | 0 | 131,817 | 0 | 131,817 | 0 | 0 | 0 |

II. Changes in Directors, Supervisors and Executives

√ Applicable □ N/A

| Name | Title | Type | Date | Reason |
|----------------|-----------|---------------------------|----------------|---|
| XUE Haogao | Executive | Termination of employment | April 20, 2020 | Due to the need of development of the Company's communication business, Mr. XUE Haogao resigned from his position as Deputy General Manager of the Company, but will continue to serve the Company after his resignation and focus on the operation and management of the Company's communication business. |
| XIONG Tengfang | Executive | Termination of employment | April 20, 2020 | Due to the need of development of the Company's communication business, Mr. XIONG Tengfang resigned from his position as Deputy General Manager of the Company, but will continue to serve the Company after his resignation and focus on the operation and management of the Company's communication business. |

Section X. Corporate Bonds

Did the Company have any corporate bonds that were publicly issued and listed on a stock exchange and had not reached maturity or failed to be repaid in full after reaching maturity as at the date of this Semi-annual Report?

No.

Section XI. Financial Report

I. Auditor's Report

If the Semi-Annual Report has been audited

☐ Yes ☒ No

The Company's Semi-Annual Financial Report has not been audited.

II. Financial Statements

Statements in notes to the financial statements are denominated in RMB.

1. Consolidated balance sheet

Prepared by: Luxshare Precision Industry Co., Ltd.

June 30, 2020

In RMB

| Item | June 30, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Current Assets: | | |
| Cash and bank balances | 6,562,402,504.17 | 6,180,466,259.01 |
| Balances with clearing agencies | | |
| Placements with banks and other financial institutions | | |
| Held-for-trading financial assets | 2,769,261,353.82 | 1,524,366,132.75 |
| Derivative financial assets | | |
| Notes receivable | 181,239,480.79 | 66,873,926.97 |
| Accounts receivable | 11,532,044,279.79 | 13,243,625,572.22 |
| Receivables financing | | |
| Prepayments | 235,114,108.55 | 212,018,611.91 |
| Premiums receivable | | |
| Amounts receivable under reinsurance contracts | | |
| Reinsurer's share of insurance contract reserves | | |
| Other receivables | 490,838,346.31 | 338,237,923.96 |
| Including: Interest receivable | 5,518,284.40 | |
| Dividends receivable | | |
| Financial assets purchased under resale agreements | | |
| Inventories | 8,714,532,162.31 | 7,700,857,888.16 |

| | | |
|--|-------------------|-------------------|
| Contract assets | | |
| Held-for-sale assets | | |
| Current portion of non-current assets | | |
| Other current assets | 1,189,860,648.30 | 1,484,451,151.73 |
| Total current assets | 31,675,292,884.04 | 30,750,897,466.71 |
| Non-current Assets: | | |
| Loans and advances to customers | | |
| Debt investments | | |
| Other debt investments | | |
| Long-term receivables | | |
| Long-term equity investments | 447,214,654.45 | 303,050,580.10 |
| Other investments in equity instruments | 249,821,054.57 | 193,950,220.77 |
| Other non-current financial assets | | |
| Investment properties | 48,631,228.96 | 52,656,477.74 |
| Fixed assets | 14,762,146,814.72 | 13,707,298,535.36 |
| Construction in progress | 1,874,034,373.48 | 865,549,438.56 |
| Bearer biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | | |
| Intangible assets | 1,117,386,023.78 | 1,047,725,845.53 |
| Development expenditure | | |
| Goodwill | 532,697,936.32 | 532,697,936.32 |
| Long-term prepaid expenses | 536,360,917.05 | 352,042,451.40 |
| Deferred income tax assets | 143,991,075.74 | 139,475,190.37 |
| Other non-current assets: | 2,293,145,459.10 | 1,432,566,528.37 |
| Total non-current assets | 22,005,429,538.17 | 18,627,013,204.52 |
| Total assets | 53,680,722,422.21 | 49,377,910,671.23 |
| Current liabilities: | | |
| Short-term borrowings | 6,753,078,774.01 | 4,166,302,223.17 |
| Loans from the central bank | | |
| Taking from banks and other financial institutions | | |
| Held-for-trading financial liabilities | 1,814,672.11 | 1,001,553.00 |
| Derivative financial liabilities | | |
| Notes payable | 91,266,401.14 | 206,496,660.20 |

| | | |
|--|-------------------|-------------------|
| Accounts payable | 15,714,339,373.78 | 17,268,223,180.16 |
| Receipts in advance | 127,638.00 | 101,609,379.21 |
| Contract liabilities | 319,210,819.61 | |
| Financial assets sold under repurchase agreements | | |
| Customer deposits and deposits from banks and other financial institutions | | |
| Funds from securities trading agency | | |
| Funds from underwriting securities agency | | |
| Employee benefits payable | 906,167,768.97 | 1,423,417,352.66 |
| Taxes payable | 263,506,142.88 | 327,633,322.68 |
| Other payables | 300,081,198.73 | 352,390,271.77 |
| Including: Interest payable | 33,361,607.64 | 6,097,484.73 |
| Dividends payable | | |
| Fees and commissions payable | | |
| Amounts payable under reinsurance contracts | | |
| Held-for-sale liabilities | | |
| Current portion of non-current liabilities | 122,626,764.89 | 366,537,115.41 |
| Other current liabilities | 2,190,916,954.75 | 646,115,152.49 |
| Total current liabilities | 26,663,136,508.87 | 24,859,726,210.75 |
| Non-current liabilities: | | |
| Insurance contract reserves | | |
| Long-term borrowings | 1,327,886,195.96 | 1,562,908,824.30 |
| Bonds payable | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | | |
| Long-term payables | | |
| Long-term employee benefits payable | | |
| Estimated Liabilities | 1,441,370.89 | 1,317,263.45 |
| Deferred income | 264,631,854.19 | 256,059,554.91 |
| Deferred income tax liabilities | 559,468,977.82 | 598,184,393.00 |
| Other non-current liabilities | 450,000,000.00 | 350,011,130.10 |
| Total non-current liabilities | 2,603,428,398.86 | 2,768,481,165.76 |
| Total liabilities | 29,266,564,907.73 | 27,628,207,376.51 |
| Owner's equity: | | |

| | | |
|---|-------------------|-------------------|
| Share capital | 6,983,871,085.00 | 5,349,001,738.00 |
| Other equity instruments | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Capital reserve | 1,433,803,475.02 | 2,654,692,874.21 |
| Less: Treasury stock | | |
| Other comprehensive income | 330,598,533.63 | 165,602,152.74 |
| Special reserve | | |
| Surplus reserve | 362,335,031.18 | 362,335,031.18 |
| General risk reserve | | |
| Undistributed profits | 13,658,145,988.79 | 11,764,987,172.39 |
| Total owners' equity attributable to equity holders of the parent company | 22,768,754,113.62 | 20,296,618,968.52 |
| Minority interest | 1,645,403,400.86 | 1,453,084,326.20 |
| Total owners' equity | 24,414,157,514.48 | 21,749,703,294.72 |
| Total liabilities and owners' equity | 53,680,722,422.21 | 49,377,910,671.23 |

Legal representative: Wang Laichun

Chief financial officer: Wu Tiansong

Head of accounting department: Xiao Na

2. Balance sheet of the parent company

In RMB

| Item | June 30, 2020 | December 31, 2019 |
|-----------------------------------|------------------|-------------------|
| Current Assets: | | |
| Cash and bank balances | 1,628,272,025.44 | 1,261,246,519.90 |
| Held-for-trading financial assets | 1,374,029,802.00 | 564,979,683.89 |
| Derivative financial assets | | |
| Notes receivable | 121,677,646.96 | 7,452,736.02 |
| Accounts receivable | 1,767,214,018.17 | 1,561,792,817.49 |
| Receivables financing | | |
| Prepayments | 118,740,611.67 | 41,033,974.02 |
| Other receivables | 425,928,930.09 | 524,425,779.85 |
| Including: Interest receivable | | |
| Dividends receivable | | |
| Inventories | 136,660,653.59 | 254,966,939.98 |
| Contract assets | | |
| Held-for-sale assets | | |

| | | |
|---|-------------------|-------------------|
| Current portion of non-current assets | | |
| Other current assets | 50,445,979.24 | 59,577,562.10 |
| Total current assets | 5,622,969,667.16 | 4,275,476,013.25 |
| Non-current Assets: | | |
| Debt investments | | |
| Other debt investments | | |
| Long-term receivables | | |
| Long-term equity investments | 11,156,556,319.01 | 10,169,630,940.26 |
| Other investments in equity instruments | 232,545,026.76 | 190,275,176.76 |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed assets | 148,304,496.92 | 96,298,416.94 |
| Construction in progress | 2,722,609.78 | 2,779,186.32 |
| Bearer biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | | |
| Intangible assets | 48,172,019.97 | 24,590,128.29 |
| Development expenditure | | |
| Goodwill | 53,174,339.31 | 53,174,339.31 |
| Long-term prepaid expenses | 1,272,955.94 | 1,818,508.31 |
| Deferred income tax assets | 13,479,112.64 | 13,804,913.52 |
| Other non-current assets: | 735,855.97 | 6,162,851.80 |
| Total non-current assets | 11,656,962,736.30 | 10,558,534,461.51 |
| Total assets | 17,279,932,403.46 | 14,834,010,474.76 |
| Current liabilities: | | |
| Short-term borrowings | 382,450,000.00 | 82,450,000.00 |
| Held-for-trading financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | 1,442,110,623.46 | 1,210,846,167.41 |
| Accounts payable | 1,724,826,409.34 | 1,190,614,614.64 |
| Receipts in advance | | 19,692,593.36 |
| Contract liabilities | 32,365,918.06 | |
| Employee benefits payable | 5,899,859.42 | 46,817,340.23 |
| Taxes payable | 19,597,586.05 | 15,259,960.69 |

| | | |
|--|-------------------|-------------------|
| Other payables | 444,661,774.19 | 509,173,095.52 |
| Including: Interest payable | 24,485,424.53 | |
| Dividends payable | | |
| Held-for-sale liabilities | | |
| Current portion of non-current liabilities | | |
| Other current liabilities | 2,000,000,000.00 | 500,000,000.00 |
| Total Current Liabilities | 6,051,912,170.52 | 3,574,853,771.85 |
| Non-current liabilities: | | |
| Long-term borrowings | | |
| Bonds payable | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | | |
| Long-term payables | | |
| Long-term employee benefits payable | | |
| Estimated Liabilities | | |
| Deferred income | 9,628,977.23 | 10,941,542.77 |
| Deferred income tax liabilities | 28,972,208.45 | 22,367,576.60 |
| Other non-current liabilities | | |
| Total non-current liabilities | 38,601,185.68 | 33,309,119.37 |
| Total liabilities | 6,090,513,356.20 | 3,608,162,891.22 |
| Owner's equity: | | |
| Share capital | 6,983,871,085.00 | 5,349,001,738.00 |
| Other equity instruments | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Capital reserve | 1,860,943,021.85 | 3,070,397,725.31 |
| Less: Treasury stock | | |
| Other comprehensive income | 161,538,272.74 | 125,608,900.24 |
| Special reserve | | |
| Surplus reserve | 362,335,031.18 | 362,335,031.18 |
| Undistributed profits | 1,820,731,636.49 | 2,318,504,188.81 |
| Total owners' equity | 11,189,419,047.26 | 11,225,847,583.54 |
| Total liabilities and owners' equity | 17,279,932,403.46 | 14,834,010,474.76 |

3. Consolidated income statement

In RMB

| Item | 2020 Semi-annual | 2019 Semi-annual |
|---|-------------------|-------------------|
| I. Total operating income | 36,451,626,148.86 | 21,440,739,019.87 |
| Including: Operating income | 36,451,626,148.86 | 21,440,739,019.87 |
| Interest income | | |
| Premiums earned | | |
| Fee and commission income | | |
| II. Total operating costs | 33,603,110,624.22 | 19,770,178,149.31 |
| Including: Operating costs | 29,823,294,770.35 | 17,315,367,197.08 |
| Interest expenses | | |
| Fee and commission expenses | | |
| Surrenders; | | |
| Claims and policyholder benefits (net of amounts recoverable from reinsurers) | | |
| Changes in insurance contract reserves (net of reinsurers' share) | | |
| Insurance policyholder dividends | | |
| Expenses for reinsurance accepted | | |
| Taxes and surcharges | 90,606,123.25 | 100,826,799.95 |
| Selling expenses | 242,578,985.43 | 193,996,635.66 |
| Administrative expenses | 764,525,232.29 | 418,342,190.72 |
| Research and development expenses | 2,568,508,521.46 | 1,578,293,697.97 |
| Financial expenses | 113,596,991.44 | 163,351,627.93 |
| Including: Interest expenses | 202,610,756.30 | 180,212,976.14 |
| Interest income | 86,657,581.95 | 56,491,401.36 |
| Add: Other income | 126,474,795.32 | 81,817,535.26 |
| Investment income (loss is indicated by "-") | 134,415,519.44 | 80,403,756.74 |
| Including: Income from investments in associates and joint ventures | 7,298,415.85 | -18,702,390.64 |
| Income from derecognition of financial assets measured at amortized cost | | |
| Foreign exchange gains (loss is indicated by "-") | | |
| Net exposure hedging income (loss is indicated by "-") | | |
| Income from changes in fair value (loss is indicated by "-") | -1,051,916.59 | -5,602,909.10 |
| Impairment losses of credit (loss is indicated by "-") | -3,382,447.80 | |

| | | |
|---|------------------|------------------|
| Impairment losses of assets (loss is indicated by “-”) | -10,548,638.93 | 58,091,073.86 |
| Income from disposal of assets (loss is indicated by “-”) | 12,520,893.98 | 3,216,236.72 |
| III. Operating profit (loss is indicated by “-”) | 3,106,943,730.06 | 1,888,486,564.04 |
| Add: Non-operating income | 11,262,010.90 | 2,929,804.81 |
| Less: Non-operating expenses | 30,376,854.30 | 75,622,457.18 |
| IV. Total profit (total losses are indicated by “-”) | 3,087,828,886.66 | 1,815,793,911.67 |
| Less: Income tax expenses | 465,987,889.01 | 262,526,986.01 |
| V. Net profit (net loss is indicated by “-”) | 2,621,840,997.65 | 1,553,266,925.66 |
| (I) Categorized by the nature of continuing operation | | |
| 1. Net profit from continuing operations (net loss is indicated by “-”) | 2,621,840,997.65 | 1,553,266,925.66 |
| 2. Net profit from discontinued operations (net loss is indicated by “-”) | | |
| (II) Categorized by ownership | | |
| 1. Net profit attributable to owners of the parent company | 2,537,774,758.46 | 1,501,538,958.84 |
| 2. Profit or loss attributable to minority interest | 84,066,239.19 | 51,727,966.82 |
| VI. Other comprehensive income, net of tax | 172,749,125.04 | -28,388,448.07 |
| Other comprehensive income attributable to owners of the parent company, net of tax | 164,996,380.89 | -28,643,525.83 |
| (I) Other comprehensive income that cannot be subsequently reclassified to profit or loss | 47,490,208.73 | -3,397,747.50 |
| 1. Changes from re-measurement of defined benefit plans | | |
| 2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method | | |
| 3. Changes in fair value of other investments in equity instruments | 47,490,208.73 | -3,397,747.50 |
| 4. Changes in fair value of enterprises' own credit risks | | |
| 5. Others | | |
| (II) Other comprehensive income that will be reclassified to profit or loss | 117,506,172.16 | -25,245,778.33 |
| 1. Other comprehensive income that will be reclassified to profit or loss under the equity method | | |
| 2. Changes in fair value of other debt investments | | |
| 3. Amounts of financial assets reclassified into other comprehensive income | | |
| 4. Provision for credit impairment of other debt investments | | |
| 5. Reserve for cash flow hedges | | |
| 6. Translation differences of financial statements denominated in foreign currencies | 117,506,172.16 | -25,245,778.33 |
| 7. Others | | |

| | | |
|--|------------------|------------------|
| Other comprehensive income attributable to minority interest, net of tax | 7,752,744.15 | 255,077.76 |
| VII. Total comprehensive income | 2,794,590,122.69 | 1,524,878,477.59 |
| Total comprehensive income attributable to owners of the parent company | 2,702,771,139.35 | 1,472,895,433.01 |
| Total comprehensive income attributable to minority interest | 91,818,983.34 | 51,983,044.58 |
| VIII. Earnings per share | | |
| (I) Basic earnings per share | 0.36 | 0.22 |
| (II) Diluted earnings per share | 0.36 | 0.22 |

For any business combination involving enterprises under common control for the current period, the net profits of the absorbed party prior to the combination are RMB in the current period, and were RMB in prior period.

Legal representative: Wang Laichun

Chief financial officer: Wu Tiansong

Head of accounting department: Xiao Na

4. Income statement of the parent company

In RMB

| Item | 2020 Semi-annual | 2019 Semi-annual |
|---|------------------|------------------|
| I. Operating income | 2,879,030,671.90 | 1,705,615,644.41 |
| Less: Operating costs | 2,613,329,418.43 | 1,582,841,621.19 |
| Taxes and surcharges | 2,240,031.60 | 2,450,820.45 |
| Selling expenses | 19,370,905.82 | 13,382,745.14 |
| Administrative expenses | 50,136,440.43 | 43,619,757.43 |
| Research and development expenses | 45,407,751.25 | 28,404,836.63 |
| Financial expenses | 26,210,292.29 | 11,301,215.47 |
| Including: Interest expenses | 25,082,819.80 | 9,807,204.29 |
| Interest income | 1,743,157.28 | 504,537.40 |
| Add: Other income | 33,527,909.37 | 10,343,020.97 |
| Investment income (loss is indicated by “-”) | 20,319,744.44 | 314,154,782.07 |
| Including: Income from investments in associates and joint ventures | 2,288,955.95 | -21,225,412.14 |
| Income from derecognition of financial assets measured at amortized cost (loss is indicated by “-”) | | |
| Net exposure hedging income (loss is indicated by “-”) | | |
| Income from changes in fair value (loss is indicated by “-”) | -101,851.00 | 971,008.50 |
| Impairment losses of credit (loss is indicated by “-”) | -155,601.76 | |
| Impairment losses of assets (loss is indicated by “-”) | 175,184.09 | 181,316.28 |
| Income from disposal of assets (loss is indicated by “-”) | -61,460.97 | |
| II. Operating profit (loss is indicated by “-”) | 176,039,756.25 | 349,264,775.92 |

| | | |
|---|----------------|----------------|
| Add: Non-operating income | 10,048.27 | 37,794.16 |
| Less: Non-operating expenses | 1,731,718.26 | 465,775.15 |
| III. Total profit (total losses are indicated by “-”) | 174,318,086.26 | 348,836,794.93 |
| Less: Income tax expenses | 27,474,696.52 | 7,452,925.66 |
| IV. Net profit (net loss is indicated by “-”) | 146,843,389.74 | 341,383,869.27 |
| (I) Net profit from continuing operation (net loss is indicated by “-”) | 146,843,389.74 | 341,383,869.27 |
| (II) Net profit from discontinued operations (net loss is indicated by “-”) | | |
| V. Other comprehensive income, net of tax | 35,929,372.50 | -3,397,747.50 |
| (I) Other comprehensive income that cannot be subsequently reclassified to profit or loss | 35,929,372.50 | -3,397,747.50 |
| 1. Changes from re-measurement of defined benefit plans | | |
| 2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method | | |
| 3. Changes in fair value of other investments in equity instruments | 35,929,372.50 | -3,397,747.50 |
| 4. Changes in fair value of enterprises’ own credit risks | | |
| 5. Others | | |
| (II) Other comprehensive income that will be reclassified to profit or loss | | |
| 1. Other comprehensive income that will be reclassified to profit or loss under the equity method | | |
| 2. Changes in fair value of other debt investments | | |
| 3. Amounts of financial assets reclassified into other comprehensive income | | |
| 4. Provision for credit impairment of other debt investments | | |
| 5. Reserve for cash flow hedges | | |
| 6. Translation differences of financial statements denominated in foreign currencies | | |
| 7. Others | | |
| VI. Total comprehensive income | 182,772,762.24 | 337,986,121.77 |
| VII. Earnings per share: | | |
| (I) Basic earnings per share | | |
| (II) Diluted earnings per share | | |

5. Consolidated statement of cash flow

In RMB

| Item | 2020 Semi-annual | 2019 Semi-annual |
|------|------------------|------------------|
|------|------------------|------------------|

| | | |
|--|-------------------|-------------------|
| I. Cash flows from operating activities: | | |
| Cash receipts from sale of goods and rendering of services | 40,349,639,310.81 | 23,425,815,217.70 |
| Net increase in customer deposits and deposits from banks and other financial institutions | | |
| Net increase in loans from the central bank | | |
| Net increase in taking from other financial institutions | | |
| Cash receipts from premiums under direct insurance contracts | | |
| Net cash receipts from reinsurance business | | |
| Net cash receipts from policyholders' deposits and investment contract liabilities | | |
| Cash receipts from interest, fees and commissions | | |
| Net increase in taking from banks and other financial institutions | | |
| Net increase in financial assets sold under repurchase arrangements | | |
| Net cash received from securities trading agency | | |
| Receipts of tax refunds | 1,528,027,273.88 | 1,565,726,851.29 |
| Other cash receipts relating to operating activities | 1,741,956,974.39 | 888,290,511.57 |
| Sub-total of cash inflows from operating activities | 43,619,623,559.08 | 25,879,832,580.56 |
| Cash payments for goods purchased and services received | 33,391,512,137.73 | 16,618,169,875.43 |
| Net increase in loans and advances to customers | | |
| Net increase in balance with the central bank and due from banks and other financial institution | | |
| Cash payments for claims and policyholders' benefits under direct insurance contracts | | |
| Net increase in placements with banks and other financial institutions | | |
| Cash payments for interest, fees and commissions | | |
| Cash payments for insurance policyholder dividends | | |
| Cash payments to and on behalf of employees | 5,584,734,591.17 | 3,396,962,501.54 |
| Payments of various types of taxes | 798,802,600.58 | 600,241,776.02 |
| Other cash payments relating to operating activities | 662,629,887.15 | 1,076,057,954.24 |
| Sub-total of cash outflows from operating activities | 40,437,679,216.63 | 21,691,432,107.23 |
| Net cash flow from operating activities | 3,181,944,342.45 | 4,188,400,473.33 |
| II. Cash flows from investing activities: | | |
| Cash receipts from disposals and recovery of investments | 32,806,433,785.28 | 38,490,367,640.42 |
| Cash receipts from investment income | 140,830,111.43 | 64,805,349.32 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | 25,883,730.16 | 80,998,537.73 |

| | | |
|--|-------------------|-------------------|
| Net cash receipts from disposals of subsidiaries and other business entities | 63,942,000.00 | 7,239,163.89 |
| Other cash receipts relating to investing activities | | 3,724,620.53 |
| Sub-total of cash inflows from investing activities | 33,037,089,626.87 | 38,647,135,311.89 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | 3,891,717,628.48 | 2,430,856,061.68 |
| Cash payments to acquire investments | 34,484,449,963.29 | 38,439,918,038.33 |
| Net increase in pledged loans receivables | | |
| Net cash payments for acquisitions of subsidiaries and other business units | | 3,975,934.82 |
| Other cash payments relating to investing activities. | | 8,368,893.11 |
| Sub-total of cash outflows from investing activities | 38,376,167,591.77 | 40,883,118,927.94 |
| Net cash flow from investing activities | -5,339,077,964.90 | -2,235,983,616.05 |
| III. Cash flows from financing activities: | | |
| Cash receipts from capital contributions | 114,002,220.00 | 10,226,363.00 |
| Including: cash receipts from capital contributions from minority interest shareholders of subsidiaries | 90,676,000.00 | 10,226,363.00 |
| Cash receipts from borrowings | 9,399,939,805.23 | 8,531,823,805.45 |
| Other cash receipts relating to financing activities | 1,791,111,225.60 | |
| Sub-total of cash inflows from financing activities | 11,305,053,250.83 | 8,542,050,168.45 |
| Cash repayments of amounts borrowed | 8,142,229,829.38 | 8,780,523,518.90 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | 727,872,193.17 | 143,000,450.02 |
| Including: payments for distribution of dividends or profits to minority interest shareholders of subsidiaries | | |
| Other cash payments relating to financing activities | 7,861,367.11 | 2,228,732.24 |
| Sub-total of cash outflows from financing activities | 8,877,963,389.66 | 8,925,752,701.16 |
| Net cash flow from financing activities | 2,427,089,861.17 | -383,702,532.71 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | 110,130,630.95 | 68,058,402.64 |
| V. Net increase in cash and cash equivalents | 380,086,869.67 | 1,636,772,727.21 |
| Add: Opening balance of cash and cash equivalents | 6,147,339,924.26 | 3,809,520,108.33 |
| VI. Closing balance of cash and cash equivalents | 6,527,426,793.93 | 5,446,292,835.54 |

6. Statement of cash flow of the parent company

In RMB

| Item | 2020 Semi-annual | 2019 Semi-annual |
|--|------------------|------------------|
| I. Cash flows from operating activities: | | |

| | | |
|--|-------------------|------------------|
| Cash receipts from sale of goods and rendering of services | 2,836,098,298.29 | 2,141,390,504.88 |
| Receipts of tax refunds | 88,425,758.89 | 50,909,627.95 |
| Other cash receipts relating to operating activities | 127,123,545.18 | 142,056,365.57 |
| Sub-total of cash inflows from operating activities | 3,051,647,602.36 | 2,334,356,498.40 |
| Cash payments for goods purchased and services received | 2,483,403,226.64 | 1,017,426,709.48 |
| Cash payments to and on behalf of employees | 117,161,327.68 | 66,036,112.62 |
| Payments of various types of taxes | 12,542,867.45 | 50,856,466.27 |
| Other cash payments relating to operating activities | 78,837,521.01 | 197,787,119.40 |
| Sub-total of cash outflows from operating activities | 2,691,944,942.78 | 1,332,106,407.77 |
| Net cash flow from operating activities | 359,702,659.58 | 1,002,250,090.63 |
| II. Cash flows from investing activities: | | |
| Cash receipts from disposals and recovery of investments | 9,835,500,000.00 | 5,284,730,292.07 |
| Cash receipts from investment income | 22,760,240.98 | 337,376,265.58 |
| Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets | 78,200.00 | 1,920,774.97 |
| Net cash receipts from disposals of subsidiaries and other business entities | 252,857,872.93 | 7,239,163.89 |
| Other cash receipts relating to investing activities | | |
| Sub-total of cash inflows from investing activities | 10,111,196,313.91 | 5,631,266,496.51 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | 28,404,736.94 | 26,023,915.43 |
| Cash payments to acquire investments | 11,595,534,000.00 | 6,210,158,827.28 |
| Net cash payments for acquisitions of subsidiaries and other business units; | | |
| Other cash payments relating to investing activities. | | |
| Sub-total of cash outflows from investing activities | 11,623,938,736.94 | 6,236,182,742.71 |
| Net cash flow from investing activities | -1,512,742,423.03 | -604,916,246.20 |
| III. Cash flows from financing activities: | | |
| Cash receipts from capital contributions | 23,326,220.00 | |
| Cash receipts from borrowings | 300,000,000.00 | 13,779,200.00 |
| Other cash receipts relating to financing activities | 1,791,111,225.60 | |
| Sub-total of cash inflows from financing activities | 2,114,437,445.60 | 13,779,200.00 |
| Cash repayments of amounts borrowed | | 20,146,776.00 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | 612,008,722.64 | 9,896,030.23 |
| Other cash payments relating to financing activities | 5,883,277.37 | |
| Sub-total of cash outflows from financing activities | 617,892,000.01 | 30,042,806.23 |

| | | |
|--|------------------|----------------|
| Net cash flow from financing activities | 1,496,545,445.59 | -16,263,606.23 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | -1,080,176.60 | -761,781.11 |
| V. Net increase in cash and cash equivalents | 342,425,505.54 | 380,308,457.09 |
| Add: Opening balance of cash and cash equivalents | 1,261,246,519.90 | 274,756,823.63 |
| VI. Closing balance of cash and cash equivalents | 1,603,672,025.44 | 655,065,280.72 |

7. Consolidated statement of changes in owners' equity

Amounts in the current period

In RMB

| Item | 2020 Semi-annual | | | | | | | | | | | | | | |
|---|---|--------------------------|-----------------|--------|------------------|----------------------|----------------------------|-----------------|-----------------|----------------------|-----------------------|--------|-------------------|-------------------|----------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | | | Minority interest | Total owners' equity |
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profits | Others | Sub-total | | |
| | | Preferred shares | Perpetual bonds | Others | | | | | | | | | | | |
| I. Closing balance of the preceding year | 5,349,001,738.00 | | | | 2,654,692,874.21 | | 165,602,152.74 | | 362,335,031.18 | | 11,764,987,172.39 | | 20,296,618,968.52 | 1,453,084,326.20 | 21,749,703,294.72 |
| Add: Changes in accounting policies | | | | | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | | | | | |
| Business combination involving enterprises under common control | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening balance of the | 5,349,001,738.00 | | | | 2,654,692,874.21 | | 165,602,152.74 | | 362,335,031.18 | | 11,764,987,172.39 | | 20,296,618,968.52 | 1,453,084,326.20 | 21,749,703,294.72 |

| | | | | | | | | | | | | | | |
|--|------------------|--|--|-------------------|--|----------------|--|----|--|------------------|--|------------------|----------------|------------------|
| current year | 738.00 | | | 4.21 | | 74 | | 18 | | 72.39 | | 68.52 | 6.20 | 94.72 |
| III. Changes for the year (decrease is indicated by “-”) | 1,634,869,347.00 | | | -1,220,889,399.19 | | 164,996,380.89 | | | | 1,893,158,816.40 | | 2,472,135,145.10 | 192,319,074.66 | 2,664,454,219.76 |
| (I) Total comprehensive income | | | | | | 164,996,380.89 | | | | 2,537,774,758.46 | | 2,702,771,139.35 | 105,782,211.84 | 2,808,553,351.19 |
| (II) Owners' contributions and reduction in capital | 23,326,220.00 | | | 390,653,727.81 | | | | | | | | 413,979,947.81 | 86,536,862.82 | 500,516,810.63 |
| 1. Ordinary shares contributed by owners | | | | | | | | | | | | | 90,676,000.00 | 90,676,000.00 |
| 2. Capital contribution from holders of other equity instruments | | | | | | | | | | | | | | |
| 3. Share-based payment recognized in owners' equity | 23,326,220.00 | | | 393,088,423.54 | | | | | | | | 416,414,643.54 | 4,316,004.67 | 420,730,648.21 |
| 4. Others | | | | -2,434,695.73 | | | | | | | | -2,434,695.73 | -8,455,141.85 | -10,889,837.58 |
| (III) Profit distribution | | | | | | | | | | -644,615,942.06 | | -644,615,942.06 | | -644,615,942.06 |
| 1. Transfer to surplus reserve | | | | | | | | | | | | | | |
| 2. Transfer to general risk reserve | | | | | | | | | | | | | | |
| 3. Distributions to owners (or shareholders) | | | | | | | | | | -644,615,942.06 | | -644,615,942.06 | | -644,615,942.06 |

| | | | | | | | | | | | | | | | |
|--|------------------|--|--|--|-------------------|----------------|----------------|-------------------|-------------------|------------------|-------------------|--|--|--|--|
| 4. Others | | | | | | | | | | | | | | | |
| (IV) Transfers within owners' equity | 1,611,543,127.00 | | | | -1,611,543,127.00 | | | | | | | | | | |
| 1. Capitalization of capital reserve | 1,611,543,127.00 | | | | -1,611,543,127.00 | | | | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | | | | | |
| 3. Loss offset by surplus reserve | | | | | | | | | | | | | | | |
| 4. Retained earnings carried forward from changes in defined benefit plans | | | | | | | | | | | | | | | |
| 5. Retained earnings carried forward from other comprehensive income | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | |
| 1. Transfer to special reserve in the period | | | | | | | | | | | | | | | |
| 2. Amount utilized in the period | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Closing balance of the current period | 6,983,871,085.00 | | | | 1,433,803,475.02 | 330,598,533.63 | 362,335,031.18 | 13,658,145,988.79 | 22,768,754,113.62 | 1,645,403,400.86 | 24,414,157,514.48 | | | | |

Amounts in prior period

In RMB

| Item | 2019 Semi-annual | | | | | | | | | | | | | | |
|---|---|--------------------------|------------------|--------|------------------|----------------------|----------------------------|-----------------|-----------------|----------------------|-----------------------|--------|-------------------|----------------------|-------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | | Minority interest | Total owners' equity | |
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profits | Others | | | Sub-total |
| | | Preferr ed shares | Perpet ual bonds | Others | | | | | | | | | | | |
| I. Closing balance of the preceding year | 4,114,616,722.00 | | | | 3,595,441,323.19 | | 163,263,253.88 | | 288,526,845.75 | | 7,336,096,836.36 | | 15,497,944,981.18 | 1,176,891,982.34 | 16,674,836,963.52 |
| Add: Changes in accounting policies | | | | | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | | | | | |
| Business combination involving enterprises under common control | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening balance of the current year | 4,114,616,722.00 | | | | 3,595,441,323.19 | | 163,263,253.88 | | 288,526,845.75 | | 7,336,096,836.36 | | 15,497,944,981.18 | 1,176,891,982.34 | 16,674,836,963.52 |
| III. Changes for the year (decrease is indicated by “-”) | | | | | | | -28,643,525.83 | | | | 1,295,808,122.74 | | 1,267,164,596.91 | 61,954,329.82 | 1,329,118,926.73 |
| (I) Total comprehensive | | | | | | | -28,643,525.83 | | | | 1,501,538,95 | | 1,472,895,43 | 51,727, | 1,524,623,399. |

| | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|----|--|--|--|-----------------|--|-----------------|---------------|-----------------|
| income | | | | | | | 83 | | | | 8.84 | | 3.01 | 966.82 | 83 |
| (II) Owners' contributions and reduction in capital | | | | | | | | | | | | | | 10,226,363.00 | 10,226,363.00 |
| 1. Ordinary shares contributed by owners | | | | | | | | | | | | | | 10,226,363.00 | 10,226,363.00 |
| 2. Capital contribution from holders of other equity instruments | | | | | | | | | | | | | | | |
| 3. Share-based payment recognized in owners' equity | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | -205,730,836.10 | | -205,730,836.10 | | -205,730,836.10 |
| 1. Transfer to surplus reserve | | | | | | | | | | | | | | | |
| 2. Transfer to general risk reserve | | | | | | | | | | | | | | | |
| 3. Distributions to owners (or shareholders) | | | | | | | | | | | -205,730,836.10 | | -205,730,836.10 | | -205,730,836.10 |
| 4. Others | | | | | | | | | | | | | | | |
| (IV) Transfers within owners' equity | | | | | | | | | | | | | | | |
| 1. Capitalization of capital reserve | | | | | | | | | | | | | | | |
| 2. Capitalization | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|--|------------------|--|--|--|------------------|--|----------------|--|----------------|--|------------------|--|-------------------|------------------|-------------------|
| of surplus reserve | | | | | | | | | | | | | | | |
| 3. Loss offset by surplus reserve | | | | | | | | | | | | | | | |
| 4. Retained earnings carried forward from changes in defined benefit plans | | | | | | | | | | | | | | | |
| 5. Retained earnings carried forward from other comprehensive income | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | |
| 1. Transfer to special reserve in the period | | | | | | | | | | | | | | | |
| 2. Amount utilized in the period | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Closing balance of the current period | 4,114,616,722.00 | | | | 3,595,441,323.19 | | 134,619,728.05 | | 288,526,845.75 | | 8,631,904,959.10 | | 16,765,109,578.09 | 1,238,846,312.16 | 18,003,955,890.25 |

