

# **Luxshare Precision Industry Co., Ltd.**

## **Annual Report 2021**

2022-033

## **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 Annual Report is true, accurate and complete and this Annual Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liability for this Annual Report.**

**WANG Laichun, Principal of the Company, CFO WU Tiansong and Chief Accountant CHEN Huiyong hereby represent that the financial statements contained in this Annual Report are true, accurate and complete.**

**All directors of the Company attended the meeting of the Board of Directors reviewing this Report.**

**The relevant risks facing the Company are set out in “Section III Management’s Discussion and Analysis - XI. Prospects for future development of the Company”.**

**According to the profit distribution proposal approved by the Board of Directors, the Company will distribute a cash dividend of RMB1.10 (inclusive of tax) per 10 shares to all shareholders on the basis of 7,084,301,477 shares, and will not distribute any bonus shares or transfer any capital reserve to the share capital for the reporting period.**

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## **List of References**

1. Financial statements signed and chopped by the principal, CFO and Chief Accountant of the Company;
2. Original of the auditor's report stamped with the seal of the accounting firm and signed and chopped by the certified public accountants;
3. Originals of all documents of the Company publicly disclosed on the website for information disclosure designated by the China Securities Regulatory Commission during the reporting period and related announcements; and
4. Other references.



Luxshare Automation Jiangsu	means	Luxshare Automation (Jiangsu) Co., Ltd.
Dongguan Luxshare Technology	means	Dongguan Luxshare Technology Co., Ltd.
Luxshare Electronic Kunshan	means	Luxshare Electronic Technology (Kunshan) Co., Ltd.
Luxshare Electronic Enshi	means	Luxshare Electronic Technology (Enshi) Co., Ltd.
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			
Chinese short name			
English name (if any)	Luxshare Precision Industry Co., Ltd.		
English short name (if any)	Luxshare-ICT		
Legal representative	WANG Laichun		
Registered address	2/F, Block A, Sanyang New Industrial Zone, West Haoyi, Shajing Street, Baoan District, Shenzhen		

of the Company (if any)	
Changes in controlling shareholder (if any)	No

## V. Other related information

Accounting firm engaged by the Company:

Name of accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Office address of accounting firm	Rooms 1, 2 & 3, 4/F, No. 61 East Nanjing Road, Huangpu District, Shanghai
Name of accountants signing this report	LI Jing and WEI Gang

Sponsor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period:

Applicable N/A

Name of sponsor	Office address of sponsor	Names of sponsor representatives	Period of ongoing supervision
CITIC Securities Co., Ltd.	19/F, North Tower, Excellence Times Plaza (Phase II), No. 8 3 <sup>rd</sup> Central Road, Futian District, Shenzhen	HE Feng and LIU Guanzhong	From December 2, 2020 to December 31, 2021

Financial advisor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period

Applicable N/A

## VI. Key accounting data and financial indicators

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

Yes No

	2021	2020	Y/Y % Change	2019
Operating revenue (RMB)	153,946,097,790.40	92,501,259,211.54	66.43%	62,516,314,588.42
Net profit attributable to shareholders of the listed company (RMB)	7,070,520,386.57	7,225,462,752.58	-2.14%	4,713,820,644.90
Net profit attributable to shareholders of M after deduction of extraordinary gain or loss (RMB)	6,015,597,220.13	6,088,901,850.86	-1.20%	4,435,974,109.41
Net cash flows from operating activities (RMB)	7,284,766,917.00	6,873,211,486.05	5.99%	7,465,988,174.33
Basic earnings per share (RMB/share)	1.01	1.03	-1.94%	0.68
Diluted earnings per share (RMB/share)	0.99	1.01	-1.98%	0.67
Weighted average return on net assets	22.35%	30.29%	Decrease by 7.94 percentage points	26.55%
	December 31, 2021	December 31, 2020	Y/Y % Change	

been negative and the most recent annual auditor's report indicates that the Company's ability to continue as a going concern is uncertain?

Yes No

Whether the lower of the net profit or the amount of the net assets is used as the basis for determining the amount of the provision for non-current assets impairment; If not, please explain the reasons.

Item	2021	2020	2019	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	-57,241,855.39	-35,503,173.93	-110,085,527.48	
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 polices of the country)	853,542,165.37	450,749,695.89	232,311,428.35	
Interest in the fair value of the acquirees' identifiable net assets at the date of acquisition in excess of the investment cost of the relevant subsidiaries, associates and joint ventures	16,559,223.33			Difference between the original carrying amount of long-term investment and fair value of newly consolidated subsidiaries upon change from the equity method to the cost method
Gain or loss on assets under entrusted investment or management	95,298,693.93	113,778,335.78	89,722,710.32	
Gain or loss on changes in fair value of financial assets held for trading and financial liabilities held for trading, and gain on disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedges held in the ordinary course of business	602,993,325.33	837,100,369.42	131,736,631.37	
Other non-operating income and expenses	-12,600,634.71	30,554,498.37	-999,739.32	
Other gain or loss within the meaning of extraordinary gain or loss	-170,939,666.46	0.00	0.00	Mainly gain on derecognition of financial assets at amortized cost
Less: Effect of income tax	211,043,425.20	214,489,873.68	55,533,801.99	
Effect of minority interest (after tax)	61,644,659.76	45,628,950.13	9,305,165.76	
Total				

## Section III Management's Discussion and Analysis

### I. Situations of our industry in the reporting period

During the reporting period, we are engaged in the research and development (R&D), manufacturing and sale of products in the fields of consumer electronics, communication, automotive electronics and healthcare, among others. Our products and businesses are diversified and vertically integrated, and cover components, modules and system assembly.