8. Statement of changes in owner's equity of the parent company

Amounts in prior period

In RMB

| Item | 2020 Semi-annual | | | | | | | | | | | |
|------|------------------|--------------------------|-----------------|--------|-----------------|----------------------|----------------------------|-----------------|-----------------|-----------------------|--------|----------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Others | Total owners' equity |
| | | Preferred | Perpetual bonds | Others | | | | | | | | |

| | | d shares | | | | | | | | | | |
|--|------------------|----------|--|--|-------------------|--|----------------|--|----------------|------------------|--|-------------------|
| I. Closing balance of the preceding year | 5,349,001,738.00 | | | | 3,070,397,725.31 | | 125,608,900.24 | | 362,335,031.18 | 2,318,504,188.81 | | 11,225,847,583.54 |
| Add: Changes in accounting policies | | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Opening balance of the current year | 5,349,001,738.00 | | | | 3,070,397,725.31 | | 125,608,900.24 | | 362,335,031.18 | 2,318,504,188.81 | | 11,225,847,583.54 |
| III. Changes for the year (decrease is indicated by “-”) | 1,634,869,347.00 | | | | -1,209,454,703.46 | | 35,929,372.50 | | | -497,772,552.32 | | -36,428,536.28 |
| (I) Total comprehensive income | | | | | | | 35,929,372.50 | | | 146,843,389.74 | | 182,772,762.24 |
| (II) Owners' contributions and reduction in capital | 23,326,220.00 | | | | 402,088,423.54 | | | | | | | 425,414,643.54 |
| 1. Ordinary shares contributed by owners | | | | | | | | | | | | |
| 2. Capital contribution from holders of other equity instruments | | | | | | | | | | | | |
| 3. Share-based payment recognized in owners' equity | 23,326,220.00 | | | | 393,088,423.54 | | | | | | | 416,414,643.54 |
| 4. Others | | | | | 9,000,00 | | | | | | | 9,000,000. |

| | | | | | | | | | | | | |
|--|------------------|--|--|--|-------------------|--|--|--|--|-----------------|--|-----------------|
| | | | | | 0.00 | | | | | | | 00 |
| (III) Profit distribution | | | | | | | | | | -644,615,942.06 | | -644,615,942.06 |
| 1. Transfer to surplus reserve | | | | | | | | | | | | |
| 2. Distributions to owners (or shareholders) | | | | | | | | | | -644,615,942.06 | | -644,615,942.06 |
| 3. Others | | | | | | | | | | | | |
| (IV) Transfers within owners' equity | 1,611,543,127.00 | | | | -1,611,543,127.00 | | | | | | | |
| 1. Capitalization of capital reserve | 1,611,543,127.00 | | | | -1,611,543,127.00 | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | | |
| 3. Loss offset by surplus reserve | | | | | | | | | | | | |
| 4. Retained earnings carried forward from changes in defined benefit plans | | | | | | | | | | | | |
| 5. Retained earnings carried forward from other comprehensive income | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | |
| 1. Transfer to special reserve in the period | | | | | | | | | | | | |
| 2. Amount | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|------------------|--|--|--|------------------|--|----------------|--|----------------|------------------|--|-------------------|
| utilized in the period | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | |
| IV. Closing balance of the current period | 6,983,871,085.00 | | | | 1,860,943,021.85 | | 161,538,272.74 | | 362,335,031.18 | 1,820,731,636.49 | | 11,189,419,047.26 |

Amounts in prior period

In RMB

| Item | 2019 Semi-annual | | | | | | | | | | | |
|--|------------------|--------------------------|-----------------|--------|------------------|----------------------|----------------------------|-----------------|-----------------|-----------------------|--------|----------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Others | Total owners' equity |
| | | Preferred shares | Perpetual bonds | Others | | | | | | | | |
| I. Closing balance of the preceding year | 4,114,616,722.00 | | | | 4,006,219,481.93 | | 106,904,925.00 | | 288,526,845.75 | 1,859,961,356.05 | | 10,376,229,330.73 |
| Add: Changes in accounting policies | | | | | | | | | | | | |
| Corrections of prior period errors | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Opening balance of the current year | 4,114,616,722.00 | | | | 4,006,219,481.93 | | 106,904,925.00 | | 288,526,845.75 | 1,859,961,356.05 | | 10,376,229,330.73 |
| III. Changes for the year (decrease is indicated by "-") | | | | | | | -3,397,747.50 | | | 135,653,033.17 | | 132,255,285.67 |
| (I) Total comprehensive income | | | | | | | -3,397,747.50 | | | 341,383,869.27 | | 337,986,121.77 |
| (II) Owners' contributions | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|-----------------|--|-----------------|
| and reduction in capital | | | | | | | | | | | | |
| 1. Ordinary shares contributed by owners | | | | | | | | | | | | |
| 2. Capital contribution from holders of other equity instruments | | | | | | | | | | | | |
| 3. Share-based payment recognized in owners' equity | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | -205,730,836.10 | | -205,730,836.10 |
| 1. Transfer to surplus reserve | | | | | | | | | | | | |
| 2. Distributions to owners (or shareholders) | | | | | | | | | | -205,730,836.10 | | -205,730,836.10 |
| 3. Others | | | | | | | | | | | | |
| (IV) Transfers within owners' equity | | | | | | | | | | | | |
| 1. Capitalization of capital reserve | | | | | | | | | | | | |
| 2. Capitalization of surplus reserve | | | | | | | | | | | | |
| 3. Loss offset by surplus reserve | | | | | | | | | | | | |
| 4. Retained earnings carried | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|------------------|--|--|--|------------------|------|----------------|--|----------------|------------------|--|-------------------|
| forward from changes in defined benefit plans | | | | | | | | | | | | |
| 5. Retained earnings carried forward from other comprehensive income | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | |
| 1. Transfer to special reserve in the period | | | | | | | | | | | | |
| 2. Amount utilized in the period | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | |
| IV. Closing balance of the current period | 4,114,616,722.00 | | | | 4,006,219,481.93 | 0.00 | 103,507,177.50 | | 288,526,845.75 | 1,995,614,389.22 | | 10,508,484,616.40 |

III. Basic Information

Luxshare Precision Industry Co., Ltd. (“Company” or “the Company”) is a company limited by shares established by Shenzhen Zixin Investment Co., Ltd. (“Zixin Investment”) and Luxshare Precision Limited (HK) as founders after being approved by Shenzhen People’s Government and Shenzhen Bureau of Trade and Industry in February 2009. Company’s Unified Social Credit Code: 91440300760482233Q. The Company was listed on Shenzhen Stock Exchange in September 2010. The Company pertains to the communication equipment industry.

As of June 30, 2020, the Company issued a total of 6,983,871,085 shares, with its registered capital amounting to RMB 6,983,871,085.00 and its registered office located at: 2/F, Block A, Sanyo New Industrial Zone, West Haoyi Community, Shajing Street, Baoan District, Shenzhen, China, and its headquarters located at: No. 17 Kuiqing Road, Qinghuang Industrial Zone, Qinghuang Village, Qingxi Town, Dongguan, Guangdong, China. The main business activities of the Company include: production and operation of connecting wires, connectors, computer peripherals and plastic hardware products. The Company’s parent company is Luxshare Precision Limited (HK), and its actual controllers are Wang Laichun and Wang Laisheng.

These financial statements were approved by the Company’s board of directors on August 24, 2020 for publication.

As of June 30, 2020, the Company’s subsidiaries in the consolidated financial statements were shown as

follows:

| Names of the Company's subsidiaries |
|--|
| Luxshare Precision Technology Co., Ltd. |
| Taiwan Luxshare Precision Limited |
| Luxshare ICT, Inc. |
| Luxshare-ICT Europe Limited |
| LUXSHARE-ICT INTERNATIONAL B.V. |
| Luxshare Precision Limited (HK) |
| Yunding Technology Co., Ltd. |
| Huzhou Jiuding Electronic Co., Ltd. |
| Luxshare-ICT (Japan) |
| Korea LuxshareICT Co., Ltd |
| Luxshare-ICT (India) |
| ICT-LANTO LIMITED(HK) |
| SpeedTech Corp. |
| Castle Rock, Inc. |
| Luxshare-ICT (Vietnam) Limited |
| Luxshare Precision (Yunzhong) Co., Ltd. |
| Luxshare Precision (Yian) Co., Ltd. |
| Kunshan Luxshare Precision Industry Co., Ltd. |
| Kunshan Luxshare Precision Mould Co., Ltd. |
| Luxshare Precision Industry (Baoding) Co., Ltd. |
| Dongguan Luxshare Smart-Link Electronic Technology Co., Ltd. |
| Xuancheng Luxshare Precision Industry Co., Ltd. |
| Luxshare Electronic (Shanghai) Co., Ltd. |
| Lanto Electronic Limited |
| Bozhou Lanto Electronic Limited |
| Bozhou Xuntao Electronic Limited |
| Suining Luxshare Precision Industry Co., Ltd. |
| Meite Technology (Suzhou) Co., Ltd. |
| Beijing Luxshare Acoustic Technology Co., Ltd. |
| Luxshare Precision Industry (Shanxi) Co., Ltd. |
| Wan'an Xiexun Electronic Co., Ltd. |
| Ji'an Jizhou District Luxshare Electronic Co., Ltd. |
| Xiexun Electronic (Ji'an) Co., Ltd. |
| ASAP Technology (Jiangxi) Co., Ltd. |
| Yongxin County Boshuo Electronics Co., Ltd. |
| Xinyu Xiexun Electronic Co., Ltd. |

| |
|--|
| Jiangxi ASAP Electronic Co., Ltd. |
| Fujian JK Wiring Systems Co., Ltd. |
| Jianou JK Wiring Systems Co., Ltd. |
| Xingning Luxshare Technology Co., Ltd. |
| Luxshare Electronic Technology (Kunshan) Co., Ltd. |
| Shenzhen Luxshare Acoustics Technology Ltd. |
| Fengshun Lixun Precision Industry Co., Ltd. |
| Luxshare Precision Industry (Chuzhou), Ltd. |
| SuK Kunststofftechnik GmbH |
| SUK-PLASTICS SRL |
| Luxshare Automation (Jiangsu) Ltd. |
| Dongguan Luxshare Precision Industry Co., Ltd. |
| Guangdong Luxshare Merry Electronic Co., Ltd. |
| Meilv Electronic (Huizhou) Co., Ltd. |
| Meilv Electronic (Shanghai) Co., Ltd. |
| Jiangxi Luxshare Intelligent Manufacture Co., Ltd. |
| Luxshare Technologies Limited |
| Shenzhen Luxshare Standard Co., Ltd. |
| Luxshare Standard Limited (HK) |
| Luxshare Precision Industry (Enshi) Co., Ltd. |
| Luxshare Precision Industry (Suzhou) Co., Ltd. |
| Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd. |
| Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd. |
| Dongguan Luxshare Technology Co., Ltd. |
| Dongguan Xuntao Electronic Co., Ltd. |
| Luxshare-ICT International Cable, Inc. (USA) |
| Kunshan-Luxshare RF Technology Co., Ltd. |
| Wuxi Huihong Electronic Co., Ltd. |
| Suzhou Liantao Electronic Co., Ltd. |
| Luxshare Precision Industry (Jiangsu) Co., Ltd. |
| Xingning Luxshare Electronic Co., Ltd. |

IV. Basis of Preparation of Financial Statements

1. Basis of preparation

The Company have prepared its financial statements by recognizing and measuring actual transactions and events that have occurred in accordance with the requirements of Accounting Standards for Business Enterprises—Basic

Standard promulgated by the Ministry of Finance of the PRC, specific accounting standards, guidelines for application of accounting standards for enterprises, interpretation of accounting standards for enterprises and other relevant regulations successively promulgated (collectively, “Accounting Standards for Business Enterprises”) and the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15-General Provisions on Financial Reports issued by China Securities Regulatory Commission and by assuming that the Company will continue as a going concern.

2. Going-concerning

The Company has the ability to continue as a going concern within 12 months from the end of the reporting period, and detected no major events that may affect such ability.

V. Important Accounting Policies and Accounting Estimates

Reminders on specific accounting policies and accounting estimates:

According to the Notice on Revising and Issuing the Accounting Standards for Business Enterprises No. 14—Revenue (Cai Kuai [2017] No. 22) by the Ministry of Finance, enterprises listed both home and abroad and those listed abroad and adopting the international financial reporting standards or accounting standards for business enterprises to prepare financial statements shall implement these Standards from January 1, 2018. Other domestically listed enterprises shall implement these Standards from January 1, 2020.

1. Statement of compliance with the Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company’s consolidated and parent company financial condition as of June 30, 2020 and 2020 semi-annual consolidated and parent company operating results and cash flows.

2. Accounting period

The Company’s accounting year is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company’s operating cycle is 12 months.

4. Functional currency

The Company uses Renminbi as its functional currency.

5. Accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination involving enterprises under common control: the assets and liabilities acquired by the absorbing party in a business combination are measured according to the book value of the assets and liabilities ((including goodwill formed through the acquisition by the ultimate controller of the absorbed party) of the absorbed party in the financial statements of ultimate controller on the combination date. The difference between the carrying amount of the net assets obtained in a business combination and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to the equity premium in the capital reserve. If the equity premium in the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Business combination not involving enterprises under common control: the acquirer measures the assets given and liabilities incurred or assumed as consideration of the business combination at their fair values on the acquisition date; any difference between the fair value and the carrying amount of an item is recognized in profit or loss for the current period. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of a business combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period.

The costs incurred that are directly attributable to the business combination are recognized as an expense when incurred; the transaction costs for issue of equity securities or debt securities are recognized in the amount initially recognized of equity securities or debt securities.

6. Method of preparation of financial statements

1. Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control, including those of the Company and all of its subsidiaries.

2. Consolidation procedures

The Company prepares the consolidated financial statements based on the financial statements of the Company and its subsidiaries and using other related information. When preparing the consolidated financial statements, the Company regards the entire enterprise group as an accounting entity, and reflects the overall financial condition, operating results and cash flows of this enterprise group pursuant to the requirements on recognition, measurement and presentation of of the relevant Accounting Standards for Business Enterprises and the uniform accounting policies. The accounting policies and periods of all subsidiaries included in the consolidated financial statements are line with those of the Company, otherwise the Company will make necessary adjustments to the financial statements of these subsidiaries based on its own accounting policies and periods. For a subsidiary acquired by a business combination not involving enterprises under common control, the adjustments shall be made to the financial statements of this subsidiary based on the fair value of identifiable net assets on the date of acquisition. For a subsidiary acquired by a business combination involving enterprises under common control, the adjustments shall be made to the financial statements of this subsidiary based on the carrying amount of its assets and

liabilities (including goodwill formed through the acquisition by the ultimate controller of this subsidiary) in the financial statements of the ultimate controller.

That portion of owners' equities, net profits or losses and comprehensive income of subsidiaries for the period attributable to minority interest is separately presented in the consolidated balance sheet below the "owners' equity" line item, in the consolidated income statement below the "net profit" and "total comprehensive income" as "minority interest". When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owner's equity of the subsidiary, the excess is allocated against minority interest.

(1) Increase in subsidies or business

Where a subsidiary or business is acquired during the reporting period through a business combination involving enterprises under common control, the adjustments are made to the opening balances of the consolidated balance sheet; the income, expenses and profits of this subsidiary or business from the beginning to the end of the reporting period in which the combination takes place are included in the consolidated statement of cash flow. Meanwhile, the relevant items of the comparative statement are adjusted, the combined reporting entity is deemed to have existed since the time point when the ultimate controller begins to exercise control.

Where an investing enterprise becomes capable to exercise control over an investee under the common control due to additional investment or other reasons, all combining parties are deemed to have made adjustments in their current status when the ultimate controller begins to exercise control. For equity investments held before acquiring control of the absorbed party, the relevant gains or losses, other comprehensive income and other changes in net assets recognized during the period from the earlier of the date of acquisition of original equity or the date when the absorbing party and the absorbed party are under the common control until the combination date are respectively offset against opening balances of retained earnings during the comparative reporting period or current gains or losses.

Where a subsidiary or business is acquired during the reporting period through a business combination not involving enterprises under common control, the adjustments are not made to the opening balances of the consolidated balance sheet; the income, expenses and profits of this subsidiary or business from the date of acquisition to the end of the reporting period in which the combination takes place are included in the consolidated income statement; and cash flows of this subsidiary or business from the date of acquisition to the end of the reporting period are included in the consolidated statement of cash flow.

Where an investing enterprise becomes capable to exercise control over an investee not under common control due to additional investment or other reasons, for the acquiree's equity held prior to the date of acquisition, the Company shall remeasure the fair value of this equity on the date of acquisition, and the difference between the fair value of this equity and its carrying amount shall be recognized in profit or loss for the current period. Where the acquiree's equity held prior to the date of acquisition involves other comprehensive income calculated by the equity method and changes in owner's equity net of net gains or losses, other comprehensive income and profit distribution, then the relevant other comprehensive income and these changes in owner's equity shall be converted into the investment income for the current period in which the date of acquisition falls, except for other comprehensive income generated by the changes in net liabilities or assets due to the investee's remeasurement and setup of beneficiary plans.

(2) Disposal of subsidiaries and business

① General disposal

Where the Company disposes of a subsidiary or business during the reporting period, the income, expenses and profits of this subsidiary or business from beginning period to the date of disposal are included in the consolidated income statement; and cash flows of this subsidiary or business from the beginning period to the date of disposal are included in the consolidated statement of cash flow. When the Company loses control over the investee due to disposal of partial equity or other reasons, for the remaining equity investments after disposal, the Company remeasures the remaining equity investments after disposal at the fair value on the date when the Company loses its control. The difference between the sum of the consideration from disposal of equity and the fair value of remaining equity minus the sum of an original subsidiary's share of net assets and goodwill continuously calculated from the date of acquisition or combination according to original shareholding ratio is recognized as the investment return for the period where the control is lost. The other comprehensive income relating to the original subsidiary's equity investments and the changes in owner's equity net of net gains or losses, other comprehensive income and profits are converted into the investment income for the current period when the control is lost, except for other comprehensive income generated by the changes in net liabilities or assets due to the investee's remeasurement and setup of beneficiary plans.

Where the Company loses control over the investee due to the increase of capital by other investors in the subsidiary, the accounting treatment is carried out in accordance with the above principles.

② Disposal of subsidiaries and business by steps

Where the subsidiary's equity investments are disposed by steps through multiple transactions until the control is lost, and the terms and conditions of all transactions on disposal of the subsidiary's equity investments and the economic impact thereof fall within one or more of the following circumstances, then it usually indicates that multiple transaction events shall be accounted for as a package transaction:

- i. these transactions are concluded at the same time or after the influence on each other is considered;
- ii. these transactions as a whole can achieve a complete commercial result;
- iii. the occurrence of one transaction depends on that of at least one other transaction; or
- iv. a transaction is not economical alone, but economical when considered together with other transactions.

Where all transactions from disposal of a subsidiary's equity investments until the loss of control belong to a packaged transaction, the Company regards such transactions as a packaged transaction on disposal of a subsidiary's equity investments and the loss of control when carrying out accounting treatment; provided that the difference between the price from each disposal prior to the loss of control and the share of net assets of the subsidiary corresponding to disposal of investments is recognized as other comprehensive income in the consolidated financial statements, and converted into gains or losses for the current period in which the loss of control occurs.

Where all transactions from disposal of a subsidiary's equity investments until the loss of control do not belong to a packaged transaction, prior to loss of control, the accounting treatment is carried out in accordance with the relevant policies of partial disposal of the subsidiary's equity investments in the event that the control is not lost; and when the control is lost, the accounting treatment is carried out in accordance with the general methods of disposal of subsidiaries.

(3) Acquisition of a subsidiary's minority equity

The difference between the long-term equity investments newly obtained by the Company due to acquisition of minority equity and its share of the subsidiary's net assets continuously calculated from the date of acquisition (or combination) according to new shareholding ratio is adjusted to the equity premium in the capital reserve of consolidated balance sheet. If the equity premium in the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

(4) Partial disposal of the subsidiary's long-term equity investments in the event that the control is not lost

The difference between the price from partial disposal of the subsidiary's long-term equity investments in the event that the control is not lost and its share of the subsidiary's net assets continuously calculated from the date of acquisition (or combination) and corresponding to disposal of long-term equity investments is adjusted to the equity premium in the capital reserve of the consolidated balance sheet. If the equity premium in the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

7. Classification of joint arrangements and accounting treatment of joint operations

Joint agreements are divided into joint operations and joint ventures.

If the Company is a party to a joint arrangement, enjoys relevant assets and assumes relevant liabilities of such an arrangement, this case belongs to a joint operation.

The Company recognizes the following items related to its interest in the joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises:

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

8. Recognition of cash and cash equivalents

In preparing the statement of cash flow, the Company's cash on hand and deposits that can be readily withdrawn on demand are recognized as cash. The short-term (three months from the date of acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are recognized as cash equivalents.

9. Foreign currency transactions and translation of foreign currency financial statements**1. Foreign currency transactions**

The foreign currency transactions are recorded by translating the amount of a foreign currency into RMB at the spot exchange rate prevailing on the 1st of each month.

The balances of foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising therefrom are recognized in profit or loss for the current period, except for exchange differences generated by specific-purpose borrowings in a foreign currency related to acquisition of qualifying assets, which should be accounted for according to the capitalization principles of borrowing costs.

2. Translation of financial statements denominated in foreign currencies

Assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. All equity items except for undistributed profits are translated at the spot exchange rates at the dates on which such items arose. Income and expenses on the income statement are translated at the spot exchange rates at the dates of the transactions (or: an exchange rate that approximates the actual spot exchange rates at the dates of the transactions, determined using a systematic and rational method. Note: If this rate is adopted, which method and standard should be indicated).

When the Company disposes of a foreign operation, it transfers the translation differences relating to translation of the financial statements of that foreign operation from the owners' equity to profit or loss for the current period.

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification of financial instruments

Based on the Company's business model for managing financial assets and the cash flow characteristics of financial assets, the financial assets are classified into on initial recognition: financial assets measured at its amortized cost, financial assets (debt instruments) at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

If the business model aims to collect contractual cash flows which are generated only from payment of principal and interest on the outstanding principal, financial assets are those measured at its amortized cost; if the business model aims to collect contractual cash flows which are generated only from payment of principal and interest on the outstanding principal and to sell these financial assets, financial assets are those (debt instruments) at fair value through other comprehensive income; other financial assets except for the above are those at fair value through profit or loss.

The Company determines on initial recognition whether to designate the non-trading equity instruments as financial assets (equity instruments) at fair value through other comprehensive income. In order to eliminate or significantly reduce accounting mismatch, financial assets may be designated as at fair value through profit or loss on initial recognition.

On initial recognition, financial liabilities are classified into the following two categories: financial liabilities at fair value through profit or loss and financial liabilities measured at the amortized cost. A financial liability may be designated as the liability measured at fair value through profit or loss on initial measurement if one of the following conditions is met:

- 1) the designation eliminates or significantly reduces accounting mismatch.
- 2) a group of financial liabilities or a group of financial liabilities and financial assets is managed and its performance is evaluated on a fair value basis, and information about the group is reported on that basis to the enterprise's key management personnel according to such risk management or investment strategy set out in official written documents.
- 3) this financial liability contains embedded derivatives that need to be split separately.

2. Recognition and measurement of financial instruments

(1) Financial assets measured at the amortized cost

The financial assets measured at the amortized cost, including notes receivable, accounts receivable, long-term receivables and debt investments etc., are initially measured at fair value, and the relevant transaction costs are charged to the initially recognized amount; both the accounts receivable having no significant financing components and the less than one-year accounts receivable having financing components not to be considered upon the Company's determination are initially measured at the contractual trading price.

The interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

On recovery or disposal of a financial asset, the difference between the proceeds and the carrying amount of the financial asset is recognized in profit or loss for the current period.

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

Financial assets (debt instruments) at fair value through other comprehensive income, including financing of accounts receivable, other debt investments, etc., are initially measured at fair value, and the relevant transaction costs are recognized in initially recognized amount. These financial assets are subsequently measured at fair value, changes in fair value other than the interest calculated using the effective interest method, impairment loss or gain and profit or loss on exchange are recognized in other comprehensive income.

On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is removed out from other comprehensive income and recognized in profit or loss for the current period.

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

Financial assets (equity instruments) at fair value through other comprehensive income, including other equity investments, etc., are initially measured at fair value, and the relevant transaction costs are recognized in initially recognized amount. These financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income. The dividends received are recognized in profit or loss for the current period.

On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is removed out from other comprehensive income and recognized in retained earnings.

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

Financial assets at fair value through profit or loss, including financial assets held for trading, derivative financial assets and other non-current financial assets, etc., are initially measured at fair value, and the relevant transaction costs are recognized in profit or loss for the current period.

These financial assets are subsequently measured at fair value, and changes in fair value are recognized in the profit or loss for the current period.

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

Financial liabilities at fair value through profit or loss, including financial liabilities held for trading and derivative financial liabilities, etc., are initially measured at fair value, and the relevant transaction costs are recognized in profit or loss for the current period. These financial liabilities are subsequently measured at fair value, and changes in fair value are recognized in profit or loss for the current period.

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

(6) Financial liabilities measured at the amortized cost

The financial liabilities measured at the amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, are initially measured at fair value, and the relevant transaction costs are charged to the initially recognized amount.

The interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

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

3. Recognition and measurement of transfer of financial assets

If the Company transfers substantially all the risks and rewards of ownership of a financial asset to the transferee, it derecognizes the financial asset. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the Company does not derecognize the financial asset.

When the Company determines whether a transfer of a financial asset satisfies the derecognizing criteria prescribed above, it gives weight to the substance rather than form.

The Company divides a transfer of a financial asset into a transfer of the financial asset in its entirety or a transfer of a part of the financial asset. For a transfer of a financial asset in its entirety that satisfies the derecognizing criteria, the difference between the following two amounts is recognized in profit or loss for the current period:

- (1) the carrying amount of the financial asset transferred; and
- (2) the sum of the consideration received from the transfer and (if the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income or an available-for-sale financial asset) any cumulative changes in fair value that was recognized directly in owners' equity.

If a part of the transferred financial asset qualifies for derecognizing, the carrying amount of the transferred financial asset in its entirety is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the following two amounts is recognized in profit or loss for the current period:

- (1) the carrying amount allocated to the part derecognized; and

(2) the sum of the consideration received for the part derecognized and (if the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income or an available-for-sale financial asset) the amount of the part derecognized corresponding to the cumulative changes in fair value that was recognized directly in owners' equity.

A financial asset that does not qualify for derecognition continues to be recognized, and the consideration received is recognized as a financial liability.

4. Derecognition of financial assets and financial liabilities

If the present obligations of a financial liability are discharged in part or whole, the financial liability or any part thereof is derecognized; an agreement between the Company and the creditor to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

A substantial modification to the terms of an existing financial liability or a part thereof is accounted for as an extinguishment of the original financial liability or a part thereof, and the financial liability with modified terms is recognized as a new financial liability at the same time.

When the Company derecognizes a financial liability or a part thereof, the Company recognizes the difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred out or new financial liabilities assumed) in profit or loss for the current period.

If the Company repurchases a part of a financial liability, it allocates the carrying amount of the financial liability in its entirety between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the current period.

5. Determination of the fair value of financial assets and financial liabilities

If there is an active market for a financial instrument, the quoted price in the active market is used to establish the fair value of the financial instrument. If there is no active market for a financial instrument, a valuation technique is used to establish the fair value of the financial instrument. On valuation, the Company adopts the valuation technique which applies to the current circumstances and is supported by sufficient data available and other information, selects the input value consistent with the characteristics of the asset or liability considered by the market participants in the transaction of the relevant asset or liability, and prioritizes using the relevant observable input value. The unobservable input value can be used only when the relevant observable input value cannot be obtained or it's impracticable to obtain the relevant observable input value.

6. Test and accounting treatment of impairment of financial assets

The Company estimates the expected credit losses of a separate financial asset or an asset group measured at the amortized cost and at fair value through other comprehensive income by taking into account all reasonable and supporting information, including forward-looking information. The measurement of expected credit losses depends on whether the financial assets have

experienced a significant increase in credit risk since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures its loss reserves based on an amount equal to the expected credit loss during the entire life of the financial instrument; if the credit risk of the financial instrument has not been increased significantly since initial recognition, the Company measures its loss reserves based on an amount equal to expected credit risk of the financial instrument for next 12 months. The added or reversed loss reserves arising therefrom are recognized in profit or loss for the current period as impairment losses or gains.

If a financial instrument is past due for more than 30 days, the Company usually believes that credit risk of the financial instrument has increased significantly, unless there is clear evidence that credit risk of the financial instrument has not increased significantly since initial recognition.

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

If there is objective evidence indicating that a financial asset has been impaired for its credit, the Company makes a provision for impairment of the financial asset on an individual basis.

For accounts receivable, whether including significant financing components, the Company always measures its loss reserves based on an amount equal to the expected credit loss during the entire life of accounts receivable.

For lease receivables and long-term receivables generated by the Company through sales of goods or offer of services, the Company always measures its loss reserves based on an amount equal to the expected credit loss during the entire life of these receivables.

11. Notes receivable

12. Accounts receivable

13. Receivables financing

14. Other receivables

Determination and accounting treatment of expected credit losses of other receivables

15. Inventories

1. Classification of inventories

Inventories are classified into: raw materials, work in process, goods on hand, goods sold, work in process - outsourced, revolving materials and low-value consumables, etc.

2. Pricing methods of inventories transferred out

The Company delivers inventories at the price calculated using the weighted-average system.

3. Determination basis of net realizable value of different types of inventories

For finished products, goods on hand, materials available for sales and other merchandise inventories available for sales, in the ordinary production and operation process, their realizable net

value is determined at the estimated selling price of these inventories less the estimated costs necessary to make the sale and relevant taxes; for the inventories that need to be processed, in the ordinary production and operation process, their realizable net value is determined at the estimated selling price of finished products less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value of the quantity of inventories held to satisfy sales or service contracts is based on the contract price. If the quantity of inventories specified in sales contracts is less than the quantity held by an enterprise, the net realizable value of the excess portion of inventories shall be based on general selling prices.

The Company determines the provision for decline in value of inventories on an item-by-item basis at the end of the period; for large quantity and low value items of inventories, provision for decline in value of inventories may be made based on categories of inventories; for items of inventories relating to a product line that is produced and marketed in the same geographical area, having the same or similar end uses or purposes, and cannot being practicably evaluated separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis.

Unless there is clear evidence that the market price on the balance sheet date is abnormal, the net realizable value of inventories is based on the market price on the balance sheet date.

The net realizable value of inventories at the end of the period is based on the market price on the balance sheet date.

4. Inventory systems for inventories

A perpetual inventory system is adopted.

5. Amortization of low-value consumables and packing materials

- (1) The low-value consumables are amortized using immediate write-off method.
- (2) The packaging materials are amortized using immediate write-off method.

16. Contract assets

Contract assets mean the the right to receive consideration for the transfer of goods and services to customers, which depends on factors other than the passage of time.

17. Contract costs

18. Held-for-sale assets

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

- (1) they can be sold immediately under current conditions according to the practice of sales of such assets or disposal groups in similar transactions; and
- (2) The sale is very likely to happen, that is, the Company has made a resolution on a sale plan and obtained a confirmed purchase commitment, and such sale is expected to be completed within one year. The sale has been approved by the relevant authority or regulatory department of the Company if it is required to be so approved by the relevant regulations.

19. Debt investments**20. Other debt investments****21. Long-term receivables****22. Long-term equity investments****1. Judgment criteria of joint control and significant influence**

Joint control is the agreed sharing of control over an arrangement, and the relevant activities of such arrangement must be decided upon the unanimous consent of the parties sharing control. Where the Company can exercise joint control over the investee along with other parties to joint ventures and enjoy rights over net assets of the investee, the investee is a joint venture enterprise of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, but is not control or joint control with other parties over the development of those policies. Where the Company can have significant influence over the investee, the investee is an associate of the Company.

2. Determination of initial investment cost**(1) Long-term equity investments formed by business combination**

Business combinations involving enterprises under common control: where the Company satisfies the consideration of the combination by paying cash, transfer of non-cash assets or assumption of liabilities and issue of equity securities, the initial investment cost of the long-term equity investment is its share of carrying amount of the owner's equity acquired of the absorbed party in the ultimate controller's consolidated financial statements at combination date. Where the Company becomes capable to exercise control over an investee under the common control due to additional investment or other reasons, the initial investment cost of the long-term equity investment is its after-combination share of carrying amount of net assets of the absorbed party in the ultimate controller's consolidated financial statements at combination date. The difference between the initial investment cost of the long-term equity investment on combination date and the sum of the carrying amount of the long-term equity investment prior to combination plus the carrying amount of new consideration paid for further acquisition of shares on combination date is adjusted to the equity premium. Where the equity premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Business combinations not involving enterprises under common control: the Company regards the cost of acquisition determined on the date of acquisition as the initial investment cost of the long-term equity investment. Where the Company becomes capable to exercise control over an investee not under common control due to additional investment or other reasons, the initial investment cost for which the Company changes to the cost method is the sum of the carrying amount of the long-term equity investment originally held and the new investment cost.

(2) Long-term equity investments obtained through other forms

For a long-term equity investment acquired by paying cash, the initial investment cost is the actual

purchase price.

For a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of equity securities issued.

The non-monetary assets have commercial substance, and the fair value of either the asset received or the asset given up can be reliably measured based on fair value. Where both the fair value of the asset received and the fair value of the asset given up can be reliably measured, then the fair value of the asset given up and the relevant taxes payable is the initial investment cost of the long-term equity investment received unless it is clearly evident that the fair value of the asset received is more reliable. Where the non-monetary assets have no commercial substance, or both the fair value of the asset received and the fair value of the asset given up cannot be reliably measured, then the carrying amount of the asset given up and the relevant taxes payable is the initial investment cost of the long-term equity investment received.

For a long-term equity investment acquired by debt restructuring, the fair value of the capital issued to the creditor in satisfaction of the debt, taxes directly attributable to the asset and other costs are used to record this long-term equity investment, and the difference between the fair value of the capital issued to the creditor in satisfaction of the debt and the recorded amount of the long-term equity investment is recognized in profit or loss for the current period.

3. Subsequent measurement and determination of profit or loss

(1) Long-term equity investments accounted for using the cost method

The Company accounts for the long-term equity investments of the subsidiaries using the cost method. Except for cash dividends or profit distributions declared but undistributed recognized in the price or consideration actually paid at the time of acquisition of investments, the Company recognizes its cash dividends or profit distributions declared by the investee as investment income in the current period.