#### (I) Consumer electronics

In the industry of consumer electronics, the development and innovation of applied technologies and diversified growth of consumer demands jointly promote the upgrading of consumer electronic products and related product lines, and continued growth of the consumer electronics market size. According to Statista, the global consumer electronics market size grew at a compound annual growth rate (CAGR) of 2.90% from 2015 to 2020, and is expected to reach USD1,098 billion in 2025. The advancement of 5G and artificial intelligence (AI) technologies will promote the development of different kinds of smart mobile, smart wearable, AR/VR/MR, smart home, smart display and other IoT devices. The acceleration of upgrading of terminal products will drive the increase in the integration level of electronic components contained therein and improvement of technological level. The one-stop solution providers that are able to provide the brand customers with better production processes and higher integration level and require the input of less resources will get more orders for related components and finished products. Accordingly, the Company's business expansion and industrial operations are expected to fully benefit.

#### (II) Communication and data center

In the field of communication and data center, the series of technical innovation and emerging of new technologies promote the evolution from traditional IT infrastructure to data infrastructure, and along with 5G and cloud computing technologies, and

### (III) Automotive electronics

Smart electric vehicles represent an opportunity of the century for the automotive industry of China. China has the largest automotive market with the highest level of openness and inclusion and most consumers in the world, utilizes the most advanced smart vehicle technologies and attracts all major carmakers in the world. China ranks among the first in the world in terms of number of smart vehicle brands and models. At present, China's smart vehicle market is transiting from the policy-driven period to the period of market-driven high growth in an all-round way. In 2021, the sales volume of electric vehicles reached 3.52 million units in China, representing an increase of 160% as compared with 2020. China has ranked first in the world in terms of sales volume of electric vehicles for seven consecutive years, and the sales volume of electric vehicles in China is expected to further increase by 47% to about 5 million units in 2022. The penetration of electric vehicles increased from 7.2% at the beginning of 2021 to 19% at the end of 2021, representing an exponential growth as compared with 10 years ago, and showing great potentialities of growth.

In addition to “electrification”, “intelligentization” and “interconnection” are also developing vigorously. Statistics show that about 20% new passenger cars are equipped with driver assistance system, the penetration of L2 driver assistance system into the electric vehicle market reaches 38%, electric vehicles has basically realized full coverageM f r Sarket r lu ca a 4

## **II. Our main business in the reporting period**

We concentrate our efforts on the specialization in and optimization of underlying technologies, made in-depth deployments in acoustic, visual, power (wired/wireless), wireless communication and other fields to meet future demands. Our products have been widely applied in the fields of consumer electronics, communication and automotive. By comprehensively mastering the technologies relating to various components and modules, and super-precision manufacturing technologies accumulated over the years, we give full play to our advantages in vertical integration, and continuously restructure the supply chain in the field of system assembly, to create more value for our customers, thereby gaining customers' support and confidence.

In launching a new product, we focus on the product quality, yield rate and optimization of production costs on the basis of innovative production technology, intelligent automation and digital platform, thereby enabling us to make continuous and substantial breakthroughs in new markets, new customers and new products. In the implementation of related controls, there is no doubt that the automation technologies lay the strong foundatio

1.	3. IOT
<p>1. Leanness</p> <p>In-depth disassembly of and forward-looking research on processes</p> <p>Reasonableness, standardization and simplification of design</p> <p>Lean layout of production lines</p>	<p>3. Digitalization</p> <p>Digital integration of IoT and manufacturing</p> <p>Visual control center and management</p> <p>Automation of the whole operation process</p>
2.	4.
<p>2. Automation</p> <p>Whole-process automation of handling, processing, testing, logistics and warehousing</p> <p>Analysis of flexible automation system</p>	<p>4. Intelligentization</p> <p>Self-sensing, self-learning, self decision-making and self-execution of machines</p> <p>ti Solve tangiM</p>

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From the perspective of applications, consumer electronics, communication and automotive are our main product and business segments. In the field of consumer electronics, we continue our product mix in prior years, follow the trends of metaverse, AIoT smart life and high-speed transmission, and enrich our product offerings in a steady and orderly manner. Our product offerings include acoustic products (such as TWS earphone), smart home products (such as 5G CPE and Wi-Fi 6 portable router), smart terminal products (such as wearable watch and wristband, AR/VR/MR), computer accessories (such as Dock), intelligent stylus, video conference equipment and wired and wireless high-watt rapid charging accessories for various PC/NB/mobile phone brands for retail sale.