(2) Long-term equity investments accounted for using the equity method

The long-term equity investments of associates and joint ventures are accounted for using the equity method. Where the initial investment cost exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period.

The Company respectively recognizes its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, and adjusts the carrying amount of the long-term equity investment accordingly. The carrying amount of the long-term equity investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributed to the Company. The Company adjusts the carrying amount of the long-term equity investment for other changes in owner's equity of the investee (other than net profits or losses, other comprehensive income and profit distributions), and includes the corresponding adjustment in owner's equity.

The Company recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair value of the investee's identifiable assets at the date of acquisition in accordance with its accounting policies and period. If the investee prepares the consolidated financial statements during the investment holding period, the investment is accounted for based

on net profit, other comprehensive income and the amount of changes in other owner's equity attributable to the investee in the consolidated financial statements.

For unrealized profits or losses resulting from intragroup transactions between the Company and associates or joint ventures, the portion attributable to the Company is eliminated, and based on this, the investment income is recognized. The impairment loss of assets in the unrealized losses resulting from intragroup transactions between the Company and the investee is fully recognized. The transaction on the investment or sale of assets between the Company and associates or joint ventures constituting the business is accounted for according to the relevant policies disclosed in the Notes "III. (V) Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control" and "III. (VI) Method of preparation of financial statements".

The Company recognizes its share of the losses incurred by the investee in the following order: first, the losses are deducted from the carrying amount of the long-term equity investment; second, if the long-term equity investment is not sufficient to absorb such losses, the investment losses continue to be recognized to the extent of the carrying amount of the long-term interests that in substance form part of the Company's net investment in the investee, and the losses are deducted from the carrying amount of long-term receivables; last, after the recognition of losses above, if the Company still assumes additional obligations as agreed in the investment contract or agreement, the expected liabilities are recognized in profit or losses for the current period based on the obligations expected to be assumed.

(3) Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the current period.

For a long-term equity investment accounted for using the equity method, when the investment is disposed, the portion previously included in other comprehensive income is accounted for on a pro-rata basis, with the same basis as the relevant assets or liabilities directly disposed of by the investee. Any changes in the owner's equity of the investee (other than net profits or losses, other comprehensive income and profit distributions) included in the owners' equity of the investing enterprise are transferred to profit or loss for the current period on a pro-rata basis, except for other comprehensive income generated by the changes in net liabilities or assets due to the investee's remeasurement and setup of beneficiary plans.

When the Company loses joint control or significant influence over the investee due to disposal of partial equity or other reasons, the remaining equity after disposal switch to the recognition and measurement standards of financial instruments for accounting. The difference between the fair value and the carrying amount on the date when the Company loses its joint control or significant influence thereon is recognized in profit or loss for the current period. The original equity investment included in other comprehensive income due to the use of equity method is accounted for on same basis as the relevant assets or liabilities directly disposed of by the investee when the equity method discontinues. Any changes in the owners' equity of the investee (other than net profits or losses, other comprehensive income and profit distributions) included in the owners' equity of the Company are fully transferred to profit or loss for the current period when the equity method discontinues.

Where the Company loses control over the investee due to disposal of partial equity investments or the increase in capital by other investors in the subsidiaries, if in preparing individual financial

statements, the Company can exercise joint control or significant influence on the investee by virtue of its remaining equity, the remaining equity switches to the equity method for accounting, and is adjusted as if it is accounted for using the equity method since acquisition; if the Company cannot exercise joint control or significant influence over the investee by virtue of its remaining equity, the remaining equity switches to the recognition and measurement standards of financial instruments, and the difference between the fair value and the carrying amount on the date when the Company loses control is recognized in profit or loss for the current period..

Where the equity disposed of is acquired in a business combination due to additional investment, if in preparing individual financial statements, the remaining equity after disposal is accounted for using the cost method or equity method, then the equity investments held prior to the date of acquisition recognized in other comprehensive income and other owners' equity due to the use of the equity method are carried forward on a pro-rata basis; if the remaining equity after disposal switches to the recognition and measurement standards of financial instruments, other comprehensive income and other owner's equity are fully carried forward.

23. Investment properties

Measurement of investment properties

Measured at cost

Depreciation or amortization methods

An investment property is property held to earn rentals or for capital appreciation or both, including land use rights that have been leased out, land use rights that are held and read to be transferred after appreciation, and buildings that have been leased out (including those that are available for let after being built by an enterprise itself or completion of development activities, and are being built or in progress for let in the future).

The Company measures the existing investment properties using the cost model. For investment properties measured using cost model for measurement - the buildings available for let follows the same depreciation policies as those of the Company's fixed assets, and land use rights available for let follow the same amortization policies as those of intangible assets.

24. Fixed assets

(1) Recognition of fixed assets

Fixed assets are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives more than one accounting year. A fixed asset is recognized only when both of the following conditions are met: (1) it is probable that economic benefits associated with the fixed asset will flow to the enterprise; and (2) the cost of fixed assets can be measured reliably.

(2) Depreciation methods

| Category | Depreciation methods | Depreciation periods (years) | Residual value rate (%) | Annual depreciation rate (%) |
|----------|----------------------|------------------------------|-------------------------|------------------------------|
|----------|----------------------|------------------------------|-------------------------|------------------------------|

| | | | | |
|--------------------------------|----------------------|------|----|-------|
| Buildings | Straight-line method | 20 | 10 | 4.50 |
| Machinery equipment | Straight-line method | 5-10 | 10 | 9-18 |
| Auxiliary production equipment | Straight-line method | 5-10 | 10 | 9-18 |
| Transportation equipment | Straight-line method | 5 | 10 | 18 |
| Mould equipment | Straight-line method | 3 | 10 | 30 |
| Office equipment | Straight-line method | 3-5 | 10 | 18-30 |
| Computer equipment | Straight-line method | 3-5 | 10 | 18-30 |
| Other equipment | Straight-line method | 5 | 10 | 18 |

Depreciation of fixed assets is provided by category, and the depreciation rate is determined based on the categories, estimated useful life and estimated net residual value of fixed assets. Where the individual component parts of an item of fixed asset have different useful lives or provide benefits to the enterprise in different manners thus necessitating use of different depreciation rates or methods, the depreciation of the fixed asset is respectively provided.

(3) Identification basis, pricing and depreciation methods of leased fixed assets through finance

For a leased-in fixed asset in a finance lease, if there is reasonable certainty that the lessee will obtain ownership of the leased asset, the leased asset is depreciated over its useful life; if there is no reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

25. Construction in progress

The fixed assets are recorded at an amount equal to the expenditures necessarily incurred for bringing the asset to working condition for its intended use. If constructed fixed assets have not undergone final accounts for completion when the project meets the working condition for its intended use, the project is transferred to fixed assets at the estimated value based on the project budget, construction cost or actual cost from the date the project meets the working condition for its intended use, and the depreciation of fixed assets is provided in accordance with the Company's depreciation policies of fixed assets. After final accounts for completion are handled, the original value provisionally estimated is adjusted at the actual cost, but no adjustment is made to originally provided depreciation.

26. Borrowing costs

1. Determination principles of borrowing costs capitalized

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalization of borrowing costs can commence only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred, such expenditures include those expenditures incurred for the acquisition, construction or production of the qualifying asset that have resulted in payments of cash, transfer of non-cash assets, or the assumption of interest-bearing liabilities;
- (2) borrowing costs are being incurred; and
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

2. Capitalization period of borrowing costs

Capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended.

When the qualifying asset being acquired, constructed or produced has become ready for its intended use or sale, the capitalization ceases.

When a part of the qualifying asset being acquired, constructed or produced has completed separately and may be used separately, the capitalization of borrowing costs of a part ceases.

However, if the individual parts of the qualifying asset being acquired, constructed or produced are completed separately but can only be used or sold on the completion of the whole asset, capitalization of borrowing costs ceases when the whole asset is completed.

3. Period over which capitalization is suspended

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. However, capitalization of borrowing costs continues when the interruption is a necessary part of the process of preparing that asset for its intended use or sale. The borrowing costs incurred during these periods of interruption are recognized as an expense for the current period, and the capitalization of borrowing costs continues until the acquisition, construction or production of that asset is resumed.

4. Calculation methods of capitalized amount of borrowing costs

Where funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs to be capitalized is the actual borrowing costs incurred for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company shall determine the amount of borrowing expenses to be capitalized on such borrowings by multiplying a capitalization rate of the utilized general-purpose borrowings by the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The

capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

27. Biological assets

28. Oil and gas assets

29. Right-of-use assets

30. Intangible assets

(1) Pricing methods, useful lives and impairment tests

1. Pricing methods of intangible assets

(1) The Company initially measures an intangible asset at cost of acquisition;

The cost of a separately acquired intangible asset comprises its purchase price, related taxes and any directly attributable expenditure for preparing the asset for its intended use. Where payment for the purchase price of an intangible asset is deferred beyond normal credit terms, such that the arrangement is in substance of a financing nature, the cost of the intangible asset is determined based on the present value of the purchase price.

For an intangible asset acquired from a debtor by debt restructuring for the purpose of the debt, the fair value of the capital issued to the creditor in satisfaction of the debt, directly attributable taxes for preparing the asset for its intended use and other costs are used to record the restructured debt, and the difference between the fair value of the capital issued to the creditor in satisfaction of the debt and the recorded amount of the restructured debt is recognized in profit or loss for the current period.

The non-monetary assets have commercial substance, and the fair value of either the asset received or the asset given up can be reliably measured based on fair value. If both the fair value of the asset received and the fair value of the asset given up can be reliably measured, then the fair value of the asset given up and the relevant taxes payable are the initial investment cost of the intangible asset received unless it is clearly evident that the fair value of the asset received is more reliable. If the non-monetary assets have no commercial substance, or both the fair value of the asset received and the fair value of the asset given up cannot be reliably measured, then the carrying amount of the asset given up and the relevant taxes payable are the initial investment cost of the intangible asset received.

(2) Subsequent measurement

The Company analyzes and assesses the useful life of an intangible asset on its acquisition.

If the useful life of an intangible asset is finite, the intangible asset is amortized on a straight-line basis during the period over which the asset generates economic benefits for the enterprise; an intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the enterprise, and is not be amortized.

2. Estimated useful lives of intangible assets with finite useful life

| Item | Estimated useful life | Amortization methods | Basis |
|-------------------------|-----------------------|--------------------------------|-------------------------|
| Software | 5-10 | Estimated period of benefit | Software |
| Land use rights | 50 | Certificate of land use rights | Land use rights |
| Patent rights | 10 | Right term | Patent rights |
| Non-patented technology | 10 | Estimated period of benefit | Non-patented technology |

3. Basis for judgement of an intangible asset with indefinite useful life and procedures for review of useful life

The Company reviews the useful life of the indefinite intangible assets at the end of each period. Upon review, the useful life of intangible assets is still indefinite.

(2) Accounting policies for internal research and development expenditure

1. Specific criteria for an internal research and development project that are classified into the research phase and the development phase

Expenditure on an internal research and development project of the Company is classified into expenditure on the research phase and expenditure on the development phase.

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

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

2. Specific criteria of expenditure on the development phase qualifying for capitalization

Expenditure on the development phase of an internal research and development project is recognized as an intangible asset only when the Company demonstrates all of the following:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (2) the intention to complete the intangible asset and use or sell it;
- (3) how the intangible asset will generate economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

31. Impairment of long-term assets

If long-term equity investments, investment properties measured at the cost model, fixed assets, construction in

progress, intangible assets with finite useful life and other long-term assets may be impaired, the Company performs an impairment test thereon. The result of the impairment test shows that the recoverable amount of an asset is lower than the carrying amount, the difference is made the provision for impairment and recognized in the impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The provision for impairment of assets is calculated and recognized for an individual asset, and if it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows.

Goodwill, intangible assets with an indefinite useful life and intangible assets which do not meet the working conditions for its use are tested for impairment at least at the end of each year.

For the purpose of impairment testing of the Company, the carrying amount of goodwill generated in a business combination is, from the date of acquisition, allocated on a reasonable basis to each of the related asset groups. If it is not possible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. The Company amortizes the carrying amount of goodwill to an asset group or a set of asset groups that is able to benefit from the synergies of the business combination, and based on this, and tests goodwill for impairment.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, there may be an indication that a related asset group or set of asset groups may be impaired. In such circumstances, the Company firstly tests the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment, calculates its recoverable amount, compares its an impairment loss recoverable amount with the related carrying amount and recognize any impairment loss. After that, the Company tests the asset group or set of asset groups including goodwill for impairment, compares the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups with its recoverable amount. If the carrying amount of the asset group or set of asset groups is lower than its recoverable amount, an impairment loss on goodwill is recognized. Once an impairment loss on goodwill is recognized, it will not be reversed in a subsequent period.

32. Long-term prepaid expenses

Long-term prepaid expenses mean those which have been incurred but should be amortized in the current period and the subsequent periods of more than one year. The Company's long-term prepaid expenses mainly include decoration fees and other expenses which need to be amortized over one year.

1. Amortization methods

Long-term prepaid expenses are amortized averagely during the period of benefit.

2. Amortization period

The reasonable amortization is performed using the best estimated economic benefit realization method.

33. Contract liabilities

The obligations to transfer goods or services to customers as the consideration received or receivable from customers are presented as the contract liabilities, e.g. the payments which have been received by an

enterprise prior to transfer of the offered goods or services.

34. Employee benefits

(1) Accounting treatment of short-term benefits

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees provide services for the Company in the cost of related assets or in profit or loss for the current period as liabilities.

The employee benefits corresponding to payments of social security contributions and housing funds for employees by the Company and the appropriation to labor union funds and employee education fees are determined on such provision basis and at such provision rate as stipulated during the period when the employees provide services for the Company.

Where staff welfare expenses are measured at fair value if they are non-monetary welfare.

(2) Accounting treatment of after-service benefits

(1) Defined contribution plans

The Company pays basic endowment insurance and unemployment insurance for employees pursuant to the relevant regulations of the local government. The amounts payable therefor, during the accounting period when the employees serve the Company, are calculated according to the payment base and proportion stipulated by the local regulations, which are recognized in the profit or loss for the current period or the cost of related assets as liabilities.

In addition to the basic endowment insurance, the Company has also established the enterprise annuity payment system (supplementary endowment insurance)/ enterprise annuity plan according to the relevant policies of the national enterprise annuity system. The Company pays a certain proportion of the total wages of an employee to the local social insurance institution/annuity plan, and the corresponding expenses are recognized in the profit or loss for the current period or the cost of related assets.

(2) Defined benefit plans

The Company, according to the formula determined by the expected cumulative benefit unit method, attributes the benefit obligations arising from the defined benefit plan to the service period of the employees, and recognizes them in the profit or loss for the current period or the cost of related assets.

The deficit or surplus formed by the present value of obligations in the defined benefit plan minus the fair value of assets therein is recognized as the net liabilities or net assets of the defined benefit plan. If the defined benefit plan has surplus, the Company measures the net assets of the defined benefit plan according to the lower of the surplus and the upper limit of assets in the defined benefit plan.

All obligations in the defined benefit plan, including obligations expected to be paid within 12 months after the end of the annual reporting period for employee services, are discounted based on the market yield of treasury bonds or high-quality corporate bonds in active markets that match the term and currency of the obligations in the defined benefit plan on the balance sheet date.

The service cost generated by the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are recognized the profit or loss for the current period or the cost of related assets; changes arising from the re-measurement of net liabilities or net assets of the defined benefit plan are included in other

comprehensive incomes, and are not be converted back to profit or loss in subsequent accounting periods. At the end of the original defined benefit plan, the part originally included in other comprehensive incomes is fully carried forward to unappropriated profit within the scope of equity.

In the settlement of the defined benefit plan, the profit or loss of settlement is recognized according to the difference between the present value of the obligations in the defined benefit plan and the settlement price determined on the settlement date.

(3) Accounting treatment of severance benefits

When the Company cannot unilaterally withdraw the severance benefits provided as a result of the labor relationship termination plan or layoff proposal, or when it recognizes the costs or expenses related to the restructuring of the severance benefits payment (whichever is the earlier), it recognizes the employee compensation liabilities generated by the severance benefits and records them into the current profit or loss.

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

35. Lease liabilities

36. Estimated Liabilities

1. Recognition conditions of estimated Liabilities

An obligation related to a lawsuit, debt guarantee, loss contract, restructuring event or any other contingency is recognized as an estimated liability when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Company;
- (2) it is probable that an outflow of economic benefits from the Company will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

2. Measurement methods of estimated Liabilities

The Company's estimated liabilities are initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole when the Company reaches the best estimate. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle an estimated liability of the Company is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement does not exceed the carrying amount of the estimated liability.

37. Share-based payment

A share-based payment of the Company is a transaction in which the Company grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees or other parties. A share-based payment of the Company is an equity-settled share-based payment.

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

An equity-settled share-based payment in exchange for services received from the employees is measured at the fair value of equity instruments granted to the employees. Where the Company makes the share-based payment using restricted stocks, the stocks subscribed for by the employees shall not be listed for circulation or transfer until such stocks meet the unlocking conditions and are unlocked; if the unlocking conditions specified in the final equity incentive plan are not met, the Company repurchases the stocks at the pre-agreed price. When the Company receives the payments made by the employees to subscribe for restricted stocks, it recognizes the stock share and capital reserve (equity premium) based on the payments of subscription received, and also recognizes the repurchase obligations fully in a liability as treasury stocks. At each balance sheet date during the vesting period, the Company makes the best estimate of the number of equity instruments expected to vest according to the latest [changes in the number of vesting employees], [achievement of a specified performance condition] and other subsequent information, and based on this, recognizes the services received in the current period in the related costs or expenses at an amount equal to the fair value, with a corresponding increase in capital reserve. After vesting date, the Company makes no subsequent adjustment to related costs or expenses recognized and total owners' equity. However, if the equity instruments granted vest immediately, the Company, on grant date, recognizes related costs or expenses at an amount equal to the fair value of the equity instruments, with a corresponding increase in capital reserve.

The share-based payment that cannot be exercised in the end is not recognized as costs or expenses, unless the vesting conditions are market or non-vesting conditions, whether the market or non-vesting conditions are met or not, the share-based payment will be deemed as vesting only when the non-market conditions among the vesting conditions are met.

If the terms of equity-settled share-based payment are modified, the services received are recognized at least pursuant to the unmodified terms. In addition, any modifications that increase the fair value of the equity instruments, or changes that are beneficial to employees on the modification date are recognized as an increase in services.

If the equity-settled share-based payment is cancelled, it is treated as an accelerated exercise on the cancellation day, and the unrecognized amount is recognized immediately. If employees or other parties are able to elect to satisfy the non-vesting conditions but do not satisfy within the vesting period, the equity-settled share-based payment is deemed to be canceled. However, if a new equity instrument is granted, and on the grant date thereof, is deemed to replace the cancelled equity instrument, then the substitute equity instrument grant is accounted for pursuant to the terms and conditions for accounting for original equity instrument.

38. Preferred shares, perpetual bonds and others financial instruments**39. Income**

The accounting policies adopted for the recognition and measurement of revenue

1. General principles of revenue from the sale of goods

- (1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (3) the amount of the revenue can be measured reliably;
- (4) it is probable that the associated economic benefits will flow to the Company; and
- (5) the associated costs incurred or to be incurred can be measured reliably.

2. Specific principles

Besides the above, the Company's revenue from sale of goods is recognized when meeting the following conditions in respect of different methods of delivery to customers and acceptance check:

- (1) the products have been delivered and passed the acceptance check of the customers; and
- (2) the Company has checked with the customers based on purchase order without errors, and the customers agree to make payment.

Differences in accounting policies of recognition of revenue caused by different business models of similar businesses

40. Government grants**1. Category**

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

Government grants related to assets are government grants whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. Government grants related to income are government grants other than those related to assets.

The specific standard that the Company classifies a grant as a government grant related to assets is that: the grant obtained by the Company is used to purchase, construct or otherwise acquire long-term assets.

The specific standard that the Company classifies a grant as a government grant related to income is that: government grants related to income are government grants other than those related to assets.

When classifying a grant whose subsidy object is not clearly specified in the government documents as a government grant related to assets or a government grant related to income, the

Company judges whether the grant is used to purchase, construct or otherwise acquire long-term assets.

2. Recognition time

The time when a government grant related to assets of the Company is recognized: the Company actually receives the government grant, and since the long-term assets are available for use, equally amortizes the deferred income based on the estimated useful life of long-term assets and then transfers same to profit or loss for the current period.

The time when a government grant related to income of the Company is recognized: the Company actually receives the government grant, and and recognizes it in the non-operating income or other income for the current period if the grant is a compensation for related expenses or losses to be incurred by the Company in subsequent periods, and directly recognizes it in the non-operating income or other income on acquisition if the grant is a compensation for related expenses or losses incurred by the Company.

3. Accounting treatment

The government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. If a grant is recognized as deferred income, it is charged to profit or loss for the current period in a reasonable and systematic manner within the useful life of related assets (the grant related to the daily activities of the Company is recognized in other income, otherwise it is recognized in non-operating income);

The government grant related to income which is a compensation for related expenses or losses to be incurred by the Company is recognized as the deferred income and charged to the current profit or losses during the period when related costs or losses are recognized (the grant related to the daily activities of the Company is recognized in other income, otherwise it is recognized in non-operating income) or offset against related costs or losses; and the government grant related to income which is a compensation for related expenses or losses incurred by the Company is directly recognized in profit or loss for the current period (the grant related to the daily activities of the Company is recognized in other income, otherwise it is recognized in non-operating income) or offset against related costs or losses.

The policy-based preferential loan interest discounts obtained by the Company are accounted for separately according to the following two circumstances:

(1) If the finance department allocates the interest discount funds to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

(2) If the finance department directly allocates the interest discount funds to the Company, the Company offsets the corresponding interest subsidy against the related borrowing costs.

41. Deferred income tax assets and deferred income tax liabilities

Deferred income tax asset is recognized for a deductible temporary difference to the extent of the amount of the taxable income which is most likely to be obtained in the future periods for deducting the deductible temporary difference. For any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax asset is recognized to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

The deferred income tax liabilities are recognized for all taxable temporary differences except in special circumstances.

Special circumstances where deferred income tax assets or deferred income tax liabilities are not recognized include: the initial recognition of goodwill; and other transactions or events other than a business combination that neither affect the accounting profits nor the taxable income amount (or the deductible losses) at the time of occurrence.

The Company presents the current income tax assets and current income tax liabilities at the net amount after offsetting when it has the statutory right to netting and intends to settle on a net basis or to acquire assets and pay off liabilities simultaneously.

When the Company has the statutory right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same taxation authority on the same taxpayer or related to different tax payers, while in each future period during which important deferred income tax assets and liabilities are reversed the relevant taxpayer(s) intend to settle the current income tax assets and liabilities on a net basis or to obtain assets and pay off liabilities at the same time, the Company's deferred income tax assets and deferred income tax liabilities are presented at the net amount after offsetting.

42. Leases

(1) Accounting treatment of operating lease

(1) The lease expenses paid by the Company for leased assets are apportioned using the straight-line method during the whole lease term without deduction of the rent-free period, and are included into the current expenses. The initial direct expenses paid by the Company in connection with the leasing transaction are included in the current expenses.

When the lessor bears the expenses related to the lease which should be borne by the Company, the Company deducts such expenses from the total rent. The lease expenses after deduction are apportioned over the lease term and be included in the current expenses.

(2) The lease fees charged by the Company for leased assets are apportioned by the straight-line method during the entire lease term without deduction of the rent-free period, and are recognized as the lease incomes. The initial direct expenses related to the leasing transaction paid by the Company are recorded into the current expenses; In case of a large amount, it is capitalized and recorded into the current incomes by installments on the same basis as the recognition of lease incomes throughout the lease term.

When the Company bears the expenses related to the lease which should be borne by the lessee, the Company deducts such expenses from the total lease incomes and apportion the lease fees after deduction during the lease term.

(2) Accounting treatment of finance lease

(1) Assets leased in by financing: The Company takes the lower of the fair value of a leased asset and the present value of the minimum lease payment as the book value of the leased asset, the minimum lease payment as the book value of the long-term payables, and the difference between them as the unrecognized financing expenses on the lease inception date. The unrecognized financing expenses are amortized by the Company using the effective interest rate method during the asset lease term, and are recorded into financing expenses. The initial direct expenses incurred by the Company are included in the value of the leased asset.

(2) Assets leased out by financing: On the lease inception date, the Company recognizes the sum of the finance lease receivables and the unguaranteed residual value after deducting their present value as unrealized financing incomes, and will recognizes it as lease incomes in each period when the rent is received in the future. The initial direct expenses incurred by the Company in connection with the leasing transaction are included in the initial measurement of finance lease receivables, and the amount of income recognized during the lease term is reduced.

43. Other important accounting policies and accounting estimates

44. Changes in important accounting policies and accounting estimates

(1) Changes in important accounting policies

√ Applicable ☐ Not Applicable

| Content of and reason for accounting policy change | Procedures for examination and approval | Remarks |
|--|--|---------|
| Implementation of the Accounting Standards for Business Enterprises No. 14 - Revenue | The 18th session of the 4th board of directors | |

Notice on Revising and Issuing

The Notice on Revising and Issuing the Accounting Standards for Business Enterprises No. 14—Revenue (Cai Kuai [2017] No. 22) by the Ministry of Finance on July 5, 2017 specifies that: enterprises listed both home and abroad as well as those listed abroad and adopting the international financial reporting standards or accounting

standards for business enterprises to prepare financial statements shall implement these Standards from January 1, 2018; while other domestically listed enterprises shall implement these Standards from January 1, 2020.

In accordance with the above provisions, the Company will implement the new revenue standards from January 1, 2020.

| Content of and reason for accounting policy change | Procedures for examination and approval | Name and amount of affected item in statements | |
|---|--|--|---|
| | | Consolidated | Parent company |
| Reclassification of “receipts in advance” to “contract liabilities” | The 18th session of the 4th board of directors | Receipts in advance: decreased by RMB 319,210,819.61 Contract liabilities: increased by RMB 319,210,819.61; | Receipts in advance: decreased by RMB 32,365,918.06 Contract liabilities: increased by RMB 32,365,918.06 |

(2) Changes in important accounting estimates

☐ Applicable ☒ Not Applicable

(3) Adjustment of relevant items in the financial statements at the beginning of the initial year when the new revenue standards and new lease standards are implemented since 2020

Applicable

Whether it is necessary to adjust items in the balance sheet at the beginning of the year

☐ Yes ☒ No

Reasons for no need to adjust the items in the balance sheet at the beginning of the year

According to the transition between the old and the new standards, the Company will implement the new revenue standards from January 1, 2020, who will not adjust the information in the comparable period and is not required to make retroactive adjustment with respect to the previous years. In other words, the referred accounting policy change will not affect the relevant financial indicators of the Company in 2019.

(4) Notes on data in the prior comparative statements retroactively adjusted after the initial implementation of the new revenue standards and the new lease standards since 2020

☐ Applicable ☒ Not Applicable

45. Others

VI. Taxes

1. Major categories of taxes and tax rates

| Tax category | Taxation basis | Tax rate |
|--|--|-------------------------------|
| Value-added tax (VAT) | Subject to the output tax to be calculated on the basis of the income from sales of goods and taxable services as prescribed by the tax law, net of the eligible input tax | 16%, 13%, 10%, 9%, 6%, 5%, 3% |
| Urban maintenance and construction tax | Subject to the actual payment of VAT and consumption tax | 5%, 7% |
| Enterprise income tax | Subject to the taxable income amount | 15%, 16.1%, 16.5%, 25%, 20% |

Disclosure of taxpayers (if any) with differential enterprise income tax rates

| Name of tax payer | Income tax rate |
|--|-----------------|
| Luxshare Precision Industry Co., Ltd. | 15 |
| Xiexun Electronic (Ji'an) Co., Ltd. | 15 |
| ASAP Technology (Jiangxi) Co., Ltd. | 15 |
| Lanto Electronic Limited | 15 |
| Bozhou Lanto Electronic Limited | 15 |
| Huzhou Jiuding Electronic Co., Ltd. | 15 |
| Luxshare Automation (Jiangsu) Ltd. | 15 |
| Meite Technology (Suzhou) Co., Ltd. | 15 |
| Luxshare Electronic Technology (Kunshan) Co., Ltd. | 15 |
| Yongxin County Boshuo Electronics Co., Ltd. | 15 |
| Luxshare Precision Industry (Chuzhou), Ltd. | 15 |
| Meilv Electronic (Huizhou) Co., Ltd. | 15 |
| Fujian JK Wiring Systems Co., Ltd. | 15 |
| Jiangxi Luxshare Intelligent Manufacture Co., Ltd. | 15 |
| Jiangxi ASAP Electronic Co., Ltd. | 15 |
| Kunshan-Luxshare RF Technology Co., Ltd. | 15 |
| Suining Luxshare Precision Industry Co., Ltd. | 15 |
| Luxshare Precision Industry (Baoding) Co., Ltd. | 15 |
| Luxshare Precision Industry (Shanxi) Co., Ltd. | 15 |

| | |
|---|--------|
| Donguan Xuntao Electronic Co., Ltd. | 15 |
| Luxshare Precision Limited | 16.5 |
| Luxshare Precision Technology Co., Ltd. | 16.5 |
| ICTLANTO LIMITED (HK) | Note 1 |
| Taiwan Luxshare Precision Limited | 20 |
| Luxshare-ICT (Japan) | Note 2 |
| Yunding Technology Co., Ltd. | 16.5 |
| SpeedTech Corp. | 20 |
| Luxshare ICT, Inc. | Note 3 |
| Suk kunststofftechnik GmbH | 16.1 |
| Korea LuxshareICT Co., Ltd | Note 4 |
| LUXSHARE-ICT INTERNATIONAL B.V. | Note 5 |
| Luxshare-ICT (Vietnam) Limited | 20 |
| Luxshare Precision (Yunzhong) Co., Ltd. | 20 |
| Luxshare Precision (Yian) Co., Ltd. | 20 |
| Other subsidiaries | 25 |

2. Tax preference

1. The Company was identified as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Committee, and Shenzhen Tax Service, State Taxation Administration on November 9, 2018, with the High-tech Enterprise Certificate No. GF201844203584 which is valid for three years. As provided for in the Notice by the Ministry of Finance and the State Administration of Taxation on Preferential Policies for Enterprise Income Taxes Related to Enterprises' Technological Innovation and the Notice by the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Taxes for High-tech Enterprises, the Company enjoys an enterprise income tax of 15% for 2020.

2. The subsidiary, Xiexun Electronic (Ji'an) Co., Ltd. ("Ji'an Xiexun"), obtained the High-tech Enterprise Certificate No. GR201736000198 on August 23, 2017, which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

3. The subsidiary, ASAP Technology (Jiangxi) Co., Ltd. ("ASAP Jiangxi"), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on September 16, 2019, with the High-tech Enterprise Certificate No. GR201936000710 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

4. The subsidiary, Lanto Electronic Limited (“Lanto Kunshan”), was identified as a high-tech enterprise by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Jiangsu Province on July 11, 2017, and obtained the Certificate No. GR201732000947 which is valid for three years. In accordance with relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.
5. The sub-subsidiary, Bozhou Lanto Electronic Limited (“Bozhou Lanto”), was identified as a high-tech enterprise by Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Tax Service, State Taxation Administration on July 24, 2018, and obtained the Certificate No. GR201834001191 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.
6. The sub-subsidiary, Huzhou Jiuding Electronic Co., Ltd. (“Huzhou Jiuding”), was identified as a high-tech enterprise by the Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Zhejiang Province on November 13, 2017, and obtained the High-tech Enterprise Certificate No. GR201733002153 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.
7. The subsidiary, Luxshare Automation (Jiangsu) Ltd. (“Jiangsu Automation”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 30, 2018, with the High-tech Enterprise Certificate No. GR201832005137 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.
8. The sub-subsidiary, Meite Technology (Suzhou) Co., Ltd. (“Suzhou Meite”) was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Jiangsu Province on November 17, 2017, with the High-tech Enterprise Certificate No. GR2017320001236 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.
9. The subsidiary, Luxshare Electronic Technology (Kunshan) Co., Ltd. (“Luxshare Electronic Kunshan”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 28, 2018, with the High-tech Enterprise Certificate No. GR201832003780, which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.
10. The sub-subsidiary, Yongxin County Boshuo Electronics Co., Ltd. (“Yongxin Boshuo”), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance

Bureau, Jiangxi Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Jiangxi Province on December 4, 2017, with the High-tech Enterprise Certificate No. GR201736000843 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

11. The subsidiary, Luxshare Precision Industry (Chuzhou), Ltd. (“Luxshare Chuzhou”), was identified as a high-tech enterprise by Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Tax Service, State Taxation Administration on September 9, 2019, with the High-tech Enterprise Certificate No. GR201934001733 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

12. The sub-subsidiary, Meilv Electronic (Huizhou) Co., Ltd. (“Huizhou Meilv”), was identified as a high-tech enterprise by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration in 2018, with the High-tech Enterprise Certificate No. GR201844010193 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

13. The subsidiary, Fujian JK Wiring Systems Co., Ltd. (“Fujian JK”), was identified as a high-tech enterprise by the Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, Fujian Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Fujian Province on October 23, 2017, with the High-tech Enterprise Certificate No. GR201735000136 which is valid for three years. According to the provisions of the national high-tech enterprise income tax preferential policies, it enjoys an enterprise income tax rate of 15% for 2020.

14. The subsidiary, Jiangxi Luxshare Intelligent Manufacture Co., Ltd. (“Intelligent Manufacture Jiangxi”), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on August 13, 2018, with the High-tech Enterprise Certificate No. GR201836000417 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

15. The sub-subsidiary, Jiangxi ASAP Electronic Co., Ltd. (“Boshuo Electronics”), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on December 4, 2018, with the High-tech Enterprise Certificate No. GR201836001774 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

16. The sub-subsidiary, Kunshan-Luxshare RF Technology Co., Ltd. (“Kunshan RF”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 28, 2018, with the

High-tech Enterprise Certificate No. GR201832003391 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

17. The sub-subsidiary, Suining Luxshare Precision Industry Co., Ltd. (“Suining Luxshare”) was identified as a high-tech enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration on December 3, 2018, with the High-tech Enterprise Certificate No. GR201851001013 which is valid for three years. According to the provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

18. The sub-subsidiary, Luxshare Precision Industry (Baoding) Co., Ltd. (“Baoding Luxshare”), was identified as a high-tech enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Finance Bureau, and Hebei Provincial Tax Service, State Taxation Administration on September 10, 2019, with the High-tech Enterprise Certificate No. GR201913000851 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

19. The sub-subsidiary, Luxshare Precision Industry (Shanxi) Co., Ltd., was identified as a high-tech enterprise by Shanxi Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration on September 16, 2019, with the High-tech Enterprise Certificate No. GR201914000049 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

20. The sub-subsidiary, Donguan Xuntao Electronic Co., Ltd. (“Donguan Xuntao”), was identified as a high-tech enterprise by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration on December 2, 2019, with the Certificate No. GR201944005411 which is valid for three years. Pursuant to the provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

3. Others

Note 1. As per the tax law in Hong Kong, Hong Kong adopts a territorial source principle of taxation, under which only profits which have a source in Hong Kong are taxable there, while profits sourced elsewhere are not subject to Hong Kong profits tax. The applicable tax rates for Luxshare Technologies Limited, Luxshare Standard Limited (HK) and ICTLANTO LIMITED (HK) are zero.

Note 2. Luxshare-ICT (Japan) is entitled to the graded tax rate, at 15% for the portion of taxable income within JPY 8 million (including JPY 8 million), and at 25.5% for the portion in excess thereof.

Note 3. The tax rates applicable to Luxshare ICT, Inc are as follows:

In USD

| More than | Less than | Applicable tax rate | Excluding |
|------------|------------|---------------------|------------|
| 0.00 | 50,000 | 15% | 0.00 |
| 50,000 | 75,000 | 7,500+25% | 50,000 |
| 75,000 | 100,000 | 13,750+34% | 75,000 |
| 100,000 | 335,000 | 22,250+39% | 100,000 |
| 335,000 | 10,000,000 | 113,900+34% | 335,000 |
| 10,000,000 | 15,000,000 | 3,400,000+35% | 10,000,000 |
| 15,000,000 | 18,333,333 | 5,150,000+38% | 15,000,000 |
| 18,333,333 | | 35% | |

Note 4. The tax rates applicable to Korea LuxshareICT Co., Ltd. are as follows:

| Income | Income tax rate | Corporate tax | Total tax rate |
|---------------------------|-----------------|---------------|----------------|
| Less than KRW 100 million | 10% | 1% | 11% |
| More than KRW 200 million | 20% | 2% | 22% |
| More than KRW 30 billion | 22% | 2.2% | 24.2% |

Note 5. LUXSHARE-ICT INTERNATIONAL B.V. is incorporated in the Netherlands, to whom the applicable tax rate is 20% for the portion of income within EUR 200,000 and 25% for the portion in excess thereof.

VII. Notes to Items in Consolidated Financial Statements

1. Cash and bank balances

In RMB

| Item | Closing Balance | Opening Balance |
|---|------------------|------------------|
| Cash on hand | 2,052,140.86 | 594,825.70 |
| Bank deposit | 6,525,374,653.07 | 6,146,745,098.56 |
| Other cash and bank balances | 34,975,710.24 | 33,126,334.75 |
| Total | 6,562,402,504.17 | 6,180,466,259.01 |
| Including: Total amount of funds deposited abroad | 2,080,310,654.87 | 2,593,531,992.70 |
| Total amount of funds which are restricted in use by mortgage, pledge or freezing, etc. | 34,975,710.24 | 33,126,334.75 |

Other notes

The breakdown of cash and bank balances which are restricted in use by mortgage, pledge or freezing, etc., and which are deposited abroad with restricted repatriation are as follows:

| Item | Closing Balance | Balance at End of Last Year |
|------|-----------------|-----------------------------|
|------|-----------------|-----------------------------|

| | | |
|--|---------------|---------------|
| Deposit for bank acceptance bill | 5,513,681.19 | 3,078,831.30 |
| L/C deposit | 24,742,632.00 | 13,254,298.15 |
| Time deposit or call deposit for guarantee | 4,719,397.05 | 16,793,205.30 |
| Total | 34,975,710.24 | 33,126,334.75 |

2. Held-for-trading financial assets

In RMB

| Item | Closing Balance | Opening Balance |
|---|------------------|------------------|
| Financial assets at fair value through profit or loss | 2,769,261,353.82 | 1,524,366,132.75 |
| Including: | | |
| Derivative financial assets | 27,352,898.41 | 16,591,708.18 |
| Bank wealth management | 2,741,908,455.41 | 1,507,774,424.57 |
| Including: | | |
| Total | 2,769,261,353.82 | 1,524,366,132.75 |

Other notes:

3. Derivative financial assets

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes:

4. Notes receivable

(1) Categorized presentation of notes receivable

In RMB

| Item | Closing Balance | Opening Balance |
|----------------------------|-----------------|-----------------|
| Bank acceptance bill | 98,798,473.00 | 47,511,878.70 |
| Commercial acceptance bill | 82,441,007.79 | 19,362,048.27 |
| Total | 181,239,480.79 | 66,873,926.97 |

In RMB

| Category | Closing Balance | | | | | Opening Balance | | | | |
|------------|-----------------|------------|--------------------|----------------------|------------|-----------------|------------|--------------------|----------------------|------------|
| | Book balance | | Bad-debt provision | | Book value | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | Proportion | Amount | Provision proportion | |
| Including: | | | | | | | | | | |

| | | | | | | | | | | |
|------------|--|--|--|--|--|--|--|--|--|--|
| Including: | | | | | | | | | | |
|------------|--|--|--|--|--|--|--|--|--|--|

Provision for bad debts made individually:

In RMB

| Description | Closing Balance | | | |
|-------------|-----------------|--------------------|----------------------|----------------------|
| | Book balance | Bad-debt provision | Provision proportion | Reason for provision |

Provision for bad debts made by group:

In RMB

| Description | Closing Balance | | |
|-------------|-----------------|--------------------|----------------------|
| | Book balance | Bad-debt provision | Provision proportion |

Notes on the basis for determination of the group:

If the bad-debt provision of notes receivable is made according to the general model of expected credit loss, please disclose the relevant information of bad-debt provision with reference to the disclosure method of other receivables:

☐ Applicable ☒ Not Applicable

(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision made in the current period:

In RMB

| Category | Opening Balance | Amount of change in the current period | | | | Closing Balance |
|----------|-----------------|--|---------------------|-----------|-------|-----------------|
| | | Provision | Recover or reversal | Write off | Other | |

Including significant amounts recovered or reversed from the current provision for bad debts:

☐ Applicable ☒ Not Applicable

(3) Notes receivable pledged by the Company at the end of the period

In RMB

| Item | Pledged amount at the end of the period |
|----------------------|---|
| Bank acceptance bill | 27,465,479.16 |
| Total | 27,465,479.16 |

(4) Notes receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date

In RMB

| Item | Derecognized amount at the end of the period | Amount not derecognized at the end of the period |
|----------------------|--|--|
| Bank acceptance bill | 2,578,955,589.59 | |

| | |
|-------|------------------|
| Total | 2,578,955,589.59 |
|-------|------------------|

(5) Notes which the Company transfers into accounts receivable at the end of the period because of drawers' non-performance

In RMB

| Item | Amount transferred to accounts receivable at the end of the period |
|------|--|
|------|--|

Other notes

(6) Notes receivable actually written off in the current period

In RMB

| Item | Write-off amount |
|------|------------------|
|------|------------------|

Including the write-off of significant notes receivable:

In RMB

| Entity name | Nature of notes receivable | Write-off amount | Reasons for write off | Procedures for write off | Whether the funds are generated by related-party transactions |
|-------------|----------------------------|------------------|-----------------------|--------------------------|---|
|-------------|----------------------------|------------------|-----------------------|--------------------------|---|

Instructions on the write-off of notes receivable:

5. Accounts receivable

(1) Categorized disclosure of accounts receivable

In RMB

| Category | Closing Balance | | | | | Opening Balance | | | | |
|---|-------------------|------------|--------------------|----------------------|-------------------|-------------------|------------|--------------------|----------------------|-------------------|
| | Book balance | | Bad-debt provision | | Book value | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | Proportion | Amount | Provision proportion | |
| Accounts receivable for which bad-debt provision is made individually | 38,057,620.60 | 0.33% | 37,920,709.10 | 99.64% | 136,911.50 | 38,880,180.69 | 0.29% | 38,617,539.76 | 99.32% | 262,640.93 |
| Including: | | | | | | | | | | |
| Accounts receivable for which bad-debt provision is made by group | 11,557,357,925.93 | 99.67% | 25,450,557.64 | 0.22% | 11,531,907,368.29 | 13,268,942,471.16 | 99.71% | 25,579,539.87 | 0.19% | 13,243,362,931.29 |

| Including: | | | | | | | | | | |
|----------------|-------------------|--------|---------------|-------|-------------------|-------------------|--------|---------------|-------|---------------|
| Group by aging | 11,557,357,925.93 | 99.67% | 25,450,557.64 | 0.22% | 11,531,907,368.29 | 13,268,942,471.16 | 99.71% | 25,579,539.87 | 0.19% | 13,243,362.93 |
| | | | | | | | | | | 1.29 |
| Total | 11,595,415,546.53 | 100% | 63,371,266.74 | | 11,532,044,279.79 | 13,307,822,651.85 | 100% | 64,197,079.63 | | 13,243,625.57 |
| | | | | | | | | | | 2.22 |

Provision for bad debts made individually:

In RMB

| Description | Closing Balance | | | |
|-------------|-----------------|--------------------|----------------------|---|
| | Book balance | Bad-debt provision | Provision proportion | Reason for provision |
| Entity 1 | 33,644,144.02 | 33,644,144.02 | 100% | Unrecoverable |
| Entity 2 | 2,377,074.00 | 2,377,074.00 | 100% | Unrecoverable |
| Entity 3 | 1,506,998.10 | 1,506,998.10 | 100% | The funds failed to be recovered on schedule after litigation |
| Entity 4 | 268,243.99 | 131,332.49 | 48.96% | Part of the funds failed to be recovered on schedule |
| Entity 5 | 241,403.36 | 241,403.36 | 100% | Unrecoverable |
| Entity 6 | 18,600.00 | 18,600.00 | 100% | Unrecoverable |
| Entity 7 | 1,157.13 | 1,157.13 | 100% | Unrecoverable |
| Total | 38,057,620.60 | 37,920,709.10 | -- | -- |

Provision for bad debts made individually:

In RMB

| Description | Closing Balance | | | |
|------------------------------------|-------------------|--------------------|----------------------|----------------------|
| | Book balance | Bad-debt provision | Provision proportion | Reason for provision |
| Undue | 11,384,206,446.70 | 5,654,094.91 | 0.05% | |
| 1 to 60 days overdue | 155,201,347.52 | 7,760,067.37 | 5% | |
| 61 to 120 days overdue | 6,644,354.99 | 1,993,306.49 | 30% | |
| 121 to 180 days overdue | 1,030,201.22 | 412,080.49 | 40% | |
| 181 to 365 days overdue | 707,747.24 | 353,873.62 | 50% | |
| 1 (excluding 1) to 2 years overdue | 2,906,935.07 | 2,616,241.57 | 90% | |
| More than 2 years overdue | 6,660,893.19 | 6,660,893.19 | 100% | |
| Total | 11,557,357,925.93 | 25,450,557.64 | -- | -- |

Provision for bad debts made individually:

In RMB

| Description | Closing Balance |
|-------------|-----------------|
|-------------|-----------------|

| | Book balance | Bad-debt provision | Provision proportion | Reason for provision |
|--|--------------|--------------------|----------------------|----------------------|
|--|--------------|--------------------|----------------------|----------------------|

Provision for bad debts made by group:

In RMB

| Description | Closing Balance | | |
|-------------|-----------------|--------------------|----------------------|
| | Book balance | Bad-debt provision | Provision proportion |

Notes on the basis for determination of the group:

If the bad-debt provision of accounts receivable is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

☐ Applicable ☒ Not Applicable

Disclosure by aging

In RMB

| Aging | Closing Balance |
|---------------------------------|-------------------|
| Within 1 year (including 1year) | 11,547,570,958.70 |
| Undue | 10,922,957,499.12 |
| 1 to 60 days overdue | 266,393,727.64 |
| 61 to 120 days overdue | 197,668,141.80 |
| 121 to 180 days overdue | 97,558,772.10 |
| 181 to 365 days overdue | 62,992,818.04 |
| 1 to 2 years | 7,324,243.89 |
| 2 to 3 years | 40,520,343.94 |
| Total | 11,595,415,546.53 |

(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision in the current period:

In RMB

| Category | Opening balance | Amount of change in the current period | | | | Closing balance |
|---------------------|-----------------|--|---------------------|--------------|-------|-----------------|
| | | Provision | Recover or reversal | Write off | Other | |
| Accounts receivable | 64,197,079.63 | 5,651,345.40 | 5,117,021.09 | 1,360,137.21 | | 63,371,266.74 |
| Total | 64,197,079.63 | 5,651,345.40 | 5,117,021.09 | 1,360,137.21 | | 63,371,266.74 |

Including significant amounts recovered or reversed from the current provision for bad debts:

In RMB

| Entity name | Amount recovered or reversed | Recovery method |
|-------------|------------------------------|-----------------|
|-------------|------------------------------|-----------------|

(3) Accounts receivable actually written off in the current period

In RMB

| Item | Write-off amount |
|--|------------------|
| Accounts receivable actually written off | 1,360,137.21 |

Including the write-off of significant accounts receivable:

In RMB

| Entity name | Nature of accounts receivable | Write-off amount | Reasons for write off | Procedures for write off | Whether the funds are generated by related-party transactions |
|-------------|-------------------------------|------------------|-----------------------|--------------------------|---|
| | | | | | |

Notes on the write-off of accounts receivable:

(4) Accounts receivable with top five closing balance - by debtor

In RMB

| Entity name | Closing balance of accounts receivable | Proportion in total closing balance of accounts receivable | Closing balance of bad-debt provision |
|-------------|--|--|---------------------------------------|
| Entity 1 | 3,712,760,293.11 | 32.02% | 4,092,798.18 |
| Entity 2 | 1,128,813,570.75 | 9.73% | 231,995.51 |
| Entity 3 | 980,164,465.70 | 8.45% | 490,082.70 |
| Entity 4 | 552,294,882.88 | 4.76% | 253,393.89 |
| Entity 5 | 452,056,947.70 | 3.90% | 51,171.26 |
| Total | 6,826,090,160.14 | 58.86% | |

(5) Accounts receivable derecognized due to transfer of financial assets

| Item | Amount of derecognition | Ways of financial assets transfer | Gains or losses related to derecognition |
|----------|-------------------------|-----------------------------------|--|
| Entity 1 | 2,706,668,412.82 | Sale | -14,318,369.37 |
| Total | 2,706,668,412.82 | | -14,318,369.37 |

In 2020, the Company sold the accounts receivable of specific customers to banks and financial institutions. As of June 30, 2020, the accounts receivable derecognized for the specific customers amount to RMB 2,706,668,412.82.

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

Other notes:

6. Receivables financing

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Increase and decrease as well as fair value changes of receivables financing in the current period

☐ Applicable ☒ Not Applicable

If the provision for impairment of receivables financing is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of impairment provision:

☐ Applicable ☒ Not Applicable

Other notes:

7. Prepayments

(1) Presentation of prepayments by aging

In RMB

| Aging | Closing Balance | | Opening Balance | |
|---------------|-----------------|------------|-----------------|------------|
| | Amount | Proportion | Amount | Proportion |
| Within 1 year | 224,213,842.76 | 95.36% | 210,286,780.20 | 99.19% |
| 1 to 2 years | 9,112,378.60 | 3.88% | 1,133,221.56 | 0.53% |
| 2 to 3 years | 1,350,797.00 | 0.57% | 191,954.70 | 0.09% |
| Over 3 years | 437,090.19 | 0.19% | 406,655.45 | 0.19% |
| Total | 235,114,108.55 | -- | 212,018,611.91 | -- |

Reasons for untimely settlement of prepayments in significant amount with aging over 1 year:

(2) Prepayments with top five closing balance - by prepayment beneficiary

| Prepayment receiver | Closing Balance | Proportion in total closing balance of prepayments |
|---------------------|-----------------|--|
| Entity 1 | 53,720,278.40 | 22.85 |
| Entity 2 | 27,297,341.21 | 11.61 |
| Entity 3 | 11,024,400.00 | 4.69 |
| Entity 4 | 9,289,290.67 | 3.95 |
| Entity 5 | 9,040,599.80 | 3.85 |
| Total | 110,371,910.08 | 46.94 |

Other notes:

8. Other receivables

In RMB

| Item | Closing Balance | Opening Balance |
|---------------------|-----------------|-----------------|
| Interest receivable | 5,518,284.40 | |

| | | |
|-------------------|----------------|----------------|
| Other receivables | 485,320,061.91 | 338,237,923.96 |
| Total | 490,838,346.31 | 338,237,923.96 |

(1) Interest receivable**1) Classification of interest receivable**

In RMB

| Item | Closing Balance | Opening Balance |
|--------------|-----------------|-----------------|
| Time deposit | 580,244.93 | |
| Other | 4,938,039.47 | |
| Total | 5,518,284.40 | |

2) Significant overdue interest

In RMB

| Borrower | Closing balance | Overdue time | Reasons for delay | Whether there is impairment and its judgment basis |
|----------|-----------------|--------------|-------------------|--|
| | | | | |

Other notes:

3) Bad-debt provision
☐ Applicable ☒ Not Applicable
(2) Dividends receivable**1) Classification of dividends receivable**

In RMB

| Item (or Investee) | Closing Balance | Opening Balance |
|--------------------|-----------------|-----------------|
| | | |

2) Significant dividends receivable with aging over 1 year

In RMB

| Item (or Investee) | Closing Balance | Aging | Reasons for non-recovery | Whether there is impairment and its judgment basis |
|--------------------|-----------------|-------|--------------------------|--|
| | | | | |

3) Bad-debt provision
☐ Applicable ☒ Not Applicable

Other notes:

(3) Other receivables**1) Classification of other receivables by nature**

In RMB

| Nature of receivables | Closing book balance | Opening book balance |
|--------------------------------|-----------------------|-----------------------|
| Reserve fund | 3,227,415.30 | 9,489,186.52 |
| Security deposit | 27,712,643.11 | 39,474,865.66 |
| Import tax rebate receivable | 12,074,771.72 | 25,871,375.64 |
| Disbursement | 208,212,781.79 | 2,156,089.51 |
| Transfer funds of fixed assets | 38,610,335.74 | 66,256,604.46 |
| Other | 197,942,864.68 | 196,384,767.00 |
| Total | 487,780,812.34 | 339,632,888.79 |

2) Bad-debt provision

In RMB

| Bad-debt provision | The first stage | The second stage | The third stage | Total |
|---|--|--|---|-------|
| | Expected credit loss in the next 12 months | Expected credit loss over the whole duration (without credit impairment) | Expected credit loss over the whole duration (with credit impairment) | |
| Balance as at January 1, 2020 in the current period | — | — | — | — |

Changes in the book balance of the provision for loss with significant amount of changes in the current period

☐ Applicable ☒ Not Applicable

Disclosure by aging

In RMB

| Aging | Closing Balance |
|----------------------------------|-----------------------|
| Within 1 year (including 1 year) | 487,763,460.09 |
| Undue | 479,860,791.20 |
| 1 to 60 days overdue | 7,360,011.21 |
| 61 to 120 days overdue | 74,353.69 |
| 181 to 365 days overdue | 468,303.99 |
| 2 to 3 years | 17,352.25 |
| Total | 487,780,812.34 |

3) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision made in the current period:

In RMB

| Category | Opening balance | Amount of change in the current period | | | | Closing balance |
|----------------|-----------------|--|---------------------|-----------|--------------|-----------------|
| | | Provision | Recover or reversal | Write off | Other | |
| Group by aging | 1,394,964.83 | 946,457.60 | | | 2,341,422.43 | |
| Total | 1,394,964.83 | 946,457.60 | | | 2,341,422.43 | |

Including significant amounts reversed or recovered from the current provision for bad debts:

In RMB

| Entity name | Amount reversed or recovered | Recovery method |
|-------------|------------------------------|-----------------|
|-------------|------------------------------|-----------------|

4) Other receivables actually written off in the current period

In RMB

| Item | Write-off amount |
|------|------------------|
|------|------------------|

Including the write-off of significant other receivables:

In RMB

| Entity name | Nature of other receivables | Write-off amount | Reasons for write off | Procedures for write off | Whether the funds are generated by related-party transactions |
|-------------|-----------------------------|------------------|-----------------------|--------------------------|---|
|-------------|-----------------------------|------------------|-----------------------|--------------------------|---|

Notes on the write-off of other receivables:

5) Other receivables with top five closing balance - by debtor

In RMB

| Entity name | Nature of receivables | Closing balance | Aging | Proportion in total closing balance of other receivables | Closing balance of bad-debt provision |
|-------------|--------------------------------|-----------------|-------|--|---------------------------------------|
| Entity 1 | Equity transfer funds | 190,000,000.00 | Undue | 38.95% | 950,000.00 |
| Entity 2 | Current account | 182,063,817.67 | Undue | 37.32% | 910,319.09 |
| Entity 3 | Transfer funds of fixed assets | 27,325,753.87 | Undue | 5.60% | 136,628.77 |
| Entity 4 | Transfer funds of fixed assets | 26,276,057.24 | Undue | 5.39% | 131,380.29 |
| Entity 5 | Export tax rebate | 13,992,715.68 | Undue | 2.87% | 69,963.58 |
| Total | -- | 439,658,344.46 | -- | 90.13% | 2,198,291.73 |

6) Receivables involving government grants

In RMB

| Entity name | Name of government grant | Closing balance | Aging at the end of the period | Estimated time, amount and basis of collection |
|-------------|--------------------------|-----------------|--------------------------------|--|
|-------------|--------------------------|-----------------|--------------------------------|--|

7) Other receivables derecognized due to transfer of financial assets**8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement**

Other notes:

9. Inventories

Where the Company need to comply with the disclosure requirements for the real estate industry

No

(1) Classification of inventories

In RMB

| Item | Closing Balance | | | Opening Balance | | |
|------------------------------|------------------|--|------------------|------------------|--|------------------|
| | Book balance | Provision for decline in value of inventories or provision for impairment of contract performance cost | Book value | Book balance | Provision for decline in value of inventories or provision for impairment of contract performance cost | Book value |
| Raw material | 2,692,414,800.01 | 19,868,538.68 | 2,672,546,261.33 | 2,394,527,722.87 | 20,450,891.52 | 2,374,076,831.35 |
| Work in process | 1,403,311,686.91 | 4,581,563.62 | 1,398,730,123.29 | 1,329,809,441.89 | 5,410,657.68 | 1,324,398,784.21 |
| Goods on hand | 4,631,179,438.10 | 43,986,592.32 | 4,587,192,845.78 | 3,843,140,662.09 | 61,496,691.86 | 3,781,643,970.23 |
| Revolving materials | 37,553,034.04 | 101,846.74 | 37,451,187.30 | 49,272,045.90 | 15,000.03 | 49,257,045.87 |
| Goods sold | 394,666.09 | | 394,666.09 | 154,254,852.98 | 2,690,065.64 | 151,564,787.34 |
| Goods in transit | 5,812,951.98 | | 5,812,951.98 | 1,567,293.31 | | 1,567,293.31 |
| Work in process - outsourced | 12,404,126.54 | | 12,404,126.54 | 18,349,175.85 | | 18,349,175.85 |
| Total | 8,783,070,703.67 | 68,538,541.36 | 8,714,532,162.31 | 7,790,921,194.89 | 90,063,306.73 | 7,700,857,888.16 |

(2) Provision for decline in value of inventories and provision for impairment of contract performance cost

In RMB

| Item | Opening balance | Increase in the current period | | Decrease in the current period | | Closing balance |
|-----------------|-----------------|--------------------------------|-------|--------------------------------|-------|-----------------|
| | | Provision | Other | Reversal or write off | Other | |
| Raw material | 20,450,891.52 | 12,316,738.74 | | 13,022,979.70 | | 19,868,538.68 |
| Work in process | 5,410,657.68 | | | 705,057.20 | | 4,581,563.62 |

| | | | | | | |
|------------------------------|---------------|---------------|--|---------------|--|---------------|
| Goods on hand | 61,496,691.86 | 21,048,837.46 | | 38,715,885.06 | | 43,986,592.32 |
| Revolving materials | 15,000.03 | 92,524.01 | | 5,826.05 | | 101,846.74 |
| Work in process - outsourced | | 156,948.07 | | | | |
| Goods sold | 2,690,065.64 | | | 2,690,065.64 | | |
| Total | 90,063,306.73 | 33,615,048.28 | | 55,139,813.65 | | 68,538,541.36 |

(3) Notes on closing balance of inventories containing capitalized amount of borrowing costs**(4) Notes on current amortization amount of contract performance costs****10. Contract assets**

In RMB

| Item | Closing balance | | | Opening balance | | |
|------|-----------------|--------------------------|------------|-----------------|--------------------------|------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |

The amount of and reasons for significant changes in the book value of contract assets in the current period:

In RMB

| Item | Change amount | Reason for change |
|------|---------------|-------------------|
|------|---------------|-------------------|

If the bad-debt provision of contract assets is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

☐ Applicable ☒ Not Applicable

Provision for impairment of contract assets in the current period

In RMB

| Item | Current period provision | Current period reversal | Current period write off/cancellation | Reason |
|------|--------------------------|-------------------------|---------------------------------------|--------|
|------|--------------------------|-------------------------|---------------------------------------|--------|

Other notes:

11. Held-for-sale assets

In RMB

| Item | Closing book balance | Provision for impairment | Closing book value | Fair value | Estimated disposal costs | Estimated disposal time |
|------|----------------------|--------------------------|--------------------|------------|--------------------------|-------------------------|
|------|----------------------|--------------------------|--------------------|------------|--------------------------|-------------------------|

Other notes:

12. Current portion of non-current assets

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Significant debt investments/other debt investments

In RMB

| Debt item | Closing balance | | | | Opening balance | | | |
|-----------|-----------------|-------------|--------------------|----------|-----------------|-------------|--------------------|----------|
| | Face value | Coupon rate | Real interest rate | Due date | Face value | Coupon rate | Real interest rate | Due date |

Other notes:

13. Other current assets

In RMB

| Item | Closing Balance | Opening Balance |
|--------------------------|------------------|------------------|
| Input tax to be deducted | 999,905,034.38 | 1,176,940,503.21 |
| Income tax prepaid | 188,390,249.79 | 286,319,473.87 |
| Other | 1,565,364.13 | 21,191,174.65 |
| Total | 1,189,860,648.30 | 1,484,451,151.73 |

Other notes:

14. Debt investments

In RMB

| Item | Closing balance | | | Opening balance | | |
|------|-----------------|--------------------------|------------|-----------------|--------------------------|------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |

Significant debt investments

In RMB

| Debt item | Closing balance | | | | Opening balance | | | |
|-----------|-----------------|-------------|--------------------|----------|-----------------|-------------|--------------------|----------|
| | Face value | Coupon rate | Real interest rate | Due date | Face value | Coupon rate | Real interest rate | Due date |

Provision for impairment

In RMB

| Bad-debt provision | The first stage | The second stage | The third stage | Total |
|--------------------------|--|--|---|-------|
| | Expected credit loss in the next 12 months | Expected credit loss over the whole duration (without credit impairment) | Expected credit loss over the whole duration (with credit impairment) | |
| Balance as at January 1, | — | — | — | — |

| | | | | |
|----------------------------|--|--|--|--|
| 2020 in the current period | | | | |
|----------------------------|--|--|--|--|

Changes in the book balance of the provision for loss with significant amount of changes in the current period

☐ Applicable ☒ Not Applicable

Other notes:

15. Other debt investments

In RMB

| Item | Opening balance | Accrued interest | Changes in fair value in the current period | Closing balance | Cost | Cumulative changes in fair value | Cumulative provision for loss recognized in other comprehensive income | Remarks |
|------|-----------------|------------------|---|-----------------|------|----------------------------------|--|---------|
|------|-----------------|------------------|---|-----------------|------|----------------------------------|--|---------|

Other significant debt investments

In RMB

| Other debt item | Closing balance | | | | Opening balance | | | |
|-----------------|-----------------|-------------|--------------------|----------|-----------------|-------------|--------------------|----------|
| | Face value | Coupon rate | Real interest rate | Due date | Face value | Coupon rate | Real interest rate | Due date |

Provision for impairment

In RMB

| Bad-debt provision | The first stage | The second stage | The third stage | Total |
|---|--|--|---|-------|
| | Expected credit loss in the next 12 months | Expected credit loss over the whole duration (without credit impairment) | Expected credit loss over the whole duration (with credit impairment) | |
| Balance as at January 1, 2020 in the current period | — | — | — | — |

Changes in the book balance of the provision for loss with significant amount of changes in the current period

☐ Applicable ☒ Not Applicable

Other notes:

16. Long-term receivables

(1) Long-term receivables

In RMB

| Item | Closing balance | Opening balance | Discount rate |
|------|-----------------|-----------------|---------------|
|------|-----------------|-----------------|---------------|

| | Book balance | Bad-debt provision | Book value | Book balance | Bad-debt provision | Book value | range |
|--|--------------|--------------------|------------|--------------|--------------------|------------|-------|
|--|--------------|--------------------|------------|--------------|--------------------|------------|-------|

Impairment of bad-debt provision

In RMB

| Bad-debt provision | The first stage | The second stage | The third stage | Total |
|---|--|--|---|-------|
| | Expected credit loss in the next 12 months | Expected credit loss over the whole duration (without credit impairment) | Expected credit loss over the whole duration (with credit impairment) | |
| Balance as at January 1, 2020 in the current period | — | — | — | — |

Changes in book balance of provision for loss with significant changes in the current period

☐ Applicable ☒ Not Applicable

(2) Long-term receivables derecognized due to transfer of financial assets

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing involvement

Other notes

17. Long-term equity investments

In RMB

| Investee | Opening balance (book value) | Increase and decrease in the current period | | | | | | | | Closing balance (book value) | Closing balance of provision for impairment |
|--|---------------------------------|---|-----------------------|--|---|-------------------------------|---------------------------------------|-----------------------------|-------|---------------------------------|--|
| | | Additional investment | Reduced investment | Investment profit or loss recognized under equity method | Other comprehensive income adjustment | Other changes in equity | Declared cash dividends or profits | Provision for impairment | Other | | |
| 1. Joint venture | | | | | | | | | | | |
| Riyimao Industrial Co., Ltd. | 77,160,654.68 | | | 5,231,270.10 | 2,024,032.82 | | -6,002,391.01 | | | 78,413,566.59 | |
| Xuande Energy Co., Ltd. | 454,220.23 | | | -221,810.31 | | | | | | 232,409.92 | |
| Caldigit Holding (Caymen) | | 57,003,448.80 | | | | | | | | 57,003,448.80 | |
| Subtotal | 77,614,874.91 | 57,003,448.80 | | 5,009,459.79 | 2,024,032.82 | | -6,002,391.01 | | | 135,649,425.31 | |
| 2. Associates | | | | | | | | | | | |
| Zhuhai Kinwong Flexible Circuit Co., Ltd. | 234,305,410.77 | | | 2,288,955.95 | | | | | | 236,594,366.72 | 34,372,608.46 |
| Siliconch | 25,502,902.88 | | | | | | | | | 25,502,902.88 | |

| | | | | | | | | | | |
|------------------------------------|----------------|----------------|--|--------------|--------------|--|---------------|--|----------------|---------------|
| Meilv Luxshare (Vietnam) Co., Ltd. | | 83,840,568.00 | | | | | | | 83,840,568.00 | |
| Subtotal | 259,808,313.65 | 83,840,568.00 | | 2,288,955.95 | | | | | 345,937,837.60 | 34,372,608.46 |
| Total | 337,423,188.56 | 140,844,016.80 | | 7,298,415.74 | 2,024,032.82 | | -6,002,391.01 | | 481,587,262.91 | 34,372,608.46 |

Other notes

18. Other investments in equity instruments

In RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Beijing Xloong Technologies Co., Ltd. | 10,752,374.31 | 10,752,374.31 |
| Beijing Wiparking Technology Co., Ltd. | 8,789,652.45 | 8,789,652.45 |
| Jingtuo Liyin Technology (Beijing) Co., Ltd. | 3,675,044.01 | 3,675,044.01 |
| Zhejiang Tony Electronic Co., Ltd | 213,003,000.00 | 170,733,150.00 |
| Assem Technology Co., Ltd. | 13,600,983.80 | |
| Total | 249,821,054.57 | 193,950,220.77 |

Itemized disclosure of non-trading equity instrument investments in the current period

In RMB

| Project name | Recognized dividend income | Cumulative gains | Cumulative losses | Amount of other comprehensive income carried over to retained earnings | Reasons for being designated as equity instruments at fair value through other comprehensive income | Reasons for carry-over of other comprehensive income to retained earnings |
|---|----------------------------|------------------|-------------------|--|---|---|
| Beijing Xloong Technologies Co., Ltd. | | 752,374.31 | | | Not for short-term trading purposes | |
| Beijing Wiparking Technology Co., Ltd. | | | 1,210,347.55 | | Not for short-term trading purposes | |
| Jingtuo Liyin Technology (Beijing) Co., | | 675,044.01 | | | Not for short-term trading purposes | |

| | | | | | | |
|-----------------------------------|---------------|----------------|--|--|-------------------------------------|--|
| Ltd. | | | | | | |
| Zhejiang Tony Electronic Co., Ltd | 42,269,850.00 | 190,503,000.00 | | | Not for short-term trading purposes | |

Other notes:

19. Other non-current financial assets

In RMB

| Item | Closing balance | Opening balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes:

20. Investment properties

(1) Investment properties measured at cost

√ Applicable ☐ Not Applicable

In RMB

| Item | Houses and buildings | Land use right | Construction in progress | Total |
|---|----------------------|----------------|--------------------------|---------------|
| I. Original book value | | | | |
| 1. Opening balance | 48,092,587.77 | 16,462,696.47 | | 64,555,284.24 |
| 2. Increase in the current period | | | | |
| (1) Outsourcing | | | | |
| (2) Transfer in from inventories, fixed assets and construction in progress | | | | |
| (3) Increase in business combination | | | | |
| | | | | |
| 3. Decrease in the current period | 1,289,267.96 | 2,307,286.68 | | 3,596,554.64 |
| (1) Disposal | | | | |
| (2) Other transfer out | | | | |
| Other decrease | 1,289,267.96 | 2,307,286.68 | | 3,596,554.64 |
| 4. Closing balance | 46,803,319.81 | 14,155,409.79 | | 60,958,729.60 |
| II. Accumulated depreciation and amortization | | | | |
| 1. Opening balance | 11,898,806.50 | | | 11,898,806.50 |
| 2. Increase in the current period | 1,350,473.28 | | | 1,350,473.28 |
| (1) Provision or amortization | 1,350,473.28 | | | 1,350,473.28 |
| | | | | |
| 3. Decrease in the current period | 921,779.14 | | | 921,779.14 |

| | | | | |
|-----------------------------------|---------------|---------------|--|---------------|
| (1) Disposal | | | | |
| (2) Other transfer out | | | | 921,779.14 |
| Other decrease | 921,779.14 | | | |
| 4. Closing balance | 12,327,500.64 | | | 12,327,500.64 |
| III. Provision for impairment | | | | |
| 1. Opening Balance | | | | |
| 2. Increase in the current period | | | | |
| (1) Provision | | | | |
| | | | | |
| 3. Decrease in the current period | | | | |
| (1) Disposal | | | | |
| (2) Other transfer out | | | | |
| | | | | |
| 4. Closing balance | | | | |
| IV. Book value | | | | |
| 1. Closing book value | 34,475,819.17 | 14,155,409.79 | | 48,631,228.96 |
| 2. Opening book value | 36,193,781.27 | 16,462,696.47 | | 52,656,477.74 |

(2) Investment properties measured at fair value

☐ Applicable ☒ Not Applicable

(3) Investment properties without title certificate

In RMB

| Item | Book value | Reasons for not obtaining the title certificate |
|------|------------|---|
|------|------------|---|

Other notes

21. Fixed assets

In RMB

| Item | Closing Balance | Opening Balance |
|--------------------------|-------------------|-------------------|
| Fixed assets | 14,762,216,701.70 | 13,707,298,535.36 |
| Disposal of fixed assets | -69,886.98 | |
| Total | 14,762,146,814.72 | 13,707,298,535.36 |

(1) Fixed assets

In RMB

| Item | Houses and buildings | Office equipment | Machinery equipment | Computer equipment | Production auxiliary equipment | Transport equipment | Other equipment | Mould equipment | Total |
|---|----------------------|------------------|---------------------|--------------------|--------------------------------|---------------------|------------------|------------------|-------------------|
| I. Original book value: | | | | | | | | | |
| 1. Opening balance | 4,544,013,678.10 | 156,341,023.99 | 8,181,591,674.43 | 125,793,925.18 | 1,454,366,545.86 | 43,266,776.57 | 1,553,202,096.75 | 1,250,190,928.04 | 17,308,766,648.92 |
| 2. Increase in the current period | 478,938,187.38 | 32,714,485.59 | 1,219,991,437.38 | 17,899,605.19 | 107,527,995.05 | 2,029,984.89 | 745,001,596.32 | 206,105,609.46 | 2,810,208,901.26 |
| (1) Purchase | 347,434,979.54 | 31,414,769.57 | 1,139,845,775.73 | 17,199,691.55 | 102,900,608.92 | 1,898,957.68 | 733,640,580.76 | 202,344,287.14 | 2,576,679,650.89 |
| (2) Transfer in from construction in progress | 118,924,728.10 | | 62,881,306.78 | 577,265.02 | 4,627,386.13 | | 9,199,566.12 | 3,760,263.78 | 199,970,515.93 |
| (3) Increase in business combination | | | | | | | | | |
| Other | 12,578,479.74 | 1,299,716.02 | 17,264,354.87 | 122,648.62 | | 131,027.21 | 2,161,449.44 | 1,058.54 | 33,558,734.44 |
| 3. Decrease in the current period | 457,750.44 | 2,838,430.06 | 663,296,932.44 | 4,434,211.53 | 103,987,590.82 | 253,553.63 | 99,406,540.78 | 50,388,999.03 | 925,064,008.73 |
| (1) Disposal or scrap | 457,750.44 | 2,656,559.58 | 264,283,588.73 | 4,434,211.53 | 25,112,647.58 | 215,793.63 | 89,157,486.30 | 50,388,999.03 | 436,707,036.82 |
| Other | | 181,870.48 | 399,013,343.71 | | 78,874,943.24 | 37,760.00 | 10,249,054.48 | | 488,356,971.91 |
| 4. Closing balance | 5,022,494,115.04 | 185,068,760.38 | 8,739,434,498.51 | 139,259,318.84 | 1,457,906,950.09 | 45,043,207.83 | 2,198,797,152.29 | 1,405,907,538.47 | 19,193,911,541.45 |
| II. Accumulated depreciation | | | | | | | | | |
| 1. Opening balance | 699,447,771.71 | 63,593,544.06 | 1,430,353,121.23 | 40,297,931.56 | 374,257,195.19 | 20,728,806.43 | 473,785,977.54 | 431,843,198.93 | 3,534,307,546.65 |
| 2. Increase in the current period | 110,222,320.24 | 11,438,379.15 | 453,557,217.87 | 10,646,730.47 | 109,417,943.50 | 2,308,190.66 | 156,082,128.53 | 163,566,942.53 | 1,017,239,852.95 |
| (1) Provision | 108,874,875.55 | 11,004,386.45 | 451,627,072.21 | 10,603,759.23 | 109,417,943.50 | 2,277,311.80 | 155,438,419.78 | 163,566,276.84 | 1,012,810,045.36 |
| Other | 1,347,444.69 | 433,992.70 | 1,930,145.66 | 42,971.24 | | 30,878.86 | 643,708.75 | 665.69 | 4,429,807.59 |
| 3. Decrease in the current period | 258,275.77 | 1,128,615.41 | 102,458,502.30 | 2,438,892.86 | 34,439,267.80 | 181,556.82 | 41,551,032.33 | 19,589,366.33 | 202,045,509.62 |
| (1) Disposal or scrap | 189,673.10 | 1,121,913.92 | 54,825,500.14 | 2,438,892.86 | 6,284,247.17 | 154,382.28 | 37,847,456.37 | 19,589,366.33 | 122,451,432.17 |
| Other | 68,602.67 | 6,701.49 | 47,633,002.16 | | 28,155,020.63 | 27,174.54 | 3,703,575.96 | | 79,594,077.45 |
| 4. Closing Balance | 809,411,816.18 | 73,903,307.80 | 1,781,451,836.80 | 48,505,769.17 | 449,235,870.89 | 22,855,440.27 | 588,317,073.74 | 575,820,775.13 | 4,349,501,889.98 |
| III. Provision for impairment | | | | | | | | | |
| 1. Opening Balance | | 1,832,839.19 | 23,065,704.76 | 24,706.94 | 2,857,463.43 | 42,534.87 | 16,267,714.79 | 23,069,602.93 | 67,160,566.91 |
| 2. Increase in the current period | | | 25,844,892.96 | | | | | 20,065,189.80 | 45,910,082.76 |
| (1) Provision | | | 25,844,892.96 | | | | | 20,065,189.80 | 45,910,082.76 |

| | | | | | | | | | |
|-----------------------------------|------------------|----------------|------------------|---------------|------------------|---------------|------------------|----------------|-------------------|
| Other | | | | | | | | | |
| 3. Decrease in the current period | | 34,548.67 | 6,811,826.65 | 10,565.36 | 485,026.09 | | 3,170,812.87 | 20,364,920.26 | 30,877,699.90 |
| (1) Disposal or scrap | | 34,548.67 | 6,811,826.65 | 10,565.36 | 485,026.09 | | 3,170,812.87 | 20,364,920.26 | 30,877,699.90 |
| Other | | | | | | | | | |
| 4. Closing balance | | 1,798,290.52 | 42,098,771.07 | 14,141.58 | 2,372,437.34 | 42,534.87 | 13,096,901.92 | 22,769,872.47 | 82,192,949.77 |
| IV. Book value | | | | | | | | | |
| 1. Closing book value | 4,213,082,298.86 | 109,367,162.06 | 6,915,883,890.64 | 90,739,408.09 | 1,006,298,641.86 | 22,145,232.69 | 1,597,383,176.63 | 807,316,890.87 | 14,762,216,701.70 |
| 2. Opening book value | 3,844,565,906.39 | 90,914,640.74 | 6,728,172,848.44 | 85,471,286.68 | 1,077,251,887.24 | 22,495,435.27 | 1,063,148,404.42 | 795,278,126.18 | 13,707,298,535.36 |

(2) Temporarily idle fixed assets

In RMB

| Item | Original book value | Accumulated depreciation | Provision for impairment | Book value | Remarks |
|------|---------------------|--------------------------|--------------------------|------------|---------|
|------|---------------------|--------------------------|--------------------------|------------|---------|

(3) Fixed assets leased in through finance lease

In RMB

| Item | Original book value | Accumulated depreciation | Provision for impairment | book value |
|------|---------------------|--------------------------|--------------------------|------------|
|------|---------------------|--------------------------|--------------------------|------------|

(4) Fixed assets leased out through operating lease

| Item | Closing book value |
|------|--------------------|
|------|--------------------|

In RMB

(5) Fixed assets without title certificate

In RMB

| Item | Book value | Reasons for not obtaining the title certificate |
|--|------------------|---|
| Workshop, office and dormitory buildings of Fujian JK | 14,280,381.25 | Notes |
| Precision machinery workshop of Boshuo Electronics | 6,199,660.88 | Newly built; the certificate is in process |
| New workshop buildings of Intelligent Manufacture Jiangxi | 1,048,159,094.10 | Newly built; the certificate is in process |
| Buildings 1-5, 7-11, corridors 1-4, dormitory buildings A&B of Dongguan Luxshare | 641,271,438.75 | Newly built; the certificate is in process |
| New houses and buildings of Luxshare Electronic Kunshan | 834,854,918.52 | Newly built; the certificate is in process |

Other notes

Note: The land occupied by the staff dormitory is in nature an allotted land, the use right of which was acquired by the Company by means of transfer through agreement in line with relevant regulations at that time. The property title formed based on the allotted land use right is not allowed to be transferred unless the allocated land

use right is converted to paid land use right. However, the existing land use right cannot be transferred by agreement, as a result of which the property title to the staff dormitory building has not been transferred to Fujian JK.

(6) Disposal of fixed assets

In RMB

| Item | Closing Balance | Opening Balance |
|--------------------------|-----------------|-----------------|
| Disposal of fixed assets | -69,886.98 | |
| Total | -69,886.98 | |

Other notes

22. Construction in progress

In RMB

| Item | Closing Balance | Opening Balance |
|--------------------------|------------------|-----------------|
| Construction in progress | 1,874,034,373.48 | 865,549,438.56 |
| Total | 1,874,034,373.48 | 865,549,438.56 |

(1) Construction in progress

In RMB

| Item | Closing balance | | | Opening balance | | |
|------------------------------------|------------------|--------------------------|------------------|-----------------|--------------------------|----------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Workshop construction | 1,195,527,812.49 | | 1,195,527,812.49 | 646,783,362.29 | | 646,783,362.29 |
| Mould improvement | 60,986,125.70 | | 60,986,125.70 | 32,471,966.51 | | 32,471,966.51 |
| Equipment installation engineering | 613,519,551.07 | | 613,519,551.07 | 184,343,732.88 | | 184,343,732.88 |
| Other | 4,000,884.22 | | 4,000,884.22 | 1,950,376.88 | | 1,950,376.88 |
| Total | 1,874,034,373.48 | | 1,874,034,373.48 | 865,549,438.56 | | 865,549,438.56 |

(2) Changes in significant constructions in progress for the current period

In RMB

| Project name | Budget | Opening balance | Increase in the current period | Amount transferred to fixed assets in the current period | Other decrease in the current period | Closing balance | Proportion of accumulated project | Project progress | Amount of accumulated capitalization | Including: Amount of current capitalized interest | Current interest capitalization rate | Source of funds |
|--------------|--------|-----------------|--------------------------------|--|--------------------------------------|-----------------|-----------------------------------|------------------|--------------------------------------|---|--------------------------------------|-----------------|
|--------------|--------|-----------------|--------------------------------|--|--------------------------------------|-----------------|-----------------------------------|------------------|--------------------------------------|---|--------------------------------------|-----------------|

| | | | | | | | investme nt in budget | | ed interest | | | |
|--|------------------|----------------|----------------|----------------|--------------|------------------|-----------------------------|-------|----------------|--|--|----|
| Dongguan Luxshare workshop construction | 1,000,000,000.00 | 184,818,003.69 | 100,304,859.08 | 68,207,520.96 | 43,944.95 | 216,871,396.86 | 90% | 90.00 | | | | |
| Vietnam Luxshare workshop project | 171,541,794.29 | 83,849,433.44 | 79,427,992.24 | | 4,420,555.20 | 158,856,870.48 | 93% | 93.00 | | | | |
| Intelligent Manufacture Jiangxi workshop construction | 1,082,665,773.12 | 189,572,791.91 | 1,204,150.95 | 3,593,398.11 | | 187,183,544.75 | 82% | 82.00 | | | | |
| Zhejiang intelligent manufacturing workshop construction | 144,730,000.00 | 15,602,124.80 | 23,426,605.50 | | | 39,028,730.30 | 30% | 30.00 | | | | |
| Yunzhong phase I and phase II workshop construction | 1,700,000,000.00 | 87,679,914.12 | 129,600,778.91 | 36,577,430.19 | | 180,703,262.84 | 10.63% | 15.00 | | | | |
| Yi'an project construction | 476,774,887.72 | 80,220,457.42 | 191,412,831.00 | | | 271,633,288.42 | 56.97% | 60.00 | | | | |
| Changshu Luxshare workshop phase I project | 593,727,820.00 | | 91,743,119.27 | | | 91,743,119.27 | 15.45% | 15.00 | | | | |
| Total | 5,169,440,275.13 | 641,742,725.38 | 617,120,336.95 | 108,378,349.26 | 4,464,500.15 | 1,146,020,212.92 | -- | -- | | | | -- |

(3) Provision for impairment of construction in progress for the current period

In RMB

| Item | Current provision amount | Reasons for provision |
|------|--------------------------|-----------------------|
|------|--------------------------|-----------------------|

Other notes

(4) Engineering materials

In RMB

| Item | Closing balance | Opening balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
|--|--------------|--------------------------|------------|--------------|--------------------------|------------|
|--|--------------|--------------------------|------------|--------------|--------------------------|------------|

Other notes:

23. Bearer biological assets**(1) Bearer biological assets measured at cost**☐ Applicable ☒ Not Applicable**(2) Bearer biological assets measured at fair value**☐ Applicable ☒ Not Applicable**24. Oil and gas assets**☐ Applicable ☒ Not Applicable**25. Right-of-use assets**

In RMB

| Item | Total |
|------|-------|
|------|-------|

Other notes:

26. Intangible assets**(1) Intangible assets**

In RMB

| Item | Land use right | Patent right | Non-patent technology | Software | Other | Total |
|--------------------------------------|------------------|--------------|-----------------------|---------------|---------------|------------------|
| I. Original book value | | | | | | |
| 1. Opening balance | 1,022,608,330.65 | 1,771,459.90 | 71,902,729.82 | 16,318,959.18 | 42,059,231.19 | 1,154,660,710.74 |
| 2. Increase in the current period | 114,622,903.65 | 233,134.07 | 30,950,063.25 | 13,422,129.25 | 1,030,013.57 | 160,258,243.79 |
| (1) Purchase | 82,940,944.92 | 168,727.61 | 30,726,899.87 | 13,416,984.91 | | 127,253,557.31 |
| (2) Internal R&D | | | | | | |
| (3) Increase in business combination | | | | | | |
| other | 31,681,958.73 | 64,406.46 | 223,163.38 | 5,144.34 | 1,030,013.57 | 33,004,686.48 |
| 3. Decrease in the current period | 62,418,000.00 | | 5,580.65 | 60,344.86 | | 62,483,925.51 |

| | | | | | | |
|-----------------------------------|------------------|--------------|----------------|---------------|---------------|------------------|
| (1) Disposal | 62,418,000.00 | | | 60,344.86 | | 62,478,344.86 |
| Other | | | 5,580.65 | | | 5,580.65 |
| 4. Closing balance | 1,074,813,234.30 | 2,004,593.97 | 102,847,212.42 | 29,680,743.57 | 43,089,244.76 | 1,252,435,029.02 |
| II. Accumulated amortization | | | | | | |
| 1. Opening balance | 66,801,559.21 | 717,432.77 | 31,090,251.01 | 6,196,585.34 | 2,129,036.88 | 106,934,865.21 |
| 2. Increase in the current period | 10,817,367.27 | 198,585.22 | 14,702,098.94 | 1,594,282.90 | 1,871,962.55 | 29,184,296.88 |
| (1) Provision | 10,513,747.08 | 132,159.64 | 7,978,659.17 | 1,591,710.73 | 1,871,962.55 | 22,088,239.17 |
| Other | 303,620.19 | 66,425.58 | 6,723,439.77 | 2,572.17 | | 7,096,057.71 |
| 3. Decrease in the current period | 1,040,300.00 | | 11,418.13 | 18,438.72 | | 1,070,156.85 |
| (1) Disposal | 1,040,300.00 | | | 18,438.72 | | 1,058,738.72 |
| Other | | | 11,418.13 | | | 11,418.13 |
| 4. Closing balance | 76,578,626.48 | 916,017.99 | 45,780,931.82 | 7,772,429.52 | 4,000,999.43 | 135,049,005.24 |
| II. Provision for impairment | | | | | | |
| 1. Opening balance | | | | | | |
| 2. Increase in the current period | | | | | | |
| (1) Provision | | | | | | |
| Other | | | | | | |
| 3. Decrease in the current period | | | | | | |
| (1) Disposal | | | | | | |
| Other | | | | | | |
| 4. Closing balance | | | | | | |
| IV. Book value | | | | | | |
| 1. Closing book value | 998,234,607.82 | 1,088,575.98 | 57,066,280.60 | 21,908,314.05 | 39,088,245.33 | 1,117,386,023.78 |
| 2. Opening book value | 955,806,771.44 | 1,054,027.13 | 40,812,478.81 | 10,122,373.84 | 39,930,194.31 | 1,047,725,845.53 |

The proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of this period.

(2) Land use right without title certificate

In RMB

| Item | Book value | Reasons for not obtaining the title |
|------|------------|-------------------------------------|
|------|------------|-------------------------------------|

| | | |
|--|--|-------------|
| | | certificate |
|--|--|-------------|

Other notes:

27. Development expenditure

In RMB

| Item | Opening balance | Increase in the current period | | | Decrease in the current period | | | Closing balance |
|-------|-----------------|----------------------------------|-------|--|---------------------------------|-------------------------------------|--|-----------------|
| | | Internal development expenditure | Other | | Recognized as intangible assets | Converted to current profit or loss | | |
| | | | | | | | | |
| Total | | | | | | | | |

Other notes

28. Goodwill

(1) Original book value of goodwill

In RMB

| Investee name or event forming goodwill | Opening balance | Increase in the current period | | Decrease in the current period | | Closing balance |
|--|-----------------|--------------------------------|-------|--------------------------------|-------|-----------------|
| | | Formed by business combination | Other | Disposal | Other | |
| ASAP Technology (Jiangxi) Co., Ltd. | 42,325,745.85 | | | | | 42,325,745.85 |
| Lanto Electronic Limited | 376,682,429.24 | | | | | 376,682,429.24 |
| Bozhou Lanto Electronic Limited | 9,564,372.61 | | | | | 9,564,372.61 |
| M&A of KERTONG goodwill | 53,174,339.31 | | | | | 53,174,339.31 |
| Fujian JK Wiring Systems Co., Ltd. | 17,717,209.29 | | | | | 17,717,209.29 |
| Huzhou Jiuding Electronic Co., Ltd. | 1,730,318.45 | | | | | 1,730,318.45 |
| SpeedTech Corp. | 26,656,146.69 | | | | | 26,656,146.69 |
| Luxshare Electronic Technology (Kunshan) Co., Ltd. | 4,582,880.91 | | | | | 4,582,880.91 |
| Suk kunststofftechnik | 9,552,894.63 | | | | | 9,552,894.63 |

| | | | | | | |
|---|----------------|--|--|--|--|----------------|
| GmbH | | | | | | |
| Meite Technology (Suzhou) Co., Ltd. | 8,570,588.06 | | | | | 8,570,588.06 |
| Meilv Electronic (Huizhou) Co., Ltd. | 6,575,713.14 | | | | | 6,575,713.14 |
| Meilv Electronics (Shanghai) Co., Ltd. | 454,304.97 | | | | | 454,304.97 |
| Wuxi Huihong Electronic Co., Ltd. | 3,102,735.14 | | | | | 3,102,735.14 |
| Castle Rock, Inc. | 8,303,254.98 | | | | | 8,303,254.98 |
| Total | 568,992,933.27 | | | | | 568,992,933.27 |

(2) Provision for impairment of goodwill

In RMB

| Investee name or event forming goodwill | Opening balance | Increase in the current period | | Decrease in the current period | | Closing balance |
|--|-----------------|--------------------------------|-------|--------------------------------|-------|-----------------|
| | | Provision | Other | Disposal | Other | |
| Meite Technology (Suzhou) Co., Ltd. | 8,570,588.06 | | | | | 8,570,588.06 |
| Suk kunststofftechnik GmbH | 9,552,894.63 | | | | | 9,552,894.63 |
| Meilv Electronics (Shanghai) Co., Ltd. | 454,304.97 | | | | | 454,304.97 |
| Fujian JK Wiring Systems Co., Ltd. | 17,717,209.29 | | | | | 17,717,209.29 |
| Total | 36,294,996.95 | | | | | 36,294,996.95 |

Relevant information on asset group or set of asset groups to which the goodwill belongs

Notes on the goodwill impairment test process, key parameters (such as the growth rate in the forecast period, the growth rate in the stable period, the profit rate, the discount rate, the forecast period, etc., when forecasting the present value of future cash flow) and the recognition method of goodwill impairment loss

The goodwill of the Company is formed by business combinations not involving enterprises under common control in previous years and this year. On the balance sheet date, the Company conducted impairment tests on goodwill. The recoverable amount of the asset group involved in goodwill is determined according to the present value of the future cash flow of the asset group and the net realizable value. The management determines the growth rate and gross margin based on the macro market environment, historical experience and the development stage forecast of product segments involved in different asset groups. Depending on the different asset groups

involved, the growth rate used in the forecast for the current year is 2% - 3%, the gross margin is 10.88% - 30%, and the discount rate is 10.50% - 13.53%. The parameters used in goodwill impairment test of major asset groups are as follows:

| Asset group name | Gross margin | Growth rate | Discount rate |
|---------------------------------------|---------------|-------------|---------------|
| ASAP Technology (Jiangxi) Co., Ltd. | 14.28%-15.46% | 3.11%-3.37% | 10.50% |
| Lanto Electronic Limited | 20% | 2% | 10.98% |
| Shenzhen Kertong Industrial Co., Ltd. | 20%-21% | 18% | 12.88% |

Influence of goodwill impairment test

Other notes

29. Long-term prepaid expenses

In RMB

| Item | Opening balance | Increase in the current period | Amortization amount in the current period | Other reduced amount | Closing balance |
|------------------|-----------------|--------------------------------|---|----------------------|-----------------|
| House repair fee | 301,886,866.87 | 243,559,432.67 | 118,278,047.94 | | 427,168,251.60 |
| Other | 50,155,584.53 | 100,965,077.42 | 41,927,996.50 | | 109,192,665.45 |
| Total | 352,042,451.40 | 344,524,510.09 | 160,206,044.44 | | 536,360,917.05 |

Other notes

30. Deferred income tax assets / deferred income tax liabilities

(1) Deferred income tax assets that are not offset

In RMB

| Item | Closing balance | | Opening balance | |
|---|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | Deductible temporary differences | Deferred income tax assets | Deductible temporary differences | Deferred income tax assets |
| Provision for impairment of assets | 122,521,891.86 | 19,327,084.41 | 106,187,235.36 | 16,759,791.66 |
| Unrealized profit of internal transaction | 167,340,158.00 | 25,101,023.70 | 170,180,940.60 | 25,527,141.08 |
| Recoverable loss before tax | 162,006,079.42 | 15,088,960.38 | 157,932,162.92 | 15,959,512.69 |
| Exchange differences of foreign operations | 36,605,025.87 | 7,321,005.17 | 26,415,900.11 | 5,283,180.10 |
| Bonus without leave | 3,206,521.54 | 641,304.31 | 1,749,973.08 | 349,994.62 |
| Valuation of derivative financial instruments | 2,994,392.60 | 484,086.69 | 960,650.06 | 144,097.51 |

| | | | | |
|---------------------|----------------|----------------|----------------|----------------|
| Government grants | 242,159,979.24 | 37,879,863.50 | 232,487,846.06 | 35,768,155.06 |
| Share-based payment | 206,871,211.85 | 36,751,400.62 | 241,604,404.52 | 38,422,671.30 |
| Other | 6,585,378.80 | 1,396,346.96 | 5,732,001.17 | 1,260,646.35 |
| Total | 950,290,639.18 | 143,991,075.74 | 943,251,113.88 | 139,475,190.37 |

(2) Deferred income tax liabilities that are not offset

In RMB

| Item | Closing balance | | Opening balance | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | Taxable temporary difference | Deferred tax income liabilities | Taxable temporary difference | Deferred tax income liabilities |
| Assets assessment appreciation of business combination not involving enterprises under common control | 90,887,960.80 | 15,629,703.81 | 99,810,634.68 | 16,786,151.78 |
| Changes in fair value of other investments in equity instruments | 191,255,374.31 | 28,688,306.15 | 148,985,524.31 | 22,234,972.50 |
| Accelerated depreciation of fixed assets | 2,994,764,965.26 | 449,746,994.87 | 3,405,624,697.88 | 511,670,187.93 |
| Support funds allocated by the government | 15,240,478.70 | 2,286,071.80 | 15,434,326.67 | 2,315,149.00 |
| Accumulative recognition of overseas investment interests by equity method | 126,032,591.71 | 54,943,052.39 | 205,334,910.98 | 41,066,982.12 |
| Prepaid pension | 4,725,258.26 | 945,051.65 | 4,606,433.66 | 921,286.73 |
| Allowance for bad debt overrun | 680,545.66 | 136,109.13 | 663,432.19 | 132,686.44 |
| Valuation of derivative financial instruments | 28,672,855.52 | 4,314,817.05 | 14,537,134.42 | 2,311,933.44 |
| Other | 16,535,206.29 | 2,778,870.97 | 3,129,960.92 | 745,043.06 |
| Total | 3,468,795,236.51 | 559,468,977.82 | 3,898,127,055.71 | 598,184,393.00 |

(3) Deferred income tax assets or liabilities presented in net amount after offsetting

In RMB

| Item | Mutual offset amount of deferred income tax assets and liabilities at the end of the period | Closing balance of deferred income tax assets or liabilities after offsetting | Offset amount of deferred income tax assets and liabilities at the beginning of the period | Opening balance of deferred income tax assets or liabilities after offsetting |
|---------------------------------|---|---|--|---|
| Deferred income tax assets | 950,290,639.18 | 143,991,075.74 | 943,251,113.88 | 139,475,190.37 |
| Deferred income tax liabilities | 3,468,795,236.51 | 559,468,977.82 | 3,898,127,055.71 | 598,184,393.00 |

(4) Details of unrecognized deferred income tax assets

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

(5) The deductible losses of unrecognized deferred income tax assets will be due in the following years

In RMB

| Particular year | Closing amount | Opening amount | Remarks |
|-----------------|----------------|----------------|---------|
|-----------------|----------------|----------------|---------|

Other notes:

31. Other non-current assets

In RMB

| Item | Closing balance | | | Opening balance | | |
|---|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Prepayments for equipment, project and land | 2,286,081,743.44 | | 2,286,081,743.44 | 1,422,892,638.91 | | 1,422,892,638.91 |
| Prepaid pension | 4,725,258.26 | | 4,725,258.26 | 4,606,433.66 | | 4,606,433.66 |
| Long-term prepaid rent | | | | | | |
| Other | 2,338,457.40 | | 2,338,457.40 | 5,067,455.80 | | 5,067,455.80 |
| Total | 2,293,145,459.10 | | 2,293,145,459.10 | 1,432,566,528.37 | | 1,432,566,528.37 |

Other notes:

32. Short-term borrowings**(1) Classification of Short-term borrowings**

In RMB

| Item | Closing Balance | Opening Balance |
|------------------|------------------|------------------|
| Pledge loans | 3,715,287,609.27 | 2,231,288,461.26 |
| Mortgage loans | 42,948,000.00 | 41,868,000.00 |
| Guaranteed loans | 1,450,740,362.50 | 844,714,453.79 |
| Credit loans | 1,544,102,802.24 | 1,048,431,308.12 |
| Total | 6,753,078,774.01 | 4,166,302,223.17 |

Notes on the classification of short-term borrowings:

(2) Overdue and outstanding short-term borrowings

The total amount of overdue and outstanding short-term borrowings at the end of the period is RMB, of which the significant overdue and outstanding short-term borrowings are as follows:

In RMB

| Borrower | Closing Balance | Loan interest rate | Overdue time | Overdue interest rate |
|----------|-----------------|--------------------|--------------|-----------------------|
|----------|-----------------|--------------------|--------------|-----------------------|

Other notes:

33. Held-for-trading financial liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Held-for-trading financial liabilities | 1,814,672.11 | 1,001,553.00 |
| Including: | | |
| Derivative financial liabilities | 1,814,672.11 | 1,001,553.00 |
| Including: | | |
| Total | 1,814,672.11 | 1,001,553.00 |

Other notes:

34. Derivative financial liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes:

35. Notes payable

In RMB

| Category | Closing Balance | Opening Balance |
|----------------------------|-----------------|-----------------|
| Commercial acceptance bill | 91,266,401.14 | 206,496,660.20 |
| Total | 91,266,401.14 | 206,496,660.20 |

The total amount of notes payable due and unpaid at the end of this period is RMB.

36. Accounts payable**(1) Presentation of accounts payable**

In RMB

| Item | Closing Balance | Opening Balance |
|------------------|-------------------|-------------------|
| Within one year | 15,699,359,556.69 | 17,254,624,115.62 |
| One to two years | 6,750,988.20 | 6,716,724.96 |

| | | |
|-----------------------|-------------------|-------------------|
| Two to three years | 6,344,390.59 | 5,634,282.62 |
| More than three years | 1,884,438.30 | 1,248,056.96 |
| Total | 15,714,339,373.78 | 17,268,223,180.16 |

(2) Significant accounts payable with aging over 1 year

In RMB

| Item | Closing Balance | Reasons for non-payment or carrying forward |
|----------|-----------------|---|
| Entity 1 | 3,237,473.69 | Unsettled |
| Entity 2 | 2,187,991.26 | Unsettled |
| Entity 3 | 835,663.33 | Unsettled |
| Entity 4 | 744,820.67 | Unsettled |
| Entity 5 | 688,171.20 | Unsettled |
| Total | 7,694,120.15 | -- |

Other notes:

37. Receipts in advance**(1) Presentation of receipts in advance**

In RMB

| Item | Closing Balance | Opening Balance |
|--------------------|-----------------|-----------------|
| Within one year | 127,638.00 | 100,037,449.20 |
| One to two years | | 1,511,930.01 |
| Two to three years | | 60,000.00 |
| Total | 127,638.00 | 101,609,379.21 |

(2) Significant receipts in advance with aging over 1 year

In RMB

| Item | Closing Balance | Reasons for non-payment or carrying forward |
|------|-----------------|---|
|------|-----------------|---|

Other notes:

38. Contract liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|-------------------|-----------------|-----------------|
| Advances on sales | 319,210,819.61 | |
| Total | 319,210,819.61 | |

Amount of and reason for significant changes in book value during the reporting period

In RMB

| Item | Change amount | Reason for change |
|------|---------------|-------------------|
|------|---------------|-------------------|

39. Employee benefits payable**(1) Presentation of employee benefits payable**

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|--|------------------|--------------------------------|--------------------------------|-----------------|
| I. Short-term compensation | 1,390,049,933.20 | 5,100,891,889.58 | 5,645,926,234.50 | 845,015,588.28 |
| II. Post employment benefits - defined contribution plan | 33,268,964.54 | 134,885,998.85 | 107,143,507.44 | 61,011,455.95 |
| III. Termination benefits | 98,454.92 | 972,519.37 | 930,249.55 | 140,724.74 |
| Total | 1,423,417,352.66 | 5,236,750,407.80 | 5,753,999,991.49 | 906,167,768.97 |

(2) Presentation of short-term compensation

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|--|------------------|--------------------------------|--------------------------------|-----------------|
| 1. Salary, bonus, allowance and subsidy | 1,365,911,504.54 | 4,907,411,128.82 | 5,458,078,278.29 | 815,244,355.07 |
| 2. Employee welfare | 3,907,968.78 | 21,845,844.87 | 22,480,365.65 | 3,273,448.00 |
| 3. Social insurance premium | 17,649,747.03 | 101,510,518.84 | 94,594,598.35 | 24,565,667.52 |
| Including: Medical insurance premium | 14,227,803.13 | 87,183,266.40 | 82,394,098.26 | 19,016,971.27 |
| Employment injury insurance premium | 2,199,252.97 | 5,371,312.83 | 4,252,809.57 | 3,317,756.23 |
| Maternity insurance premium | 1,222,690.93 | 8,955,939.60 | 7,947,690.52 | 2,230,940.01 |
| 4. Housing provident fund | 653,763.92 | 63,042,700.09 | 62,923,459.21 | 773,004.80 |
| 5. Trade union funds and staff education funds | 914,416.01 | 2,157,182.54 | 2,230,740.03 | 840,858.52 |
| (8) Other short-term compensation | 1,012,532.92 | 4,924,514.42 | 5,618,792.97 | 318,254.37 |
| Total | 1,390,049,933.20 | 5,100,891,889.58 | 5,645,926,234.50 | 845,015,588.28 |

(3) Presentation of defined contribution plan

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|--------------------------------------|-----------------|--------------------------------|--------------------------------|-----------------|
| 1. Basic endowment insurance premium | 32,460,745.49 | 130,037,070.78 | 104,349,007.27 | 58,148,809.00 |
| 2. Unemployment insurance premium | 808,219.05 | 4,848,928.07 | 2,794,500.17 | 2,862,646.95 |
| Total | 33,268,964.54 | 134,885,998.85 | 107,143,507.44 | 61,011,455.95 |

Other notes:

40. Taxes payable

In RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Value added tax | 20,178,634.50 | 22,190,181.00 |
| Enterprise income tax | 178,459,997.76 | 123,745,112.07 |
| Individual income tax | 12,432,392.00 | 70,495,128.22 |
| Urban maintenance and construction tax | 18,446,666.57 | 49,444,922.13 |
| Property tax | 10,288,795.50 | 6,764,746.33 |
| Education surcharges | 10,880,616.76 | 29,750,942.00 |
| Land use tax | 2,006,997.54 | 1,632,262.33 |
| Local education surcharges | 7,205,017.31 | 19,851,689.12 |
| Stamp duty | 2,419,284.98 | 2,724,640.80 |
| Other | 1,187,739.96 | 1,033,698.68 |
| Total | 263,506,142.88 | 327,633,322.68 |

Other notes:

41. Other payables

In RMB

| Item | Closing Balance | Opening Balance |
|------------------|-----------------|-----------------|
| Interest payable | 33,361,607.64 | 6,097,484.73 |
| Other payables | 266,719,591.09 | 346,292,787.04 |
| Total | 300,081,198.73 | 352,390,271.77 |

(1) Interest payable

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

| | | |
|---|---------------|--------------|
| Interest on long-term borrowings with interest paid in installments and principal repayable at maturity | | 624,916.67 |
| Corporate bond interest | 21,778,888.90 | 290,958.90 |
| Interest payable on short-term borrowings | 11,582,718.74 | 5,181,609.16 |
| Total | 33,361,607.64 | 6,097,484.73 |

Significant overdue interest:

In RMB

| Borrower | Overdue amount | Reasons for delay |
|----------|----------------|-------------------|
|----------|----------------|-------------------|

Other notes:

(2) Dividends payable

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes on significant dividends payable that have been delayed for more than 1 year, and the reasons for non-payment, etc.:

(3) Other payables

1) Presentation of other payables by nature

In RMB

| Item | Closing Balance | Opening Balance |
|---------------|-----------------|-----------------|
| Within 1 year | 213,976,568.05 | 324,372,366.62 |
| 1-2 years | 41,013,040.55 | 20,753,622.69 |
| 2-3 years | 10,868,817.07 | 966,797.73 |
| Over 3 years | 861,165.42 | 200,000.00 |
| Total | 266,719,591.09 | 346,292,787.04 |

2) Other significant accounts payable with aging over 1 year

In RMB

| Item | Closing balance | Reasons for non-payment or carrying forward |
|----------|-----------------|---|
| Entity 1 | 50,000,000.00 | Unmatured |
| Total | 50,000,000.00 | -- |

Other notes

42. Held-for-sale liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes:

43. Current portion of non-current liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Long-term borrowings due within one year | 122,626,764.89 | 366,537,115.41 |
| Total | 122,626,764.89 | 366,537,115.41 |

Other notes:

44. Other current liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|--------------------------|------------------|-----------------|
| Short-term bonds payable | 2,000,000,000.00 | 500,000,000.00 |
| Government-backed fund | 172,000,000.00 | 115,000,000.00 |
| Other | 18,916,954.75 | 31,115,152.49 |
| Total | 2,190,916,954.75 | 646,115,152.49 |

Increase and decrease in short-term bonds payable:

In RMB

| Bond name | Face value | Issue date | Bond maturity | Amount of issue | Opening balance | Current issue | Interest accrued at face value | Amortization of premium and discount | Current repayment | Other | Closing balance |
|--------------------------|------------|------------|---------------|------------------|-----------------|------------------|--------------------------------|--------------------------------------|-------------------|-------|------------------|
| Short-term bonds payable | 100.00 | 2019.12.26 | 270 days | 500,000,000.00 | 500,000,000.00 | | | | | | 500,000,000.00 |
| Short-term bonds payable | 100.00 | 2020.03.05 | 270 days | 500,000,000.00 | | 500,000,000.00 | | | | | 500,000,000.00 |
| Short-term bonds payable | 100.00 | 2020.04.24 | 270 days | 1,000,000,000.00 | | 1,000,000,000.00 | | | | | 1,000,000,000.00 |
| Total | -- | -- | -- | 2,000,000,000.00 | 500,000,000.00 | 1,500,000,000.00 | | | | | 2,000,000,000.00 |

Other notes:

Jiangxi Luxshare Intelligent Manufacture Co., Ltd., a subsidiary of the Company, received interest-free loans of RMB 15 million, RMB 20 million, RMB 10 million, RMB 70 million and RMB 57 million from Ji'an County Finance Bureau on May 6, 2019, June 18, 2019, June 25, 2019 and November 12, 2020, respectively, with a total amount of RMB 172 million.

Others are mainly commercial promissory notes, amounting to RMB 18,916,954.75, issued in Taiwan by SpeedTech Corp., a sub-subsidiary of the Company.

45. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

| Item | Closing Balance | Opening Balance |
|----------------|------------------|------------------|
| Pledge loans | 2,079,390.99 | 1,949,694.88 |
| Mortgage loans | 1,305,150,332.46 | 1,527,173,950.10 |
| Credit loans | 20,656,472.51 | 33,785,179.32 |
| Total | 1,327,886,195.96 | 1,562,908,824.30 |

Notes on classification of long-term borrowings:

Other notes, including those on interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

(2) Increase and decrease in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

In RMB

| Bond name | Face value | Issue date | Bond maturity | Amount of issue | Opening balance | Current issue | Interest accrued at face value | Amortization of premium and discount | Current repayment | | Closing balance |
|-----------|------------|------------|---------------|-----------------|-----------------|---------------|--------------------------------|--------------------------------------|-------------------|--|-----------------|
| | | | | | | | | | | | |
| Total | -- | -- | -- | | | | | | | | |

(3) Notes on conditions and time for conversion of convertible bonds

(4) Notes on other financial instruments classified as financial liabilities

Basic information on preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

Changes in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

In RMB

| Outstanding financial | Opening | Increase in the current period | Decrease in the current period | Closing |
|-----------------------|---------|--------------------------------|--------------------------------|---------|
|-----------------------|---------|--------------------------------|--------------------------------|---------|

| instruments | Number | Book value | Number | Book value | Number | Book value | Number | Book value |
|-------------|--------|------------|--------|------------|--------|------------|--------|------------|
|-------------|--------|------------|--------|------------|--------|------------|--------|------------|

Notes on the basis for classifying other financial instruments into financial liabilities

Other notes

47. Lease liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes

48. Long-term payables

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

(1) Presentation of long-term payables by nature

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

Other notes:

(2) Special accounts payable

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance | Cause of formation |
|------|-----------------|--------------------------------|--------------------------------|-----------------|--------------------|
|------|-----------------|--------------------------------|--------------------------------|-----------------|--------------------|

Other notes:

49. Long-term employee benefits payable

(1) Long-term employee benefits payable

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

(2) Changes in defined benefit plans

Present value of obligations in defined benefit plans:

In RMB

| Item | Current Period | Prior Period |
|------|----------------|--------------|
|------|----------------|--------------|

Plan assets:

In RMB

| Item | Current Period | Prior Period |
|------|----------------|--------------|
|------|----------------|--------------|

Net liabilities (net assets) of defined benefit plans

In RMB

| Item | Current Period | Prior Period |
|------|----------------|--------------|
|------|----------------|--------------|

Notes on the content of the defined benefit plans, the related risks, and the impact on the Company's future cash flow, time and uncertainty:

Notes on the major actuarial assumptions and sensitivity analysis results concerning the defined benefit plans:

Other notes:

50. Estimated liabilities

In RMB

| Item | Closing balance | Opening balance | Cause of formation |
|--------------------------|-----------------|-----------------|--------------------|
| Product quality warranty | 1,441,370.89 | 1,317,263.45 | |
| Total | 1,441,370.89 | 1,317,263.45 | -- |

Other notes including those on relevant major assumptions and estimation descriptions of significant estimated liabilities:

51. Deferred income

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance | Cause of formation |
|-------------------|-----------------|--------------------------------|--------------------------------|-----------------|--------------------|
| Government grants | 256,059,554.91 | 26,041,417.99 | 17,469,118.71 | 264,631,854.19 | |
| Total | 256,059,554.91 | 26,041,417.99 | 17,469,118.71 | 264,631,854.19 | -- |

Projects involving government grants:

In RMB

| Liability item | Opening balance | New subsidy amount in the current period | Amount included in non-operating income in the current period | Amount included in other incomes in the current period | Amount of cost offset in the current period | Other changes | Closing balance | Asset-related/ income-related |
|---|-----------------|--|---|--|---|---------------|-----------------|-------------------------------|
| Special funds for technological transformation and industrial upgrading | 244,004,302.41 | 26,041,417.99 | | 17,197,321.41 | | | 252,848,398.99 | Asset-related |
| Land-related refund | 12,055,252.50 | | | 271,797.30 | | | 11,783,455.20 | Asset-related |

Other notes:

52. Other non-current liabilities

In RMB

| Item | Closing Balance | Opening Balance |
|---|-----------------|-----------------|
| Deposit for lease of workshop buildings | | 11,130.10 |
| Government-backed fund | 450,000,000.00 | 350,000,000.00 |
| Total | 450,000,000.00 | 350,011,130.10 |

Other notes:

On May 7, 2016, Jiangxi Luxshare Intelligent Manufacture Co., Ltd., a subsidiary of the Company, entered into an investment agreement with the Management Committee of Jiangxi Ji'an High-tech Industrial Park, whereby it is agreed that Ji'an RF will set up a Luxshare-based RF project in the high-tech park, mainly planning the production of base stations, high-frequency antennas, cordless charging modules and other electronic products. In order to promote the pace of project construction, Ji'an RF was granted a loan fund support of up to RMB 500 million for civil engineering. The specific fund payment shall be made depending on the project progress and project fund demand. As of June 30, 2020, the balance of funds actually disbursed is RMB 450 million.

53. Share capital

In RMB

| | Opening balance | Increase and decrease (+, -) | | | | | Closing balance |
|------------------------|------------------|------------------------------|----------------|---------------------------------------|-------|------------------|------------------|
| | | New shares issued | Stock dividend | Shares converted from capital reserve | Other | Subtotal | |
| Total number of shares | 5,349,001,738.00 | 23,326,220.00 | | 1,611,543,127.00 | | 1,634,869,347.00 | 6,983,871,085.00 |

Other notes:

On April 21, 2020, the Company made profit distribution for this year according to the resolution of the 17th session of its 4th board of directors, by distributing cash dividends of RMB 644,617,443.60 in total based on the general share capital of 5,371,812,030 shares to all shareholders according to RMB 1.2 (tax-inclusive) per 10 shares, with the remaining undistributed profit of RMB 1,654,230,519.95 not to be distributed temporarily. At the same time, the capital reserve was capitalized by converting per 10 shares into 3 shares, after which, the general share capital of the Company has been changed to 6,983,355,639 shares.

The Company implemented an equity incentive plan under which it issued 23,326,20.00 shares of capital stock by private placement to employees.

54. Other equity instruments

(1) Basic information on preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

(2) Changes in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

In RMB

| Outstanding financial instruments | Opening | | Increase in the current period | | Decrease in the current period | | Closing | |
|-----------------------------------|---------|------------|--------------------------------|------------|--------------------------------|------------|---------|------------|
| | Number | Book value | Number | Book value | Number | Book value | Number | Book value |

Notes on the increase and decrease in other equity instruments in the current period, the reasons for the changes, and the basis for relevant accounting treatment:

Other notes:

55. Capital reserve

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|---|------------------|--------------------------------|--------------------------------|------------------|
| Capital premium (share capital premium) | 2,350,369,599.00 | 280,961,674.28 | 1,612,097,681.00 | 1,019,233,592.28 |
| Other capital reserve | 304,323,275.21 | 110,977,197.94 | 730,590.41 | 414,569,882.74 |
| Total | 2,654,692,874.21 | 391,938,872.22 | 1,612,828,271.41 | 1,433,803,475.02 |

Other notes including those on the increase and decrease for the current period and the reasons for the change:

The increase of capital reserve - share capital premium represents the share capital premium adjusted from other capital reserves corresponding to the equity incentive involving the exercise by employees; the decrease of capital reserve - share premium is detailed in V. (35) share capital; the increase of other capital reserve is the recognized equity incentive cost of RMB 110,977,197.94 in the current period.

56. Treasury stock

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|------|-----------------|--------------------------------|--------------------------------|-----------------|
|------|-----------------|--------------------------------|--------------------------------|-----------------|

Other notes including those on the increase and decrease for the current period and the reasons for the change:

57. Other comprehensive income

In RMB

| Item | Opening balance | Current period | | | | | | Closing balance |
|---|-----------------|---|---|--|---------------------------|--|---|-----------------|
| | | Amount of income before tax in the current period | Less: amount previously included in other comprehensive income and transferred to profit or loss for the current period | Less: amount previously included in other comprehensive income and transferred to retained earnings for the current period | Less: income tax expenses | Attributable to the parent company after tax | Attributable to minority shareholders after tax | |
| I. Other comprehensive income that cannot be reclassified into profit or loss | 126,283,944.26 | 55,870,833.80 | | | 8,380,625.07 | 47,490,208.73 | | 173,774,152.99 |
| Changes in fair value of other investments in equity instruments | 126,283,944.26 | 55,870,833.80 | | | 8,380,625.07 | 47,490,208.73 | | 173,774,152.99 |
| II. Other comprehensive income to be reclassified into profit or loss | 39,318,208.48 | 125,258,916.31 | | | | 117,506,172.16 | 7,752,744.15 | 156,824,380.64 |
| Translation difference of foreign currency financial statements | 39,318,208.48 | 125,258,916.31 | | | | 117,506,172.16 | 7,752,744.15 | 156,824,380.64 |
| Total other comprehensive income | 165,602,152.74 | 181,129,750.11 | | | 8,380,625.07 | 164,996,380.89 | 7,752,744.15 | 330,598,533.63 |

Other notes, including those on the adjustment for conversion of the effective part of profit or loss of cash flow hedging into the initial recognition amount of the hedged item:

58. Special reserve

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|------|-----------------|--------------------------------|--------------------------------|-----------------|
|------|-----------------|--------------------------------|--------------------------------|-----------------|

Other notes, including those on the increase and decrease for the current period and the reasons for the change:

59. Surplus reserve

In RMB

| Item | Opening balance | Increase in the current period | Decrease in the current period | Closing balance |
|---------------------------|-----------------|--------------------------------|--------------------------------|-----------------|
| Statutory surplus reserve | 362,335,031.18 | | | 362,335,031.18 |
| Total | 362,335,031.18 | | | 362,335,031.18 |

Notes on surplus reserve, including those on the increase and decrease for the current period and the reasons for the change:

60. Undistributed profits

In RMB

| Item | Current Period | Prior Period |
|---|-------------------|------------------|
| Undistributed profits at the end of last year before adjustment | 11,764,987,172.39 | 7,336,096,836.36 |
| Total adjustment of the undistributed profits at the beginning of the period (increase +, decrease -) | | -5,571,942.46 |
| Undistributed profits at the beginning of the period after adjustment | 11,764,987,172.39 | 7,330,524,893.90 |
| Plus: Net profits attributable to the owners of the parent company in the current period | 2,537,774,758.46 | 4,713,820,644.90 |
| Less: Provision for statutory surplus reserve | | 73,446,284.67 |
| Common stock dividends payable | 644,615,942.06 | 205,730,836.10 |
| Other | | 181,245.64 |
| Undistributed profits at the end of the period | 13,658,145,988.79 | |

Details of adjustment of undistributed profits at the beginning of the period:

- 1) The undistributed profits at the beginning of the period affected by the retroactive adjustment as stipulated in the Accounting Standards for Business Enterprises and new regulations newly promulgated relating thereto amount to RMB.
- 2) The undistributed profits at the beginning of the period affected by the changes in accounting policies amount to RMB.
- 3) The undistributed profits at the beginning of the period affected by the correction of major accounting errors amount to RMB.
- 4) The undistributed profits at the beginning of the period affected by changes in the scope of consolidation due to the same control amount to RMB.
- 5) The undistributed profits at the beginning of the period affected by other adjustments amount to RMB.

61. Operating income and operating costs

In RMB

| Item | Current Period | | Prior Period | |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | Income | Cost | Income | Cost |
| Principal business | 35,918,756,889.52 | 29,721,852,141.24 | 21,109,747,552.96 | 17,239,121,704.86 |
| Other business | 532,869,259.34 | 101,442,629.11 | 330,991,466.91 | 76,245,492.22 |
| Total | 36,451,626,148.86 | 29,823,294,770.35 | 21,440,739,019.87 | 17,315,367,197.08 |

Income-related information:

In RMB

| Contract classification | Division 1 | Division 2 | | Total |
|-------------------------|------------|------------|--|-------|
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |

Information related to performance obligations:

None

Information relating to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the incomes corresponding to the contracts signed whose performance has not been commenced or completed amount to RMB 0.00, of which RMB 0.00 is expected to be recognized in the year, RMB is expected to be recognized in the year, and RMB is expected to be recognized in the year.

Other notes

62. Taxes and surcharges

In RMB

| Item | Current Period | Prior Period |
|--|----------------|----------------|
| Urban maintenance and construction tax | 28,696,169.24 | 37,856,605.92 |
| Education surcharges | 14,700,393.12 | 21,726,892.29 |
| Property tax | 17,542,604.28 | 12,997,088.77 |
| Land use tax | 3,512,661.58 | 3,023,183.64 |
| Vehicle and vessel use tax | 297,616.42 | 33,309.26 |
| Stamp duty | 13,798,145.34 | 7,974,520.88 |
| Local education surcharges | 9,790,608.39 | 14,485,534.33 |
| Other | 2,267,924.88 | 2,729,664.86 |
| Total | 90,606,123.25 | 100,826,799.95 |

Other notes:

63. Selling expenses

In RMB

| Item | Current Period | Prior Period |
|---|----------------|----------------|
| Employee benefits | 117,526,176.34 | 83,399,843.29 |
| Storage, freight and lease expenses | 52,192,682.27 | 33,047,967.40 |
| Travel expenses | 6,627,607.67 | 10,502,800.02 |
| Business entertainment expenses | 5,057,269.99 | 9,646,295.12 |
| Material expenditure | 6,212,494.58 | 9,765,594.42 |
| Transportation expenses | 1,139,500.02 | 1,865,010.60 |
| Consumables and miscellaneous purchases | 849,473.26 | 471,292.48 |
| Depreciation and amortization | 1,957,502.81 | 1,503,137.33 |
| Consulting fees | 6,648,247.16 | 9,560,258.93 |
| Office expenses | 1,728,602.20 | 613,489.35 |
| Other | 42,639,429.13 | 33,620,946.72 |
| Total | 242,578,985.43 | 193,996,635.66 |

Other notes:

64. Administrative expenses

In RMB

| Item | Current Period | Prior Period |
|-------------------------------------|----------------|----------------|
| Personnel benefits | 472,508,275.29 | 215,729,607.84 |
| Depreciation and amortization | 96,831,865.70 | 76,574,531.31 |
| Lease fee | 20,083,551.94 | 11,990,490.92 |
| Repair cost, miscellaneous purchase | 42,924,173.79 | 14,728,851.52 |
| Water and electricity | 10,192,547.22 | 12,966,980.16 |
| Travel and transportation expenses | 9,017,965.57 | 5,593,487.87 |
| Office expenses | 15,200,834.00 | 7,317,208.28 |
| Materials and consumption | 35,665,329.63 | 1,834,306.89 |
| Other expenses | 62,100,689.15 | 71,606,725.93 |
| Total | 764,525,232.29 | 418,342,190.72 |

Other notes:

65. Research and development expenses

In RMB

| Item | Current Period | Prior Period |
|------|----------------|--------------|
|------|----------------|--------------|

| | | |
|------------------------------------|-------------------------|-------------------------|
| Personnel benefits | 1,271,880,481.60 | 730,209,547.60 |
| Mould and material cost | 565,314,946.81 | 301,844,485.55 |
| Consumables and miscellaneous | 271,286,804.79 | 245,432,813.28 |
| Depreciation and amortization | 216,199,188.10 | 116,152,882.06 |
| Repair and inspection | 39,348,338.66 | 28,141,597.61 |
| Service fees | 52,864,641.08 | 11,350,517.47 |
| Water and electricity | 34,531,418.90 | 22,721,964.79 |
| Transportation and travel expenses | 16,484,285.22 | 15,548,099.06 |
| Commercial insurance | 870,578.79 | 16,335,261.35 |
| Lease fee | 23,242,411.32 | 14,907,198.94 |
| Other expenses | 76,485,426.19 | 75,649,330.26 |
| Total | 2,568,508,521.46 | 1,578,293,697.97 |

Other notes:

66. Financial expenses

In RMB

| Item | Current Period | Prior Period |
|----------------------------------|-----------------------|-----------------------|
| Interest expenses | 202,610,756.30 | 180,212,976.14 |
| Less: Interest income | -86,657,581.95 | -56,491,401.36 |
| Foreign exchange gains or losses | -19,876,521.87 | 25,974,338.75 |
| Other | 17,520,338.96 | 13,655,714.39 |
| Total | 113,596,991.44 | 163,351,627.93 |

Other notes:

67. Other incomes

In RMB

| Sources of other incomes | Current period | Prior period |
|---|----------------|---------------|
| Special funds for technological transformation and industrial upgrading | 17,197,321.41 | 12,954,538.98 |
| Financial incentives, grants and support funds | 80,474,592.25 | 20,797,174.13 |
| Patent grants | 164,700.00 | 170,000.00 |
| R&D grants | 2,266,360.00 | 5,626,052.23 |
| Enterprise development support funds | 6,079,317.80 | |
| Job security grants | 13,074,497.09 | 814,800.00 |
| Export incentives | | 13,983,140.21 |
| Land-related refund | 271,797.30 | 271,797.30 |

| | | |
|------------|----------------|---------------|
| Tax rebate | 2,798,745.94 | 26,038,967.94 |
| Other | 4,147,463.53 | 1,161,064.47 |
| Total | 126,474,795.32 | 81,817,535.26 |

68. Investment income

In RMB

| Item | Current Period | Prior Period |
|--|----------------|----------------|
| Long-term equity investment income accounted for using the equity method | 7,298,415.85 | -18,702,390.64 |
| Investment income from disposal of long-term equity investment | 1,624,264.46 | |
| Investment income from held-for-trading financial assets during holding period | 88,653,604.98 | |
| Investment income from disposal of held-for-trading financial assets | | 59,077,080.21 |
| Income from wealth management | 36,839,234.15 | 33,687,305.17 |
| Other | | 6,341,762.00 |
| Total | 134,415,519.44 | 80,403,756.74 |

Other notes:

69. Net exposure hedging income

In RMB

| Item | Current Period | Prior Period |
|------|----------------|--------------|
|------|----------------|--------------|

Other notes:

70. Income from changes in fair value

In RMB

| Sources of income from changes in fair value | Current period | Prior period |
|--|----------------|---------------|
| Held-for-trading financial assets | -1,051,916.59 | -5,602,909.10 |
| Including: Income from changes in fair value of derivative financial instruments | -1,051,916.59 | -5,602,909.10 |
| Total | -1,051,916.59 | -5,602,909.10 |

Other notes:

71. Impairment losses of credit

In RMB

| Item | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Bad debt loss of other receivables | -292,285.92 | |

| | | |
|--------------------------------------|---------------|--|
| Bad debt loss of accounts receivable | -3,090,161.88 | |
| Total | -3,382,447.80 | |

Other notes:

72. Impairment losses of assets

In RMB

| Item | Current Period | Prior Period |
|---|----------------|---------------|
| I. Bad debt loss | | 19,547.08 |
| II. Loss of inventory depreciation and impairment loss of contract performance cost | 13,148,653.99 | -5,801,927.91 |
| V. Impairment loss of fixed assets | -23,697,292.92 | 63,873,454.69 |
| Total | -10,548,638.93 | 58,091,073.86 |

Other notes:

73. Income from disposal of assets

In RMB

| Sources of income from asset disposal | Current period | Prior period |
|---------------------------------------|----------------|--------------|
| Loss on disposal of fixed assets | 12,520,893.98 | 3,216,236.72 |

74. Non-operating income

In RMB

| Item | Current period | Prior period | Amount included in current extraordinary gain or loss |
|---|----------------|--------------|---|
| Income from compensation for breach of contract | 5,338,926.98 | 379,971.25 | |
| Income from asset retirement | 1,439,554.77 | 65,796.19 | |
| Other | 4,483,529.15 | 2,484,037.37 | |
| Total | 11,262,010.90 | 2,929,804.81 | |

Government grants included in current profit or loss:

In RMB

| Grant item | Granter | Reasons for grant | Nature and type | Whether the subsidy affect the profit or loss of the current year | Whether it is a special grant | Amount in the current period | Amount in the prior period | Asset-related / income-related |
|------------|---------|-------------------|-----------------|---|-------------------------------|------------------------------|----------------------------|--------------------------------|
| | | | | | | | | |

Other notes:

75. Non-operating expenses

| Item | Current period | Prior period | Amount included in current extraordinary gain or loss |
|--|----------------|---------------|---|
| External donation | 6,345,000.00 | 500,000.00 | |
| Asset retirement loss | 22,604,071.18 | 73,339,468.77 | |
| Compensation, liquidated damages and fines | 214,106.29 | 816,302.77 | |
| Other | 1,213,676.83 | 966,685.64 | |
| Total | 30,376,854.30 | 75,622,457.18 | |

In RMB

Other notes:

76. Income tax expenses**(1) Income tax expenses**

In RMB

| Item | Current Period | Prior Period |
|-----------------------------|----------------|----------------|
| Current income tax expense | 467,864,450.84 | 260,555,553.99 |
| Deferred income tax expense | -1,876,561.83 | 2,363,521.05 |
| Other | | -392,089.03 |
| Total | 465,987,889.01 | 262,526,986.01 |

(2) Adjustment process of accounting profits and income tax expenses

In RMB

| Item | Current Period |
|--|------------------|
| Total profit | 3,087,828,886.66 |
| Income tax expenses calculated at statutory / applicable tax rates | 467,595,420.27 |
| Effect of different tax rates on subsidiaries | 9,988,344.98 |
| Effect of adjusting income tax of previous period | -4,078,990.75 |
| Effect of non-taxable income | -196,884.83 |
| Effect of non-deductible costs, expenses and losses | -2,329,054.76 |
| Effect of using deductible losses of unrecognized deferred income tax assets in the prior period | -30,733,092.14 |
| Effect of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period | 52,133,361.73 |
| Changes in the balance of deferred income tax assets / liabilities at the beginning of the period due to tax rate adjustment | -20,206.60 |
| Additional deduction of research and development expenses | -26,803,707.80 |

| | |
|---------------------|----------------|
| Other | 432,698.91 |
| Income tax expenses | 465,987,889.01 |

Other notes

77. Other comprehensive income

See the notes for details.

78. Items in the cash flow statement

(1) Other cash received related to operating activities

| Item | Current Period | Prior Period |
|--|------------------|----------------|
| Special subsidies and grants | 128,000,904.07 | 86,493,791.02 |
| Lease income | 13,302,980.79 | 10,245,197.37 |
| Interest income | 56,136,500.68 | 44,992,399.58 |
| Non-operating income | 9,564,863.12 | 1,876,226.06 |
| Recovery of current accounts and disbursements | 1,511,866,271.29 | 699,525,727.73 |
| Other | 23,085,454.44 | 45,157,169.81 |
| Total | 1,741,956,974.39 | 888,290,511.57 |

In RMB

Notes on other cash received related to operating activities:

(2) Other cash paid related to operating activities

In RMB

| Item | Current Period | Prior Period |
|-----------------------------------|----------------|------------------|
| Selling expenses | 82,674,722.25 | 86,278,133.36 |
| Administrative expenses | 90,953,605.88 | 167,384,841.69 |
| Research and development expenses | 69,133,817.78 | 423,356,542.90 |
| Non-operating expenses | 1,907,366.88 | 2,576,016.85 |
| Business-to-business expenses | 350,751,754.68 | 343,748,327.80 |
| Handling charges | 15,884,181.82 | 14,545,368.09 |
| Other | 51,324,437.86 | 38,168,723.55 |
| Total | 662,629,887.15 | 1,076,057,954.24 |

Notes on other cash paid related to operating activities:

(3) Other cash received related to investing activities

In RMB

| Item | Current Period | Prior Period |
|--|----------------|--------------|
| Government grants received related to assets | | |
| Other | | 3,724,620.53 |
| Total | | 3,724,620.53 |

Notes on other cash received related to investing activities:

(4) Other cash paid related to investing activities

In RMB

| Item | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Foreign exchange settlement margin | | 7,738,911.00 |
| Other | | 629,982.11 |
| Total | | 8,368,893.11 |

Notes on other cash paid relating to investing activities:

(5) Other cash received related to financing activities

In RMB

| Item | Current Period | Prior Period |
|----------------------------|------------------|--------------|
| Short-term financing bonds | 1,500,000,000.00 | |
| Other | 291,111,225.60 | |
| Total | 1,791,111,225.60 | |

Notes on other cash received related to financing activities:

(6) Other cash paid related to financing activities

In RMB

| Item | Current Period | Prior Period |
|-------------------|----------------|--------------|
| Financing charges | 6,639,332.91 | 2,228,732.24 |
| Other | 1,222,034.20 | |
| Total | 7,861,367.11 | 2,228,732.24 |

Notes on other cash paid related to financing activities:

79. Supplements to cash flow statement

(1) Supplements to cash flow statement

In RMB

| Supplement | Current Period | Prior Period |
|--|----------------|--------------|
| 1. Adjust net profit to cash flow from operating activities: | -- | -- |

| | | |
|--|-------------------|-------------------|
| Net profit | 2,621,840,997.65 | 1,553,266,925.66 |
| Add: Provision for impairment of assets | 13,931,086.73 | -58,091,073.86 |
| Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets | 1,012,810,045.36 | 649,845,886.31 |
| Amortization of intangible assets | 22,088,239.17 | 12,822,780.33 |
| Amortization of long-term prepaid expenses | 160,206,044.44 | 132,999,369.69 |
| Loss from disposal of fixed assets, intangible assets and other long-term assets ("-" means income) | -12,520,893.98 | -3,216,236.72 |
| Loss from fixed assets retirement ("-" means income) | 21,164,516.41 | 73,273,672.58 |
| Loss from changes in fair value ("-" means income) | 1,051,916.59 | 5,602,909.10 |
| Financial expenses ("-" means income) | 202,610,765.30 | 193,868,690.53 |
| Investment loss ("-" means income) | -134,415,519.44 | -80,403,756.74 |
| Decrease in deferred income tax assets ("-" means increase) | -4,515,885.37 | 5,804,176.88 |
| Increase in deferred income tax liabilities ("-" means decrease) | -38,715,415.18 | 2,003,754.15 |
| Decrease in inventories ("-" means increase) | -1,013,674,274.15 | -1,110,623,252.71 |
| Decrease in operating receivables ("-" means increase) | -1,686,819,174.91 | -1,049,904,516.04 |
| Increase in operating accounts payable ("-" means decrease) | 2,016,901,893.83 | 3,861,151,144.17 |
| Net cash flow from operating activities | 3,181,944,342.45 | 4,188,400,473.33 |
| 2. Major investing and financing activities not involving cash income and expense: | -- | -- |
| 3. Net changes in cash and cash equivalents: | -- | -- |
| Closing balance of cash | 6,527,426,793.93 | 5,446,292,835.54 |
| Less: Opening balance of cash | 6,147,339,924.26 | 3,809,520,108.33 |
| Net increase in cash and cash equivalents | 380,086,869.67 | 1,636,772,727.21 |

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

In RMB

| | Amount |
|------------|--------|
| Including: | -- |
| Including: | -- |
| Including: | -- |

Other notes:

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

In RMB

| | Amount |
|---|---------------|
| Cash or cash equivalents received from disposal of subsidiaries in the current period | 63,942,000.00 |

| | |
|---|---------------|
| Including: | -- |
| Luxshare Precision Industry (Xi'an) Co., Ltd. | 63,942,000.00 |
| Less: Cash and cash equivalents held by subsidiaries on the date of loss of control | 1,260,376.76 |
| Including: | -- |
| Luxshare Precision Industry (Xi'an) Co., Ltd. | 1,260,376.76 |
| Including: | -- |
| Luxshare Precision Industry (Xi'an) Co., Ltd. | |
| Net cash received from disposal of subsidiaries | 62,681,623.24 |

Other notes:

(4) Composition of cash and cash equivalents

In RMB

| Item | Closing Balance | Opening Balance |
|--|------------------|------------------|
| I. Cash | 6,527,426,793.93 | 6,147,339,924.26 |
| Including: Cash on hand | 2,052,140.86 | 772,363.24 |
| Bank deposits available for payment at any time | 6,560,350,363.31 | 5,448,519,712.14 |
| III. Closing balance of cash and cash equivalents | 6,527,426,793.93 | 6,147,339,924.26 |
| Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the group | 34,975,710.24 | 2,999,239.84 |

Other notes:

80. Notes to items in statement of changes in owners' equity

Notes on the name of "other" items and the amount of adjustment for closing balance in the previous year

81. Assets with restricted ownership or right of use

In RMB

| Item | Closing book value | Reasons for restriction |
|------------------------|--------------------|--|
| Cash and bank balances | 34,975,710.24 | Opening of bills and letters of credit |
| Notes receivable | 27,465,479.16 | Pledge and security |
| Fixed assets | 586,150,964.31 | Mortgage financing |
| Intangible assets | 338,924,385.56 | Mortgage financing |
| Accounts receivable | 3,715,287,609.27 | Pledge financing |
| Total | 4,702,804,148.54 | -- |

Other notes:

82. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

| Item | Closing balance in foreign currency | Exchange rate | Closing balance in RMB |
|------------------------|-------------------------------------|---------------|------------------------|
| Cash and bank balances | -- | -- | 2,503,875,995.54 |
| Including: USD | 343,210,367.20 | 7.0795 | 2,429,757,794.56 |
| EUR | 2,091,150.98 | 7.9610 | 16,647,652.95 |
| HKD | 112,486.78 | 0.9134 | 102,749.92 |
| JPY | 56,476,141.00 | 0.0658 | 3,716,581.89 |
| TWD | 183,433,556.00 | 0.2386 | 43,767,246.46 |
| VND | 5,602,279,445.00 | 0.0003 | 1,788,247.60 |
| KRW | 1,343,713,135.00 | 0.0059 | 7,935,969.78 |
| GBP | 18,332.00 | 8.7144 | 159,752.38 |
| Accounts receivable | -- | -- | 9,187,856,965.43 |
| Including: USD | 1,290,159,551.32 | 7.0795 | 9,133,684,543.58 |
| EUR | 5,953,174.96 | 7.9610 | 47,393,225.86 |
| HKD | | | |
| TWD | 16,977,297.00 | 0.2386 | 4,050,783.06 |
| VND | 6,587,358,800.00 | 0.0003 | 2,102,684.93 |
| KRW | 61,140,843.00 | 0.0059 | 361,097.82 |
| GBP | 30,367.00 | 8.7144 | 264,630.18 |
| Long-term borrowings | -- | -- | 37,266,909.82 |
| Including: USD | | | |
| EUR | 2,825,997.20 | 7.9610 | 22,497,763.71 |
| HKD | | | |
| JPY | 224,427,822.00 | 0.0658 | 14,769,146.11 |
| Other receivables | | | 224,687,248.07 |
| Including: USD | 30,966,209.33 | 7.0795 | 219,225,278.95 |
| EUR | 202,596.41 | 7.9610 | 1,612,870.02 |
| JPY | | | |
| TWD | 11,979,107.00 | 0.2386 | 2,858,214.93 |
| KRW | 166,377,060.00 | 0.0059 | 982,622.92 |
| GBP | 948.00 | 8.7144 | 8,261.25 |
| Short-term borrowings | | | 2,858,154,854.58 |
| Including: USD | 366,550,940.41 | 7.0795 | 2,594,997,382.63 |

| | | | |
|------------------|--------------------|--------|------------------|
| EUR | 387,322.19 | 7.9610 | 3,083,471.95 |
| TWD | 1,090,000,000.00 | 0.2386 | 260,074,000.00 |
| Accounts payable | | | 9,077,355,295.12 |
| Including: USD | 1,258,564,281.99 | 7.0795 | 8,910,005,834.36 |
| EUR | 3,845,038.19 | 7.9610 | 30,610,349.03 |
| HKD | 155,676.53 | 0.9134 | 142,201.17 |
| JPY | 100,754,720.00 | 0.0658 | 6,630,466.61 |
| TWD | 206,042,391.00 | 0.2386 | 49,161,714.49 |
| VND | 253,116,607,751.62 | 0.0003 | 80,794,821.19 |
| GBP | 1,137.00 | 8.7144 | 9,908.27 |
| Other payables | | | 54,025,992.85 |
| Including: USD | 5,033,853.19 | 7.0795 | 35,637,163.66 |
| EUR | 4,223.02 | 7.9610 | 33,619.46 |
| TWD | 76,035,398.00 | 0.2386 | 18,142,045.96 |
| VND | 43,637,970.00 | 0.0003 | 13,929.24 |
| KRW | 33,734,258.00 | 0.0059 | 199,234.53 |

Other notes:

(2) Notes on overseas business entities, including, with respect to significant overseas business entities, disclosure of their overseas main business place, functional currency and selection basis, and the reasons for changes in functional currency (if any).

☐ Applicable ☒ Not Applicable

83. Hedging

Disclosure of the qualitative and quantitative information of the hedged items, relevant hedging instruments and hedged risks according to the hedging categories:

84. Government grants

(1) Basic information of government grants

In RMB

| Category | Amount | Presentation item | Amount included in current profit or loss |
|---|---------------|-------------------------------------|---|
| Financial incentives, subsidies and support funds | 80,474,592.25 | Government grants related to income | 80,474,592.25 |
| Patent grants | 164,700.00 | Government grants related to income | 164,700.00 |
| R&D grants | 2,266,360.00 | Government grants related to income | 2,266,360.00 |

| | | | |
|---|---------------|-------------------------------------|---------------|
| Enterprise development support funds | 6,079,317.80 | Government grants related to income | 6,079,317.80 |
| Job security grants | 13,074,497.09 | Government grants related to income | 13,074,497.09 |
| Tax rebate | 2,798,745.94 | Government grants related to income | 2,798,745.94 |
| Other | 4,147,463.53 | Government grants related to income | 4,147,463.53 |
| Special funds for technological transformation and industrial upgrading | 17,197,321.41 | Government grants related to assets | 17,197,321.41 |
| Land-related refund | 271,797.30 | Government grants related to assets | 271,797.30 |

(2) Return of government grants

☐ Applicable ☒ Not Applicable

Other notes:

85. Others**VIII. Changes in scope of consolidation****1. Business combination not involving enterprises under common control****(1) Business combination not involving enterprises under common control**

In RMB

| Name of acquiree | Time point of equity acquisition | Cost of equity acquisition | Equity acquisition ratio | Method of equity acquisition | Acquisition date | Basis for determination of acquisition date | Income of the acquiree from the acquisition date to the end of the period | Net profit of the acquiree from the acquisition date to the end of the period |
|------------------|----------------------------------|----------------------------|--------------------------|------------------------------|------------------|---|---|---|
|------------------|----------------------------------|----------------------------|--------------------------|------------------------------|------------------|---|---|---|

Other notes:

There was no business combination not involving enterprises under common control in the current period.

(2) Combination costs and goodwill

In RMB

| Combination costs |
|-------------------|
|-------------------|

Notes on methods for determining the fair value of combination costs, contingent considerations and changes therein:

Main reasons for the formation of large goodwill:

Other notes:

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

In RMB

| | | |
|--|------------------------------------|------------------------------------|
| | | |
| | Fair value on the acquisition date | Book value on the acquisition date |

Methods for determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree in business combination:

Other notes:

(4) Gains or losses arising from the re-measurement of equity held before the acquisition date at fair value

Where there is any transaction that realizes business combination step by step through multiple transactions and obtains control right in the reporting period

☐ Yes ☒ No

(5) Relevant notes on the combination consideration or the fair value of the identifiable assets and liabilities of the acquiree that cannot be reasonably determined on the acquisition date or at the end of the current period

(6) Other notes

2. Business combination involving enterprises under common control

(1) Business combination involving enterprises under common control in the current period

In RMB

| Name of combined party | Equity ratio obtained in business combination | Basis for business combination involving enterprises under common control | Combining date | Basis for determining the combination date | Income of the combined party from the beginning of the current period to the combination date | Net profit of the combined party from the beginning of the current period to the combination date | Income of the combined party during the comparison period | Net profit of the combined party during the comparison period |
|------------------------|---|---|----------------|--|---|---|---|---|
|------------------------|---|---|----------------|--|---|---|---|---|

Other notes:

(2) Consolidation costs

In RMB

| | |
|---------------------|--|
| Consolidation costs | |
|---------------------|--|

Notes on contingent considerations and changes therein:

Other notes:

(3) Book value of assets and liabilities of the combined party on the combination date

In RMB

| | | |
|--|------------------|--------------------|
| | | |
| | Combination date | End of last period |

Contingent liabilities of the merged party in business combination:

Other notes:

3. Reverse purchase

The basic information of the transaction, the basis on which the transaction constitutes a reverse purchase, whether the assets and liabilities retained by the listed company constitute a business and its basis, the determination of the combination costs, the amount of equity adjustment and its calculation based on the equity transaction:

4. Disposal of subsidiaries

Whether there is the situation where a single disposal of investment in a subsidiary resulted in loss of control

☒ Yes ☐ No

In RMB

| Name of subsidiary | Equity disposal price | Equity disposal ratio | Equity disposal method | Time point of losing control | Basis for determining the time point of losing control | Difference between the disposal price and the share of net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal of investment | Proportion of residual equity on the date of losing control | Book value of the residual equity on the date of losing control | Fair value of residual equity on the date of losing control | Gain or loss from re-measurement of residual equity at fair value | Determination method and main assumption for fair value of residual equity on the date of losing control | Amount of other comprehensive income related to equity investment of the subsidiary transferred into investment profit or loss |
|---|-----------------------|-----------------------|------------------------|------------------------------|--|---|---|---|---|---|--|--|
| Luxshare Precision Industry (Xi'an) Co., Ltd. | 63,942,000.00 | 100% | sell | 2020 May 1st, 2008 | Re-election of the board of directors | 1,753,481.62 | | | | | | |

Other notes:

Whether there is any situation where the investment in subsidiaries is disposed step by step through multiple transactions and the control is lost in the current period

☐ Yes ☒ No

5. Changes in consolidation scope for other reasons

Notes on changes in the scope of consolidation for other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related situations:

The scope of consolidation due to the Company's newly established subsidiaries is as follows:

| Company name | Date of establishment |
|---|-----------------------|
| Suzhou Liantao Electronic Co., Ltd. | March 24, 2020 |
| Luxshare Precision Industry (Jiangsu) Co., Ltd. | April 29, 2020 |
| Xingning Luxshare Electronic Co., Ltd. | May 13, 2020 |

6. Others

IX. Equity in Other Entities

1. Equity in subsidiaries

(1) Composition of the enterprise group

| Name of subsidiary | Main place of business | Place of registration | Nature of business | Shareholding ratio | | Method of acquisition |
|---|------------------------|-----------------------|------------------------------|--------------------|----------|------------------------------------|
| | | | | Direct | Indirect | |
| Luxshare Precision Technology Co., Ltd. | Hong Kong | Hong Kong | Investment consulting | 100% | | Establishment |
| Taiwan Luxshare Precision Limited | Taiwan | Taiwan | Marketing business | | 100% | Establishment |
| Luxshare ICT, Inc. | USA | USA | Marketing business | | 100% | Establishment |
| Luxshare-ICT Europe Limited | UK | UK | Marketing business | | 100% | Establishment |
| LUXSHAREICT INTERNATIONAL B.V. | Netherlands | Netherlands | Marketing business | | 100% | Establishment |
| Luxshare Precision Limited | Hong Kong | Hong Kong | Trade | 100% | | Establishment |
| Yunding Technology Co., Ltd. | Hong Kong | Hong Kong | Investment consulting | | 100% | Establishment |
| Huzhou Jiuding Electronic Co., Ltd. | Huzhou | Huzhou | Processing and manufacturing | | 100% | Business combination not involving |

| | | | | | | |
|---|-----------|-------------|------------------------------|------|--------|---|
| | | | | | | enterprises under common control |
| Luxshare-ICT (Japan) | Japan | Japan | Marketing business | | 80% | Establishment |
| Korea LuxshareICT Co., Ltd | Korea | Korea | Marketing business | | 100% | Establishment |
| Luxshare-ICT (India) | India | Chennai | Processing and manufacturing | | 100% | Establishment |
| ICT-LANTO LIMITED(HK) | Hong Kong | Hong Kong | Trade | 100% | | Business combination not involving enterprises under common control |
| SpeedTech Corp. | Taiwan | Taiwan | Processing and manufacturing | | 31.74% | Business combination not involving enterprises under common control |
| Castle Rock, Inc. | Taiwan | Xinbei City | Processing and manufacturing | | 40% | Business combination not involving enterprises under common control |
| Luxshare-ICT (Vietnam) Limited | Vietnam | Vietnam | Processing and manufacturing | | 100% | Establishment |
| Luxshare Precision (Yunzhong) Co., Ltd. | Vietnam | Vietnam | Processing and manufacturing | | 100% | Establishment |
| Luxshare Precision (Yian) Co., Ltd. | Vietnam | Vietnam | Processing and manufacturing | 100% | | Establishment |
| Kunshan Luxshare Precision Industry Co., Ltd. | Kunshan | Kunshan | Processing and manufacturing | | 100% | Establishment |
| Kunshan Luxshare Precision Mould Co., Ltd. | Kunshan | Kunshan | Processing and manufacturing | | 100% | Establishment |
| Luxshare Precision Industry (Baoding) Co., Ltd. | Baoding | Baoding | Processing and manufacturing | | 100% | Establishment |

| | | | | | | |
|--|----------|-----------|------------------------------|------|------|---|
| Dongguan Luxshare Smart-Link Electronic Technology Co., Ltd. | Dongguan | Dongguan | Processing and manufacturing | | 80% | Establishment |
| Xuancheng Luxshare Precision Industry Co., Ltd. | Anhui | Xuancheng | Processing and manufacturing | | 100% | Establishment |
| Luxshare Electronic (Shanghai) Co., Ltd. | Shanghai | Shanghai | Processing and manufacturing | | 88% | Establishment |
| Lanto Electronic Limited | Kunshan | Kunshan | Processing and manufacturing | 100% | | Business combination not involving enterprises under common control |
| Bozhou Lanto Electronic Limited | Bozhou | Bozhou | Processing and manufacturing | | 100% | Business combination not involving enterprises under common control |
| Bozhou Xuntao Electronic Limited | Bozhou | Bozhou | Processing and manufacturing | | 100% | Establishment |
| Suining Luxshare Precision Industry Co., Ltd. | Suining | Suining | Processing and manufacturing | | 100% | Establishment |
| Meite Technology (Suzhou) Co., Ltd. | Suzhou | Suzhou | Processing and manufacturing | | 51% | Business combination not involving enterprises under common control |
| Beijing Luxshare Acoustic Technology Co., Ltd. | Beijing | Beijing | Processing and manufacturing | | 100% | Establishment |
| Luxshare Precision Industry (Shanxi) Co., Ltd. | Changzhi | Changzhi | Processing and manufacturing | | 100% | Establishment |

| | | | | | | |
|---|----------------|----------------|------------------------------|------|------|---|
| Wan'an Xiexun Electronic Co., Ltd. | Wan'an | Wan'an | Processing and manufacturing | 100% | | Establishment |
| Ji'an Jizhou district Luxshare Electronic Co., Ltd. | Ji'an | Ji'an | Processing and manufacturing | 100% | | Establishment |
| Xiexun Electronic (Ji'an) Co., Ltd. | Ji'an | Ji'an | Processing and manufacturing | 100% | | Business combination involving enterprises under common control |
| ASAP Technology (Jiangxi) Co., Ltd. | Ji'an | Ji'an | Processing and manufacturing | 100% | | Establishment |
| Yongxin County Boshuo Electronics Co., Ltd. | Yongxin County | Yongxin County | Processing and manufacturing | | 100% | Business combination not involving enterprises under common control |
| Xinyu Xiexun Electronic Co., Ltd. | Xinyu | Xinyu | Processing and manufacturing | | 100% | Establishment |
| Jiangxi ASAP Electronic Co., Ltd. | Ji'an | Ji'an | Processing and manufacturing | | 100% | Establishment |
| Fujian JK Wiring Systems Co., Ltd.. | Fuzhou | Fuzhou | Processing and manufacturing | 55% | | Business combination not involving enterprises under common control |
| Jianou JK Wiring Systems Co., Ltd. | Jianou | Jianou | Processing and manufacturing | | 55% | Establishment |
| Luxshare Electronic Technology (Kunshan) Co., Ltd. | Suzhou | Suzhou | Processing and manufacturing | 100% | | Business combination not involving enterprises under common control |
| Shenzhen Luxshare Acoustics Technology Ltd. | Shenzhen | Shenzhen | Processing and manufacturing | 100% | | Establishment |
| Fengshun Lixun Precision Industry Co., Ltd. | Fengshun | Fengshun | Processing and manufacturing | 100% | | Establishment |

| | | | | | | |
|--|-----------|-----------|------------------------------|--------|-------|---|
| Luxshare Precision Industry (Chuzhou) Ltd. | Chuzhou | Chuzhou | Processing and manufacturing | 100% | | Establishment |
| SuK Kunststofftechnik GmbH | Germany | Germany | Processing and manufacturing | 100% | | Business combination not involving enterprises under common control |
| SUK PLASTICS | Romania | Romania | Processing and manufacturing | | 100% | Establishment |
| Luxshare Automation (Jiangsu) Ltd. | Kunshan | Kunshan | Processing and manufacturing | 70% | | Business combination not involving enterprises under common control |
| Dongguan Luxshare Precision Industry Co., Ltd. | Dongguan | Dongguan | Processing and manufacturing | 100% | | Establishment |
| Guangdong Luxshare Merry Electronic Co., Ltd. | Dongguan | Dongguan | Processing and manufacturing | | 51% | Establishment |
| Meilv Electronic (Huizhou) Co., Ltd. | Huizhou | Huizhou | Processing and manufacturing | | 51% | Business combination not involving enterprises under common control |
| Meilv Electronics (Shanghai) Co., Ltd. | Shanghai | Shanghai | Trade | | 51% | Business combination not involving enterprises under common control |
| Jiangxi Luxshare Intelligent Manufacture Co., Ltd. | Ji'an | Ji'an | Processing and manufacturing | 99.10% | 0.90% | Establishment |
| Luxshare Technologies Limited | Hong Kong | Hong Kong | Processing and manufacturing | | 100% | Establishment |
| Shenzhen Luxshare | Shenzhen | Shenzhen | Processing and | 70% | | Establishment |

| | | | | | | |
|--|-----------|-----------|------------------------------|------|--------|---|
| Standard Co., Ltd. | | | manufacturing | | | |
| Luxshare Standard Limited (HK) | Hong Kong | Hong Kong | Processing and manufacturing | | 70% | Establishment |
| Luxshare Precision Industry (Enshi) Co., Ltd. | Enshi | Enshi | Processing and manufacturing | 100% | | Establishment |
| Luxshare Precision Industry (Suzhou) Co., Ltd. | Suzhou | Suzhou | Processing and manufacturing | 100% | | Establishment |
| Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd. | Zhejiang | Zhejiang | Processing and manufacturing | 100% | | Establishment |
| Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd. | Jiangsu | Changshu | Processing and manufacturing | 100% | | Establishment |
| Dongguan Luxshare Technology Co., Ltd. | Dongguan | Dongguan | Processing and manufacturing | 100% | | Establishment |
| Donguan Xuntao Electronic Co., Ltd. | Dongguan | Dongguan | Processing and manufacturing | | 100% | Business combination not involving enterprises under common control |
| Luxshare-ICT International Cable, Inc. (USA) | USA | USA | Processing and manufacturing | | 100% | Establishment |
| Kunshan-Luxshare RF Technology Co., Ltd. | Kunshan | Kunshan | Processing and manufacturing | | 100% | Establishment |
| Wuxi Huihong Electronic Co., Ltd. | Wuxi | Wuxi | Processing and manufacturing | | 68.97% | Business combination not involving enterprises under common control |
| Xingning Luxshare Technology Co., | Xingning | Xingning | Processing and manufacturing | | 100% | Establishment |

| | | | | | | |
|---|----------|----------|------------------------------|--|------|---------------|
| Ltd. | | | | | | |
| Suzhou Liantao Electronic Co., Ltd. | Suzhou | Suzhou | Processing and manufacturing | | 100% | Establishment |
| Luxshare Precision Industry (Jiangsu) Co., Ltd. | Jiangsu | Jiangsu | Processing and manufacturing | | 100% | Establishment |
| Xingning Luxshare Electronic Co., Ltd. | Xingning | Xingning | Processing and manufacturing | | 100% | Establishment |

Notes on the difference between the shareholding ratio and the voting right ratio in the subsidiary:

Basis for holding half or less voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Basis for the control of significant structured entities included in the consolidation scope:

Basis for determining whether a company is an agent or a principal:

Other notes:

(2) Significant non-wholly-owned subsidiaries

In RMB

| Name of subsidiary | Shareholding ratio of minority shareholders | Profit or loss attributable to minority shareholders in the current period | Dividends declared and distributed to minority shareholders in the current period | Balance of minority interest at the end of the period |
|--------------------------------------|---|--|---|---|
| Fujian JK Wiring Systems Co., Ltd.. | 45% | -643,368.67 | | 76,436,401.57 |
| Luxshare Automation (Jiangsu) Ltd. | 30% | 4,546,349.55 | | 76,689,154.93 |
| Meilv Electronic (Huizhou) Co., Ltd. | 49% | 17,705,779.44 | | 170,097,363.39 |
| Meite Technology (Suzhou) Co., Ltd. | 49% | 9,664,732.18 | | 677,134,242.95 |
| SpeedTech Corp. | 68.26% | 49,323,707.84 | | 464,303,398.73 |

Notes on the difference between the shareholding ratio of minority shareholders and their voting right ratio in the subsidiary:

Other notes:

(3) Main financial information of significant non-wholly-owned subsidiaries

In RMB

| Name of subsidiary | Closing balance | | | | | | Opening balance | | | | | |
|--------------------|-----------------|--------------------|--------------|---------------------|-------------------------|-------------------|-----------------|--------------------|--------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |

| | | | | | | | | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|----------------|------------------|
| Fujian JK Wiring Systems Co., Ltd.. | 146,494,960.95 | 40,911,435.39 | 187,406,396.34 | 17,379,215.99 | 0.00 | 17,379,215.99 | 195,911,115.77 | 45,070,000.83 | 240,981,116.60 | 69,373,435.60 | 421,469.85 | 69,794,905.45 |
| Luxshare Automation (Jiangsu) Ltd. | 406,393,910.88 | 24,884,652.33 | 431,278,563.21 | 175,096,384.47 | 473,583.11 | 175,569,967.58 | 365,699,394.70 | 20,156,759.83 | 385,856,154.53 | 147,209,913.17 | 512,243.75 | 147,722,156.92 |
| Meilv Electronic (Huizhou) Co., Ltd. | 625,310,567.87 | 97,174,690.77 | 722,485,258.64 | 369,689,199.32 | 5,658,582.99 | 375,347,782.31 | 555,228,066.65 | 101,357,640.18 | 656,585,706.83 | 339,621,169.30 | 5,870,256.47 | 345,491,425.77 |
| Meite Technology (Suzhou) Co., Ltd. | 683,353,988.36 | 1,438,803,102.88 | 2,122,157,091.24 | 709,871,417.55 | 30,379,055.08 | 740,250,472.63 | 1,039,072,803.07 | 1,467,179,953.72 | 2,506,252,756.79 | 1,082,678,769.48 | 61,727,275.55 | 1,144,406,045.03 |
| SpeedTech Corp. | 1,678,558,339.82 | 874,880,667.86 | 2,553,439,007.68 | 1,399,875,894.32 | 122,896,354.57 | 1,522,772,248.89 | 1,420,474,318.85 | 808,337,644.36 | 2,228,811,963.21 | 1,255,943,210.02 | 111,971,150.25 | 1,367,914,360.27 |

In RMB

| Name of subsidiary | Current period | | | | Prior period | | | |
|--------------------------------------|------------------|---------------|-----------------------------|-------------------------------------|------------------|---------------|-----------------------------|-------------------------------------|
| | Operating income | Net profits | Total comprehensive incomes | Cash flow from operating activities | Operating income | Net profits | Total comprehensive incomes | Cash flow from operating activities |
| Fujian JK Wiring Systems Co., Ltd.. | 102,515,670.10 | -1,261,197.96 | -1,159,030.80 | -3,313,986.42 | 188,605,482.73 | 6,018,218.11 | 6,018,218.11 | 1,166,537.59 |
| Luxshare Automation (Jiangsu) Ltd. | 191,842,531.69 | 15,154,498.51 | 17,496,518.81 | -55,207,269.03 | 121,352,793.61 | 6,444,497.58 | 6,444,497.58 | 12,714,665.86 |
| Meilv Electronic (Huizhou) Co., Ltd. | 447,803,879.24 | 36,134,243.75 | 35,513,372.62 | -13,862,681.32 | 472,193,036.13 | 44,167,220.23 | 44,167,220.23 | 54,588,442.36 |
| Meite Technology (Suzhou) Co., Ltd. | 984,213,905.46 | 19,723,943.21 | 20,059,906.49 | 254,727,564.28 | 883,550,909.06 | 54,801,208.85 | 54,801,208.85 | 56,293,374.98 |

| | | | | | | | | |
|-----------------|------------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|
| SpeedTech Corp. | 1,535,828,684.32 | 126,946,777.05 | 111,506,978.73 | 118,890,200.77 | 707,577,485.43 | 19,710,763.22 | 19,710,763.22 | 185,862,133.40 |
|-----------------|------------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|

Other notes:

(4) Major restrictions on the use of enterprise group assets and repayment of enterprise group debts

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Other notes:

2. Transactions in which the share of owners' equity in the subsidiary changes and still controls the subsidiary

(1) Notes on changes in the shares of owners' equity in subsidiaries

(2) Impact of transactions on minority interest and owners' equity attributable to the parent company

In RMB

| | |
|--|--|
| | |
|--|--|

Other notes

3. Equity in joint ventures or associates

(1) Significant joint ventures or associates

| Name of joint venture or associate | Main place of business | Place of registration | Nature of business | Shareholding ratio | | Accounting treatment of investment in joint venture or associate |
|------------------------------------|------------------------|-----------------------|--------------------|--------------------|----------|--|
| | | | | Direct | Indirect | |
| | | | | | | |

Notes on the difference between the shareholding ratio and the voting right ratio in the joint venture or associate:

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but without significant influence:

(2) Main financial information of significant joint ventures

In RMB

| | Closing Balance/Amount in current period | Opening Balance/Amount in prior period |
|--|--|--|
| | | |

Other notes:

(3) Main financial information of important associates

In RMB

| | Closing balance/Amount in current period | Opening balance/Amount in prior period |
|--|--|--|
| | | |

Other notes

(4) Summary financial information of insignificant joint ventures and associates

In RMB

| | Closing balance/Amount in current period | Opening balance/Amount in prior period |
|--|--|--|
| Joint ventures: | -- | -- |
| Total book value of investment | 135,649,425.31 | 77,614,874.91 |
| Total amount of the following items calculated according to shareholding ratio | -- | -- |
| --Net profits | 5,009,459.79 | 22,544,135.76 |
| --Other comprehensive income | 2,024,032.82 | -2,266,528.48 |
| --Total comprehensive incomes | 7,033,492.61 | 20,277,607.28 |
| Associates: | -- | -- |
| Total book value of investment | 311,565,229.14 | 225,435,705.19 |
| Total amount of the following items calculated according to shareholding ratio | -- | -- |
| --Net profits | 2,288,955.95 | -59,092,453.94 |
| --Total comprehensive incomes | 2,288,955.95 | -59,092,453.94 |

Other notes

(5) Notes on significant restrictions on the ability of joint ventures or associates to transfer funds to the Company**(6) Excess loss of joint ventures or associates**

In RMB

| Name of joint venture or associate | Cumulative unrecognized losses accumulated in previous period | Unrecognized losses in the current period (or net profit shared in the current period) | Cumulative unrecognized losses at the end of the period |
|------------------------------------|---|--|---|
| | | | |

Other notes

(7) Unconfirmed commitments related to investment in joint ventures**(8) Contingent liabilities related to investment in joint ventures or associates****4. Significant joint operations**

| Name of joint operation | Main place of business | Place of registration | Nature of business | Shareholding ratio / share | |
|-------------------------|------------------------|-----------------------|--------------------|----------------------------|----------|
| | | | | Direct | Indirect |

Notes on the difference between the shareholding ratio or share and the voting rights ratio in the joint operation:

Basis for classifying a separate entity into joint operation:

Other notes

5. Equity in structured entities not included in the consolidated financial statements

Notes on structured entities not included in the consolidated financial statements:

6. Others**X. Risks Associated with Financial Instruments****1. Credit risks**

Credit risks refer to the risks that one party to a financial instrument suffers financial losses due to the failure of the other party to perform its obligations. The customer credit risks mainly faced by the Company come from credit sale. Before signing a new contract, the Company will assess the credit risks generated by new customers from perspectives such as external credit rating and, in some cases, bank credit certification (when the same is available). The Company has a credit limit, which is the maximum amount without additional approval, for each customer. The Company ensures that its overall credit risk is within the controllable range through quarterly monitoring of credit rating of existing customers and monthly review of aging analysis of accounts receivable. Customers are grouped according to their credit characteristics when the credit risks from them are monitored. Customers rated as “high risk” will be placed on the restricted customer list, and only with additional approval can the Company sell them on credit in the future period, otherwise they must be required to pay the corresponding amount in advance.

2. Market risks

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

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change in market interest rate. The interest rate risk faced by the Company mainly comes from the long-term and short-term borrowings from banks. The Company, under its current policy, seeks to borrow in USD with a lower loan interest rate. In order to obtain loans, the Company has provided guarantee for its wholly-owned overseas subsidiaries ICT-Lanto Limited and ICT-Lanto Limited for overseas financing.

(2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flow will fluctuate due to the change in foreign exchange rate. The Company tries to match foreign currency income with foreign currency expenditure to reduce exchange rate risk. In addition, the Company has signed forward foreign exchange contracts to avoid exchange rate risk.

(3) Other price risks

The Company holds equity investments of other listed companies, and the management believes that the market price risks faced by these investment activities is acceptable.

The equity investments of listed companies held by the Company are presented as follows:

| Item | Closing balance | Balance at the end of last year |
|---|-----------------|---------------------------------|
| Other investments in equity instruments | 213,003,000.00 | 170,733,150.00 |
| Total | 213,003,000.00 | 170,733,150.00 |

3. Liquidity risks

Liquidity risks refer to, with respect to an enterprise, the risks of capital shortage to the enterprise when it fulfills its obligation of settlement by cash or other financial assets. It is the Company's policy to ensure that there is sufficient cash to pay its debts as they fall due. The liquidity risks are controlled by the financial department of the Company in a unified manner. By monitoring the cash balance, marketable securities that can be realized at any time and rolling forecast of cash flow in the next 12 months, the financial department ensures that the Company has sufficient funds to repay debts under all reasonable forecasts.

XI. Disclosure of Fair Value

1. Closing fair value of assets and liabilities measured at fair value

In RMB

| Item | Closing fair value |
|------|--------------------|
|------|--------------------|

| | Fair value measurement at the first level | Fair value measurement at the second level | Fair value measurement at the third level | Total |
|---|--|---|--|------------------|
| I. Continuous fair value measurement | -- | -- | -- | -- |
| (I) Held-for-trading financial assets | | 27,352,898.41 | 2,741,908,455.41 | 2,769,261,353.82 |
| 1. Financial assets at fair value through profit or loss | | 27,352,898.41 | 2,741,908,455.41 | 2,769,261,353.82 |
| (3) Derivative financial assets | | 27,352,898.41 | | 27,352,898.41 |
| Other | | | 2,741,908,455.41 | 2,741,908,455.41 |
| Total assets continuously measured at fair value | 213,003,000.00 | 27,352,898.41 | 2,778,726,509.98 | 3,019,082,408.39 |
| (VI) Held-for-trading financial liabilities | | 1,814,672.11 | | 1,814,672.11 |
| Derivative financial liabilities | | 1,814,672.11 | | 1,814,672.11 |
| II. Non-continuous fair value measurement | -- | -- | -- | -- |
| Total assets not continuously measured at fair value | 213,003,000.00 | 27,352,898.41 | 2,778,726,509.98 | 3,019,082,408.39 |
| Total liabilities not continuously measured at fair value | | 1,814,672.11 | | 1,814,672.11 |

2. Basis for determining the market price of the items continuously and not continuously measured at fair value at the first level

3. Valuation technology and qualitative and quantitative information of important parameters used in the items continuously and not continuously measured at fair value at the second level

4. Valuation technology and qualitative and quantitative information of important parameters used in the items continuously and not continuously measured at fair value at the third level

5. Adjustment information between the opening book value and the closing book value, and the sensitivity analysis of unobservable parameters for items continuously measured at fair value at the third level

6. For items continuously measured at fair value, if there is conversion between different levels in the current period, the reasons for the conversion and the policy for determining the conversion time point

7. Changes in valuation technology in the current period and reasons for changes

8. Fair value of financial assets and financial liabilities not measured at fair value

9. Others

XII. Related Parties and Related-party Transactions

1. The parent company of the Company

| Name of parent company | Place of registration | Nature of business | Registered capital | Shareholding ratio of the parent company in the Company | Voting rights ratio of the parent company in the Company |
|----------------------------|-----------------------|--------------------|--------------------|---|--|
| Luxshare Precision Limited | Hong Kong | Industry | HKD10,000 | 42.92% | 42.92% |

Notes on the parent company of the Company

The ultimate controller of the Company is WANG Laichun and WANG Laisheng.

Other notes:

2. Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to Note VII. Equity in Other Entities.

3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please refer to Note VII. Equity in Other Entities.

Other joint ventures or associates that have related-party transactions with the Company in the current period or formed a balance due to related-party transactions with the Company in the prior period are as follows:

| Name of joint venture or associate | Relationship with the Company |
|---|---|
| Riyimao Industrial Co., Ltd. | Joint-stock company of a majority-owned sub-subsidiary of the Company |
| Xuande Energy Co., Ltd. | Joint-stock company of a majority-owned sub-subsidiary of the Company |
| Caldigit Holding (Caymen) | Joint-stock company of a majority-owned sub-subsidiary of the Company |
| Zhuhai Kinwong Flexible Circuit Co., Ltd. | Associate of the Company |
| Meilv Luxshare (Vietnam) Co., Ltd. | Associate of the Company |

Other notes

4. Other related parties

| Name of other related parties | Relationship between other related parties and the Company |
|--|--|
| Shangrao City Lijing Innovation Technology Co., Ltd. | Other related party |
| Guangzhou Luxvisions Innovation Technology Limited | Other related party |
| Bisaisi Automotive Technology (Suzhou) Co., Ltd. | An enterprise controlled by the Company's parent company |

Other notes

5. Related-party transactions

(1) Related-party transactions of purchasing and selling goods, rendering and accepting services

Purchasing goods/accepting services

In RMB

| Related parties | Related-party transactions | Amount in current period | Approved transaction limit | Whether the transaction limit is exceeded | Amount in prior period |
|--|----------------------------|--------------------------|----------------------------|---|------------------------|
| Riyimao Industrial Co., Ltd. | Purchasing goods | | | No | 23,807.34 |
| Zhuhai Kinwong Flexible Circuit Co., Ltd. | Purchasing goods | 40,854,350.47 | | No | 62,335,701.35 |
| Bisaisi Automotive Technology (Suzhou) Co., Ltd. | Purchasing goods | 531,226.00 | | No | |

Selling goods/rendering services

In RMB

| Related parties | Related-party transactions | Amount in current period | Amount in prior period |
|------------------------------|----------------------------|--------------------------|------------------------|
| Riyimao Industrial Co., Ltd. | Processing goods purchased | 4,639,670.77 | 3,288,689.64 |
| Riyimao Industrial Co., Ltd. | Other services | 11,027.14 | 1,327.14 |
| Riyimao Industrial Co., Ltd. | Selling products | 1,853.68 | |
| Zhuhai Kinwong Flexible | Selling products | 20,714.40 | 24,539.05 |

| | | | |
|--|-------------------------|---------------|--|
| Circuit Co., Ltd. | | | |
| Shangrao City Lijing Innovation Technology Co., Ltd. | Selling products | 1,107,974.92 | |
| Guangzhou Luxvisions Innovation Technology Limited | Equipment and apparatus | 42,999,089.20 | |
| Bisaisi Automotive Technology (Suzhou) Co., Ltd. | Selling products | 40,992,518.98 | |

Notes on related-party transactions of purchasing and selling goods, and providing and accepting services

(2) Related-party entrusted management/contracting and entrusted management/outsourcing

Entrusted management/contracting of the Company:

In RMB

| Name of principal/owner | Name of trustee/contractor | Types of entrusted / contracted assets | Commencement date of entrustment/contract | Termination date of entrustment / contract | Pricing basis of trusteeship income/contract income | Trusteeship income/contract income recognized in the current period |
|-------------------------|----------------------------|--|---|--|---|---|
|-------------------------|----------------------------|--|---|--|---|---|

Notes on related-party trusteeship/contract

Statement of entrusted management/outsourcing of the Company:

In RMB

| Name of principal/owner | Name of trustee/contractor | Types of entrusted / contracted assets | Commencement date of entrustment/contract | Termination date of entrustment / contract | Pricing basis of trusteeship income/contract income | Trusteeship income/contract income recognized in the current period |
|-------------------------|----------------------------|--|---|--|---|---|
|-------------------------|----------------------------|--|---|--|---|---|

Notes on related-party management/outsourcing

(3) Related-party lease

The Company acts as the lessor:

In RMB

| Name of lessee | Types of leased assets | Lease income recognized in the current period | Lease income recognized in the previous period |
|----------------|------------------------|---|--|
|----------------|------------------------|---|--|

The Company acts as the lessee:

In RMB

| Name of lessor | Types of leased assets | Lease fees recognized in the current period | Lease fees recognized in the previous period |
|----------------|------------------------|---|--|
|----------------|------------------------|---|--|

| | | | |
|-------------------------|--------------|------------|------------|
| Xuande Energy Co., Ltd. | Fixed assets | 111,329.09 | 325,719.97 |
|-------------------------|--------------|------------|------------|

Notes on related-party lease

(4) Related-party guarantee

The Company acts as the guarantor

In RMB

| Guaranteed party | Amount of guarantee | Commencement date of guarantee | Maturity date of guarantee | Whether the guarantee has been fulfilled |
|--------------------------|---------------------|--------------------------------|----------------------------|--|
| ICT-Lanto Limited | 205,305,500.00 | June 22, 2020 | June 22, 2021 | No |
| ICT-Lanto Limited | 212,385,000.00 | August 1, 2019 | July 31, 2020 | No |
| Lixun Precision Co., Ltd | 77,874,500.00 | June 22, 2020 | June 22, 2021 | No |
| Lixun Precision Co., Ltd | 353,975,000.00 | December 15, 2019 | June 1, 2021 | No |
| Lixun Precision Co., Ltd | 353,975,000.00 | March 9, 2020 | March 24, 2023 | No |
| Lixun Precision Co., Ltd | 2,831,800,000.00 | December 1, 2017 | December 1, 2022 | No |

The Company acts as the guaranteed party

In RMB

| Guarantor | Amount of guarantee | Commencement date of guarantee | Maturity date of guarantee | Whether the guarantee has been fulfilled |
|-----------|---------------------|--------------------------------|----------------------------|--|
|-----------|---------------------|--------------------------------|----------------------------|--|

Notes on related-party guarantee

(5) Related-party loans

In RMB

| Related party | Loan amount | Commencement date | Maturity date | Remarks |
|---------------|-------------|-------------------|---------------|---------|
| Borrow | | | | |
| Lend | | | | |

(6) Asset transfer and debt restructuring of related parties

In RMB

| Related party | Related-party transactions | Amount in current period | Amount in prior period |
|---------------|----------------------------|--------------------------|------------------------|
|---------------|----------------------------|--------------------------|------------------------|

(7) Remuneration of key managers

In RMB

| Item | Current Period | Prior Period |
|------------------------------|----------------|--------------|
| Compensation of key managers | 5,641,634.42 | 2,769,781.62 |

(8) Other related-party transactions**6. Accounts receivable and payable of related parties****(1) Receivables**

In RMB

| Item | Related party | Closing balance | | Opening balance | |
|---------------------|--|-----------------|--------------------|-----------------|--------------------|
| | | Book balance | Bad-debt provision | Book balance | Bad-debt provision |
| Accounts receivable | Xuande Energy Co., Ltd. | 173,198.55 | 86.60 | 107,582.38 | 53.79 |
| Accounts receivable | Zhuhai Kinwong Flexible Circuit Co., Ltd. | | | 38,420.00 | 19.21 |
| Accounts receivable | Shangrao City Lijing Innovation Technology Co., Ltd. | 1,252,011.66 | 626.01 | 13,503.50 | 6.75 |
| Accounts receivable | Guangzhou Luxvisions Innovation Technology Limited | 33,328,266.63 | 16,664.13 | 59,986,632.21 | 29,993.32 |
| Accounts receivable | Bisaisi Automotive Technology (Suzhou) Co., Ltd. | 45,092,530.63 | 90,142.93 | 542,719.17 | 271.36 |
| Other receivables | Guangzhou Luxvisions Innovation Technology Limited | 69,933.44 | 349.67 | 5,087,557.78 | 25,437.79 |

(2) Payables

| Item | Related party | Closing book balance | Opening book balance |
|---------------------|--|----------------------|----------------------|
| Accounts payable | Riyimao Industrial Co., Ltd. | 4,212,338.41 | 2,788,491.37 |
| Accounts payable | Zhuhai Kinwong Flexible Circuit Co., Ltd. | 35,839,679.71 | 36,129,173.65 |
| Accounts payable | Guangzhou Luxvisions Innovation Technology Limited | 103,407.26 | 38,157.90 |
| Accounts payable | Bisaisi Automotive Technology (Suzhou) Co., Ltd. | 254,449.55 | 28,406.07 |
| Receipts in advance | Xuande Energy Co., Ltd. | 238,600.00 | 232,600.00 |

In RMB

7. Commitment of related parties**8. Others****XIII. Share-based payment****1. General situation of share-based payment**√ Applicable ☐ Not Applicable

In RMB

| | |
|--|--------------|
| Total amount of the Company's equity instruments granted in the current period | 0.00 |
| Total amount of the Company's equity instruments in the current period | 9,375,900.00 |
| Total amount of the Company's equity instruments invalid in the current period | 2,194,700.00 |

Other notes

(1) On September 25, 2018, the proposal on Granting Stock Options to Grantees under the 2018 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd. was approved upon deliberation at the 5th session of the 4th board of directors of the Company. Accordingly, the Company granted 97.50 million stock options to 1,899 eligible grantees at the exercise price of RMB 13.48 per share (after adjustment). After 12 months from the date on which the grant registration is completed, grantees meeting the exercise conditions can exercise the options in five periods, with a proportion of 20% for each period, in the following 60 months;

(2) On April 22, 2019, the proposal on Granting Stock Options to Initial Grantees under the 2019 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd. was approved after deliberation at the 9th session of the 4th board of directors. Pursuant to the same, the Company granted 50.076 million (65.0988 million after adjustment) stock options to 348 eligible grantees, with 12.519 million (16.2747 million after adjustment) stock options used as reserve. On November 27, 2019, the 13th session of the 4th board of directors deliberated and passed the Proposal on Granting Stock Options to Grantees Reserved under the 2019 Stock Option Incentive Plan on November 27, 2019, as per which the Company granted 16,274,700 (after adjustment) to 263 grantees at an exercise price of RMB 17.93 per share (after adjustment), and after 12 months from the date on which the registration of stock options grant for share-base payment is completed, grantees who meet the exercise conditions can exercise the stock options in five periods, with a proportion of 20% for each period, in the following 60 months.

2. Share-based payment settled in equity√ Applicable ☐ Not Applicable

In RMB

| | |
|--|---|
| Method of determining the fair value of equity instruments on the grant date | Black Scholes model |
| Basis for determining the number of exercisable equity | The determination is made by the Company according to the |

| | |
|--|---|
| instruments | equity instruments corresponding to the on-the-job grantees and the Company's performance forecast in the future. |
| Reasons for significant differences between current and prior estimates | None |
| Cumulative amount of share-based payment settled in equity included in the capital reserve | 460,655,757.35 |
| Total amount of share-based payment settled in equity recognized in the current period | 110,977,197.94 |

Other notes

(1) On September 25, 2018, the Company held the 5th session of the 4th board of directors and the 5th session of the 4th board of supervisors, deliberating and passing the Proposal on Granting Stock Options to Grantees under the 2018 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd., whereby it was determined that 97,500,000 stock options would be granted to 1,899 eligible grantees on September 25, 2018 as the grant date of the incentive plan.

On November 27, 2019, the Company held the 13th session of the 4th board of directors and the 13th session of the 4th board of supervisors, deliberating and passing the Proposal on Adjusting the Exercise Price and Quantity under the 2018 Stock Option Incentive Plan and Canceling Some Stock Options as well as the Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period of the 2018 Stock Option Incentive Plan. According to relevant provisions of the Measures for Managing Equity Incentives of Listed Companies, the Company's 2018 Stock Option Incentive Plan (Draft) and the Administrative Measures for the Implementation and Assessment of the 2018 Stock Option Incentive Plan, and as authorized by the Company's second extraordinary general meeting of shareholders in 2018, the adjustment of the exercise price and quantity under the stock option incentive plan and the cancellation of some options was ratified in response to the implementation by the Company of the annual equity distribution plan in 2018 and the resignation of grantees, etc.. After the adjustment, the number of grantees was changed from 1,870 to 1,762, the quantity of stock options granted was changed from 97,300,000 to 122,327,530, and the exercise price of stock options was changed from RMB 17.58 per share to RMB 13.48 per share.

(2) On April 22, 2019, the Company held the 9th session of the 4th board of directors and the 9th session of the 4th board of supervisors, at which it deliberated and passed the Proposal on Granting Stock Options to Subordinated Grantees under the 2019 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd., determining that 50,076,000 stock options would be granted to 348 eligible initial grantees on April 22, 2019 as the grant date of the incentive plan.

On November 27, 2019, the Company held the 13th session of the 4th board of directors and the 13th session of the 4th board of supervisors, deliberating and passing the Proposal on Adjusting the Exercise Price and Quantity under the 2019 Stock Option Incentive Plan and the Proposal on Granting Stock Options to Grantees Reserved under the 2019 Stock Option Incentive Plan. Due to the implementation by the Company of the annual equity distribution plan in 2018, the exercise price and quantity under the 2019 stock option incentive plan were adjusted. After

adjustment, the exercise price of the stock option initially granted was changed from RMB 23.36 per share to RMB 17.93 per share, the quantity of stock options initially granted was changed from 50,076,000 to 65,098,800, and the quantity of reserved stock options granted was changed from 12,519,000 to 16,274,700. At the same time, the board of directors considered that the Company and the grantees had met the conditions for the grant of reserved stock options under the Company's 2019 incentive plan, and consented to grant 16,274,700 stock options to 263 grantees on November 27, 2019 as the grant date of reserved stock options at the exercise price of RMB 17.93 per share.

On June 22, 2020, the Company held the 19th session of the 4th board of directors and the 19th session of the 4th board of supervisors, deliberating and passing the Proposal on Adjusting the Exercise Price and Quantity under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options. For the implementation of the annual equity distribution plan in 2019, the exercise price and quantity under the stock option incentive plans in 2018 and 2019 were adjusted accordingly. Among them, the quantity of stock options that have not been exercised under the 2018 stock option incentive plan was adjusted from 99,001,310 to 128,698,841, the exercise price thereof was adjusted from RMB 13.48 per share to RMB 10.28 per share; the number of initial grantees under the 2019 stock option incentive plan was adjusted from 348 to 340, the quantity of stock options initially granted was adjusted from 65,098,800 to 84,626,558, and the exercise price of the stock options initially granted was adjusted from RMB 17.93 per share to RMB 13.70 per share; the quantity of reserved stock options granted was adjusted from 16,241,700 to 21,113,740, and the exercise price thereof was adjusted from RMB 17.93 per share to RMB 13.70 per share.

3. Share-based payment settled in cash

☐ Applicable ☒ Not Applicable

4. Modification and termination of share-based payment

5. Others

XIV. Commitments and Contingencies

1. Significant commitments

Significant commitments on the balance sheet date

2. Contingencies

(1) Significant contingencies on the balance sheet date

(2) Notes shall be made if the Company has no significant contingencies that need to be disclosed

The Company has no significant contingencies to be disclosed.

3. Others**XV. Post-Balance Sheet Date Events****1. Significant non-adjusting items**

In RMB

| Item | Content | Effectuated quantum on financial status and operating results | Reasons why the effectuated quantum cannot be estimated |
|------|---------|---|---|
|------|---------|---|---|

2. Profit distribution

In RMB

3. Sales return**4. Notes on other post-balance sheet date events****XVI. Other Significant Events****1. Correction of previous accounting errors****(1) Retrospective restatement**

In RMB

| Accounting error corrected | Processing procedure | Name of the affected item in the statements of the comparison period | Cumulative quantum affected |
|----------------------------|----------------------|--|-----------------------------|
|----------------------------|----------------------|--|-----------------------------|

(2) Prospective Application

| Accounting error corrected | Approval procedure | Reasons for adopting method of prospective application |
|----------------------------|--------------------|--|
|----------------------------|--------------------|--|

2. Debt restructuring**3. Asset replacement****(1) Exchange of non-monetary assets****(2) Replacement of other assets****4. Annuity plan****5. Termination of operation**

In RMB

| Item | Incomes | Costs | Total profits | Income tax expenses | Net profits | Profits from termination of operation attributable to the owners of the parent company |
|------|---------|-------|---------------|---------------------|-------------|--|
|------|---------|-------|---------------|---------------------|-------------|--|

Other notes

6. Segment information**(1) Determination basis and accounting policy of reporting segment****(2) Financial information of reporting segment**

In RMB

| Item | | Inter-segment set-off | Total |
|------|--|-----------------------|-------|
|------|--|-----------------------|-------|

(3) Notes on reasons why the Company has no reporting segment or cannot disclose the total assets and liabilities of each reporting segment, if any

(4) Other notes

7. Other important transactions and events that have an impact on investors' decision-making

8. Others

XVII. Notes to Main Items in Financial Statements of the Parent Company

1. Accounts receivable

(1) Categorized disclosure of accounts receivable

In RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|---|------------------|------------|--------------------|----------------------|------------------|------------------|------------|--------------------|----------------------|------------------|
| | Book balance | | Bad-debt provision | | Book value | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | proportion | Amount | Provision proportion | |
| Accounts receivable for which bad-debt provision is made individually | 242,560.49 | 0.01% | 242,560.49 | 100% | | 241,403.36 | 0.02% | 241,403.36 | 100% | |
| Including: | | | | | | | | | | |
| Entity 1 | 241,403.36 | 0.01% | 241,403.36 | 100% | | 241,403.36 | 100% | 241,403.36 | 100% | |
| Entity 2 | 1,157.13 | 0% | 1,157.13 | 100% | | | | | | |
| Accounts receivable for which bad-debt provision is made by group | 1,770,435,340.64 | 99.99% | 3,221,322.47 | 0.18% | 1,767,214,018.17 | 1,564,941,516.13 | 99.98% | 3,148,698.64 | 0.20% | 1,561,792,817.49 |
| Including: | | | | | | | | | | |
| Group by aging | 1,770,435,340.64 | 99.99% | 3,221,322.47 | 0.18% | 1,767,214,018.17 | 1,564,941,516.13 | 99.98% | 3,148,698.64 | 0.20% | 1,561,792,817.49 |
| Total | 1,770,677,901.13 | 100% | 3,463,882.96 | 0.19% | 1,767,214,018.17 | 1,565,182,919.49 | 100% | 3,390,102.00 | 0.20% | 1,561,792,817.49 |

Provision for bad debts made individually

In RMB

| Description | Closing balance | | | |
|-------------|-----------------|--------------------|----------------------|------------------------|
| | Book balance | Bad-debt provision | Provision proportion | Reason for provision |
| Entity 1 | 241,403.36 | 241,403.36 | 100% | It cannot be recovered |
| Entity 1 | 1,157.13 | 1,157.13 | 100% | It cannot be recovered |
| Total | 242,560.49 | 242,560.49 | -- | -- |

Provision for bad debts made individually

In RMB

| Description | Closing balance | | | |
|-------------|-----------------|--------------------|----------------------|----------------------|
| | Book balance | Bad-debt provision | Provision proportion | Reason for provision |

Provision for bad debts made by group:

In RMB

| Description | Closing balance | | |
|-------------|-----------------|--------------------|----------------------|
| | Book balance | Bad-debt provision | Provision proportion |

Notes on basis for determining the group:

If the bad-debt provision for accounts receivable is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

☐ Applicable ☒ Not Applicable

Disclosure by aging

In RMB

| Aging | Closing Balance |
|----------------------------------|------------------|
| Within 1 year (including 1 year) | 1,767,862,299.30 |
| Undue | 1,762,643,578.97 |
| 1 to 60 days overdue | 5,205,182.93 |
| 61 to 120 days overdue | 13,537.40 |
| 1 to 2 years | 2,573,041.34 |
| 2 to 3 years | 242,560.49 |
| Total | 1,770,677,901.13 |

(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision made in the current period:

In RMB

| Category | Opening balance | Amount of change in the current period | | | | Closing balance |
|----------|-----------------|--|---------------------|-----------|-------|-----------------|
| | | Provision | Recover or reversal | Write off | Other | |

| | | | | | | |
|----------------------------------|---------------------|-------------------|-------------------|---------------|--|---------------------|
| Provision on an individual basis | 241,403.36 | 1,157.13 | | | | 242,560.49 |
| Provision on a group basis | 3,148,698.64 | 746,726.53 | 673,178.36 | 924.34 | | 3,221,322.47 |
| Total | 3,390,102.00 | 747,883.66 | 673,178.36 | 924.34 | | 3,463,882.96 |

Including significant amounts reversed or recovered from the current provision for bad debts:

In RMB

| Entity name | Amount recovered or reversed | Recovery method |
|-------------|------------------------------|-----------------|
|-------------|------------------------------|-----------------|

(3) Accounts receivable actually written off in the current period

In RMB

| Item | Write-off amount |
|--|------------------|
| Accounts receivable actually written off | 924.34 |

Including the write-off of significant accounts receivable:

In RMB

| Entity name | Nature of accounts receivable | Write-off amount | Reasons for write off | Procedures for write off | Whether the funds are generated by related party transactions |
|-------------|-------------------------------|------------------|-----------------------|--------------------------|---|
|-------------|-------------------------------|------------------|-----------------------|--------------------------|---|

Notes on the write-off of other receivables:

(4) Accounts receivable with top five closing balance - by debtor

| Entity name | Closing balance of accounts receivable | Proportion in total closing balance of accounts receivable | Closing balance of bad-debt provision |
|--------------|--|--|---------------------------------------|
| Entity 1 | 537,353,260.77 | 30.35% | 268,676.63 |
| Entity 2 | 442,331,745.71 | 24.98% | 221,165.87 |
| Entity 3 | 216,716,632.85 | 12.24% | |
| Entity 4 | 60,753,964.67 | 3.43% | |
| Entity 5 | 43,823,667.96 | 2.47% | 21,911.83 |
| Total | 1,300,979,271.96 | 73.47% | |

In RMB

(5) Accounts receivable derecognized due to transfer of financial assets

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

Other notes:

2. Other receivables

In RMB

| Item | Closing Balance | Opening Balance |
|-------------------|-----------------|-----------------|
| Other receivables | 425,928,930.09 | 524,425,779.85 |
| Total | 425,928,930.09 | 524,425,779.85 |

(1) Interest receivable**1) Classification of interest receivable**

In RMB

| Item | Closing Balance | Opening Balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

2) Significant overdue interest

| Borrower | Closing balance | Overdue time | Reasons for delay | Whether there is impairment and its judgment basis |
|----------|-----------------|--------------|-------------------|--|
|----------|-----------------|--------------|-------------------|--|

Other notes:

3) Bad-debt provision☐ Applicable ☒ Not Applicable**(2) Dividends receivable****1) Classification of dividends receivable**

In RMB

| Item (or Investee) | Closing Balance | Opening Balance |
|--------------------|-----------------|-----------------|
|--------------------|-----------------|-----------------|

2) Significant dividends receivable with aging over 1 year

In RMB

| Item (or Investee) | Closing Balance | Aging | Reasons for non-recovery | Whether there is impairment and its judgment basis |
|--------------------|-----------------|-------|--------------------------|--|
|--------------------|-----------------|-------|--------------------------|--|

3) Bad-debt provision☐ Applicable ☒ Not Applicable

Other notes:

(3) Other receivables**1) Classification of other receivables by nature**

In RMB

| Nature of receivables | Closing book balance | Opening book balance |
|------------------------------|----------------------|----------------------|
| Reserve fund | 60,960.44 | 99,209.99 |
| Security deposit | 418,700.00 | 221,000.00 |
| Import tax rebate receivable | | |
| Other | 191,242,451.12 | 191,539,338.72 |
| Current account | 235,251,333.56 | 333,529,849.71 |
| Total | 426,973,445.12 | 525,389,398.42 |

2) Bad-debt provision

In RMB

| Bad-debt provision | The first stage | The second stage | The third stage | Total |
|---|--|--|---|--------------|
| | Expected credit loss in the next 12 months | Expected credit loss over the whole duration (without credit impairment) | Expected credit loss over the whole duration (with credit impairment) | |
| Balance as at January 1, 2020 | 963,618.57 | | | 963,618.57 |
| Balance as at January 1, 2020 in the current period | — | — | — | — |
| Provision in the current period | 80,896.46 | | | 80,896.46 |
| Balance as at 30 June, 2020 | 1,044,515.03 | | | 1,044,515.03 |

Changes in book balance of provision for loss with significant changes in the current period

☐ Applicable ☒ Not Applicable

Disclosure by aging

In RMB

| Aging | Closing Balance |
|----------------------------------|-----------------|
| Within 1 year (including 1 year) | 426,973,445.12 |
| Undue | 426,465,719.57 |
| 1 to 60 days overdue | 438,376.05 |
| 61 to 120 days overdue | 69,349.50 |
| Total | 426,973,445.12 |

3) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision in the current period:

In RMB

| Category | Opening balance | Amount of change in the current period | | | | Closing balance |
|----------|-----------------|--|---------------------|-----------|-------|-----------------|
| | | Provision | Recover or reversal | Write off | Other | |

Including significant amounts reversed or recovered from the current provision for bad debts:

In RMB

| Entity name | Amount reserved or recovered | Recovery method |
|-------------|------------------------------|-----------------|
|-------------|------------------------------|-----------------|

4) Other receivables actually written off in the current period

In RMB

| Item | Write-off amount |
|------|------------------|
|------|------------------|

Including the write-off of significant other receivables:

In RMB

| Entity name | Nature of other receivables | Write-off amount | Reasons for write off | Procedures for write off | Whether the funds are generated by related-party transactions |
|-------------|-----------------------------|------------------|-----------------------|--------------------------|---|
|-------------|-----------------------------|------------------|-----------------------|--------------------------|---|

Notes on the write-off of other receivables

5) Other receivables with top five closing balance - by debtor

In RMB

| Entity name | Nature of receivables | Closing balance | Aging | Proportion in total closing balance of other receivables | Closing balance of bad-debt provision |
|-------------|-----------------------|-----------------|-------|--|---------------------------------------|
| Entity 1 | Current account | 200,000,000.00 | Undue | 46.84% | |
| Entity 2 | Equity transfer funds | 190,000,000.00 | Undue | 44.50% | 950,000.00 |
| Entity 3 | Current account | 33,700,000.00 | Undue | 7.89% | |
| Entity 4 | Current account | 1,233,183.56 | Undue | 0.29% | |
| Entity 5 | Current account | 590,926.89 | Undue | 0.14% | 2,954.63 |
| Total | -- | 425,524,110.45 | -- | | 952,954.63 |

6) Receivables involving government grants

In RMB

| Entity name | Name of government grant | Closing balance | Aging at the end of the period | Estimated time, amount and basis of collection |
|-------------|--------------------------|-----------------|--------------------------------|--|
|-------------|--------------------------|-----------------|--------------------------------|--|

7) Other receivables derecognized due to transfer of financial assets**8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement**

Other notes:

3. Long-term equity investments

In RMB

| Item | Closing balance | | | Opening balance | | |
|---|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Investment in subsidiaries | 10,957,391,837.67 | 28,560,179.80 | 10,928,831,657.87 | 9,972,755,414.87 | 28,560,179.80 | 9,944,195,235.07 |
| Investment in joint ventures and associates | 262,097,269.60 | 34,372,608.46 | 227,724,661.14 | 259,808,313.65 | 34,372,608.46 | 225,435,705.19 |
| Total | 11,219,489,107.27 | 62,932,788.26 | 11,156,556,319.01 | 10,232,563,728.52 | 62,932,788.26 | 10,169,630,940.26 |

(1) Investment in subsidiaries

In RMB

| Investee | Opening balance (book value) | Increase and decrease in the current period | | | | Closing balance (book value) | Closing balance of provision for impairment |
|---|---------------------------------|---|--------------------|--------------------------|-------|---------------------------------|---|
| | | Additional investment | Reduced investment | Provision for impairment | Other | | |
| ASAP Technology (Jiangxi) Co., Ltd. | 269,252,401.16 | 1,035,373.27 | | | | 270,287,774.43 | |
| Xiexun Electronic (Ji'an) Co., Ltd. | 242,137,662.88 | 593,059.53 | | | | 242,730,722.41 | |
| Suining Luxshare Precision Industry Co., Ltd. | 1,779,965.55 | 422,048.20 | | | | 2,202,013.75 | |
| Luxshare Precision Technology Co., Ltd. | 58,059,935.32 | 100,000,000.00 | | | | 158,059,935.32 | |
| ICTLANTO LIMITED(HK) | 534,084,500.26 | | | | | 534,084,500.26 | |
| Luxshare Precision Limited | 32,708,137.68 | 427,675.78 | | | | 33,135,813.46 | |

| | | | | | | | |
|---|------------------|---------------|--|--|--|------------------|---------------|
| Lanto Electronic Limited | 2,192,820,238.44 | 16,858,131.06 | | | | 2,209,678,369.50 | |
| Dongguan Leader Precision Industry Co., Ltd. | 63,493,794.31 | 478,105.62 | | | | 63,971,899.93 | |
| Kunshan Luxshare Precision Industry Co., Ltd. | 430,091,772.36 | 41,839,977.44 | | | | 471,931,749.80 | |
| Wan' an Xiexun Electronic Co., Ltd. | 40,164,974.04 | 25,056.61 | | | | 40,190,030.65 | |
| Fujian JK Wiring Systems Co., Ltd.. | 96,964,062.97 | 102,167.16 | | | | 97,066,230.13 | |
| Ji'an Jizhou district Luxshare Electronic Co., Ltd. | 8,112,772.81 | 31,392.16 | | | | 8,144,164.97 | |
| Luxshare Precision Industry (Chuzhou), Ltd. | 761,318,025.90 | 461,693.57 | | | | 761,779,719.48 | |
| SuK Kunststofftechnik GmbH | 33,746,516.14 | | | | | 33,746,516.14 | |
| Fengshun Lixun Precision Industry Co., Ltd. | 10,076,141.87 | 11,564.74 | | | | 10,087,706.61 | |
| Shenzhen Luxshare Acoustics Technology Ltd. | 4,081,506.29 | 254,097.54 | | | | 4,335,603.82 | 28,560,179.80 |
| Dongguan Luxshare Precision Industry Co., Ltd. | 1,001,329,142.07 | 5,453,717.86 | | | | 1,006,782,859.93 | |
| Luxshare Automation (Jiangsu) Ltd. | 38,027,834.69 | 2,342,020.30 | | | | 40,369,854.99 | |
| Shenzhen | 21,000,000.00 | | | | | 21,000,000.00 | |

| | | | | | | | |
|--|------------------|---------------|------------|--|--|------------------|--|
| Luxshare Standard Co., Ltd. | | | | | | | |
| Jiangxi Luxshare Intelligent Manufacture Co., Ltd. | 995,790,836.43 | 10,484,345.62 | | | | 1,006,275,182.05 | |
| Donguan Xuntao Electronic Co., Ltd. | 1,561,134.02 | | 557,534.31 | | | 1,003,599.71 | |
| Luxshare Electronic Technology (Kunshan) Co., Ltd. | 1,604,961,044.49 | 13,112,436.28 | | | | 1,618,073,480.77 | |
| Luxshare Precision Components (Kunshan) Co., Ltd. | 79,543,166.18 | 666,538.17 | | | | 80,209,704.35 | |
| Luxshare Precision Industry (Enshi) Co., Ltd. | 63,000,000.00 | 13,827.67 | | | | 63,013,827.67 | |
| Yongxin County Boshuo Electronics Co., Ltd. | 263,449.36 | 76,438.14 | | | | 339,887.50 | |
| Luxshare-ICT (Japan) | 742,801.20 | 369,674.45 | | | | 1,112,475.65 | |
| Taiwan Luxshare Precision Limited | 31,180,665.86 | 22,714,472.05 | | | | 53,895,137.91 | |
| LuxshareICT, inc (USA) | 11,429,601.78 | 4,276,128.99 | | | | 15,705,730.77 | |
| Korea LuxshareICT Co., Ltd | 2,431,448.58 | 491,554.32 | | | | 2,923,002.90 | |
| Luxshare-ICT Europe Limited | 304,567.47 | 46,258.56 | | | | 350,826.03 | |
| Meite Technology (Suzhou) Co., Ltd. | 2,576,133.16 | 335,963.28 | | | | 2,912,096.44 | |

| | | | | | | | |
|--|----------------|----------------|---------------|--|--|----------------|--|
| Kunshan-Luxshare RF Technology Co., Ltd. | 1,730,833.09 | 7,520,889.11 | | | | 9,251,722.20 | |
| Meilv Electronic (Huizhou) Co., Ltd. | 571,900.00 | | 91,048.50 | | | 480,851.50 | |
| Jiangxi ASAP Electronic Co., Ltd. | 1,022,839.08 | 148,438.80 | | | | 1,171,277.88 | |
| Luxshare Precision Industry (Baoding) Co., Ltd. | 241,115.91 | 105,760.08 | | | | 346,875.99 | |
| Luxshare Precision Industry (Shanxi) Co., Ltd. | 837,894.93 | 159,864.32 | | | | 997,759.25 | |
| Guangdong Luxshare Merry Electronic Co., Ltd. | 3,199,193.61 | 536,197.58 | | | | 3,735,391.19 | |
| Bozhou Lanto Electronic Limited | 2,523,662.33 | 525,937.30 | | | | 3,049,599.63 | |
| Kunshan Luxshare Precision Mould Co., Ltd. | 2,555,423.16 | 503,468.70 | | | | 3,058,891.86 | |
| Huzhou Jiuding Electronic Co., Ltd. | 626,901.37 | 95,215.96 | | | | 722,117.33 | |
| Xinyu Xiexun Electronic Co., Ltd. | 212,688.11 | 44,529.73 | | | | 257,217.84 | |
| Luxshare Precision Industry (Xi'an) Co., Ltd. | 64,000,000.00 | | 64,000,000.00 | | | 0.00 | |
| Luxshare Precision Industry (Suzhou) Co., Ltd. | 111,000,000.00 | 19,000,000.00 | | | | 130,000,000.00 | |
| Luxshare | 403,156,886.94 | 299,122,941.74 | | | | 702,279,828.68 | |

| | | | | | | | |
|--|------------------|------------------|---------------|--|--|-------------------|---------------|
| Intelligent Manufacture (Zhejiang) Co., Ltd. | | | | | | | |
| Bozhou Xuntao Electronic Limited | 85,785.00 | 25,255.30 | | | | 111,040.30 | |
| Dongguan Luxshare Technology Co., Ltd. | 696,027,859.24 | 164,580,273.10 | | | | 860,608,132.34 | |
| Xuancheng Luxshare Precision Industry Co., Ltd. | 177,664.36 | 33,898.15 | | | | 211,562.51 | |
| Beijing Luxshare Acoustic Technology Co., Ltd. | 190,354.67 | 641,810.58 | | | | 832,165.25 | |
| Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd. | 23,000,000.00 | 333,000,000.00 | | | | 356,000,000.00 | |
| Xingning Luxshare Electronic Co., Ltd. | | 31,112.74 | | | | 31,112.74 | |
| Xingning Luxshare-ict Precision Industry Co., Ltd. | | 78,160.84 | | | | 78,160.84 | |
| SpeedTech Corp. | | 207,533.21 | | | | 207,533.21 | |
| Total | 9,944,195,235.07 | 1,049,285,005.61 | 64,648,582.81 | | | 10,928,831,657.87 | 28,560,179.80 |

(2) Investment in joint ventures and associates

In RMB

| Investee | Opening | Increase and decrease in the current period | Closing balance | Closing balance |
|----------|---------|---|-----------------|-----------------|
|----------|---------|---|-----------------|-----------------|

| | balance (book value) | Additio nal investm ent | Reduced investme nt | Investment profit or loss recognized under equity method | Other comprehen sive income adjustment | Other changes in equity | Declared cash dividends or profits | Provision for impairme nt | Other | (book value) | of provision for impairment |
|---|----------------------|----------------------------------|---------------------------|--|--|-------------------------------|---|------------------------------------|-------|----------------|--------------------------------|
| I. Joint ventures | | | | | | | | | | | |
| II. Associates | | | | | | | | | | | |
| Siliconch | 25,502,902.88 | | | | | | | | | 25,502,902.88 | |
| Zhuhai Kinwong Flexible Circuit Co., Ltd. | 199,932,802.31 | | | 2,288,955.95 | | | | | | 202,221,758.26 | 34,372,608.46 |
| Subtotal | 225,435,705.19 | | | 2,288,955.95 | | | | | | 227,724,661.14 | 34,372,608.46 |
| Total | 225,435,705.19 | | | 2,288,955.95 | | | | | | 227,724,661.14 | 34,372,608.46 |

(3) Other notes**4. Operating income and operating costs**

In RMB

| Item | Current period | | Prior period | |
|--------------------|------------------|------------------|------------------|------------------|
| | Income | Cost | Income | Cost |
| Principal business | 2,844,292,349.24 | 2,600,626,804.78 | 1,687,516,171.65 | 1,570,953,960.37 |
| Other business | 34,738,322.66 | 12,702,613.65 | 18,099,472.76 | 11,887,660.82 |
| Total | 2,879,030,671.90 | 2,613,329,418.43 | 1,705,615,644.41 | 1,582,841,621.19 |

Income-related information:

In RMB

| Contract classification | Division 1 | Division 2 | | Total |
|-------------------------|------------|------------|--|-------|
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |
| Including: | | | | |

Information related to performance obligations:

None

Information relating to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the incomes corresponding to the contracts signed whose performance has not been commenced or completed amount to RMB 0.00, of which RMB 0.00 is expected to be recognized in the year, RMB is expected to be recognized in the year, and RMB is expected to be recognized in the year.

Other notes

5. Investment income

In RMB

| Item | Current Period | Prior Period |
|--|----------------|----------------|
| Long-term equity investment income accounted for using the cost method | | 299,731,062.86 |
| Long-term equity investment income accounted for using the equity method | 2,288,955.95 | |
| Investment income from disposal of long-term equity investment | -58,000.00 | |
| Investment income from held-for-trading financial assets during holding period | -1,933,933.38 | 146,990.00 |
| Income from wealth management | 20,022,721.87 | 14,276,729.21 |
| Other | 20,319,744.44 | 314,154,782.07 |

6. Others

XVIII. Supplementary Information

1. Detailed statement of current extraordinary gain or loss

√ Applicable ☐ Not Applicable

| Item | Amount | Remarks |
|---|----------------|---------|
| Profit or loss from disposal of non-current assets | -8,643,622.43 | |
| Government grants recognized in the current profit or loss (except for the government grants which are closely related to the business of the enterprise and enjoyed in accordance with the national unified standard quota) | 126,474,795.32 | |
| Profit or loss on assets under entrusted investment or management | 36,839,234.15 | |
| Except for effective hedging business related to the company's normal business operations, profit or loss from changes in fair value arising from the holding of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments | 87,601,688.39 | |
| Other non-operating income and expenses except the above items | 2,049,673.01 | |
| Less: Affected quantum of income tax | 38,777,094.59 | |
| Affected quantum of minority interest | 6,083,126.21 | |

| | | |
|-------|----------------|----|
| Total | 199,461,547.64 | -- |
|-------|----------------|----|

In RMB

Notes shall be made as to the reasons for the Company to identify the extraordinary gain or loss items as defined in the Explanatory Announcement No. 1 on Information Disclosure by Companies Publicly Offering Securities - Extraordinary Gain or Loss, and to identify the items of extraordinary gain or loss enumerated in the said announcement as recurring profit and loss items.

☐ Applicable ☒ Not Applicable

2. Return on equity and earnings per share

| Profit in the reporting period | Weighted average return on equity | Earnings per share | |
|--|-----------------------------------|--------------------------------------|----------------------------------|
| | | Basic earnings per share (RMB/share) | Diluted earnings per (RMB/share) |
| Net profit attributable to common shareholders of the Company | 11.77% | 0.36 | 0.36 |
| Net profit attributable to common shareholders of the Company after deducting extraordinary gain or loss | 10.89% | 0.33 | 0.33 |

3. Accounting data differences under domestic and foreign accounting standards

(1) Differences of net profit and net assets in financial reports disclosed according to overseas accounting standards and Chinese accounting standards at the same time

☐ Applicable ☒ Not Applicable

(2) Difference of net profit and net asset in financial reports disclosed according to overseas accounting standards and Chinese accounting standards at the same time

☐ Applicable ☒ Not Applicable

(3) Notes on the reasons for the differences of accounting data under the accounting standards at home and abroad, and the name of the overseas institution if difference adjustment is made to the data audited by an overseas audit institution

4. Others

Section XII. Reference Documents

1. Financial statements signed and sealed by the person in charge of the Company, the chief financial officer and the person in charge of the accounting agency.
2. Originals of all company documents and announcements publicly disclosed on the website designated by the CSRC during the reporting period.
3. Other relevant information.

Luxshare Precision Industry Co., Ltd.
Chairman: WANG Laichun
August 24, 2020