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Electric connection products	Server	Switch	Complete unit assemblies
Optical connection products	Cabling system	Infrastructure	Thermal management products
Aggregation switch	Access switch	Data center rack cluster	Server cluster inside rack

We have focused on the development of core technological capabilities and basic R&D capabilities through research of simulation technology, new materials and new processes and application of testing technologies,

Filter	Thermal management	Core components	Development of high-speed bare wire
Precision stamping and injection molding	Radio frequency	Radiator	
Basic manufacturing capability	Die casting	Tooling	Sheet metal
Stamping	Injection molding	Surface treatment	Basic service platform
Local engineering service center	Global purchasing	Development of automatic equipment	Component center

Due to the effect of disengagement between China and the United States and geopolitics, exports of the domestic communication and data center industries face certain shocks and challenges. With respect to the further exploitation of opportunities of external circulation, we always regard the technical capabilities as the foundation for business development, and driven by the technologies and with the support of our strong precision manufacturing capability, actively exploit the overseas market. In addition, we will firmly grasp the opportunities provided by the “Eastern Data, Western Computing” program and replacement with home-made goods, focus on internal circulation, and actively seek new o atf c t %

Wire harness	Vehicle wire harness	Special wire harness	Charging gun
Connector	Low-voltage connector	High-voltage connector	High-speed connector



### III. Analysis of core competencies

#### (I) Smart manufacturing under the lean production mode

Since our establishment, we have adhered to our original intention, focused on precision manufacturing, and through development and application of advanced digital tools and automatic production processes, and continuous optimization of system structure, organization and production mode, ensure our production system is able to rapidly adapt to the continuously expanding production lines and meet the constantly changing market demands.

##### 1. Modern optimization of smart process

We implement the lean production mode pursuant to 7-S management standard, carry out production according to demands, meet the demands of different customers for different products with the optimal production rhythm, and have introduced many digital system tools, for example:

##### (1)

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manufacturing” from “precision manufacturing” in the early stage and “quality assured precision manufacturing” in the middle stage.

### 3. Advanced comprehensive 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 is our lifeline” as one of our corporate values, established and improved the quality management system in the past years. In 2018, we introduced the ISO 9001:2015 standard, and in 2020, we introduced the IATF 16949:2016 standard. At present, we have established a comprehensive quality management system covering the entire production process, from material procurement to product delivery. We have also established a quality management system covering the entire production process, from material procurement to product delivery. We have also established a quality management system covering the entire production process, from material procurement to product delivery.

### 3. Global service deployment

Economic globalization is the profound background and fundamental trend of the development and evolution of global economy in the 21<sup>st</sup> century. As the players of economic globalization, transnational companies directly promote the development of economic globalization. From the perspective of market, in the era of global intelligentization, the electronics industry is the field with the most thorough allocation of global resources and market competition at present.

After more than ten years' development, we have gradually built a global system integrating development, sales, FAE (field application engineer) and manufacturing. We now have 16 sales & FAE offices abroad, which, in addition to providing services to our customers from nearby locations, actively attract sales, R&D and management talents of different fields throughout the world, to introduce fresh blood and draw out the potential capacities of the teams. This approach not only can be horizontally replicated in new product operation teams, but also can maintain the capability boundary of all functional teams and personnel at the same level. In addition, in order to optimize our cost structure, we have established industrial zones and manufacturing facilities in some foreign countries, to serve global brand customers. We are committed to satisfying the demands of customers, keep abreast of market demands through our global sales & FAE network, accelerate R&D of new products, produce high value-added products; leverage our local manufacturing capabilities throughout the world and advantages in smart manufacturing, shorten the production and transportation cycle of products, further enhance the cost advantage of products, and improve quality and efficiency, to provide our customers throughout the world with more competitive services.

#### (III) R&D and technological innovation

##### 1. Continuous increase in R&D investment

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. 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 smart 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 consist of 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 RMB16.763 billion in the past three years. In the reporting period, our R&D expenses totaled RMB6.642 billion.

##### 2. Innovation capabilities and patents

Innovation is the soul of the era of knowledge economy. As a hi-tech company, we always attach great importance to the management and protection of intellectual properties (IPs), have established and continuously improved our IP policy, complied with all IP laws and regulations, established IP department and engaged professionals to actively carry out application, protection, operation and maintenance activities in respect of IPs. We encourage our employees to actively make innovations, reduce product costs and increase our profits. On the other hand, we actively prevent risk of infringement, and protect our and our customers' legitimate rights and interests. As of the end of this reporting period, we own 3,090 valid patents, an increase of 44.46% as compared with the end of 2020.

We firmly believe that R&D and technological innovation are an important means to realize forward-looking deployment, and will drive our development. 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.

(IV) Corporate culture focusing on sustainable development

1. All-round customer-oriented culture

Since our establishment, we have adhered to the philosophy of “customer first”, and been committed to providing our customers

management and other fields throughout the world, to create a talent pool for our sustainable development. 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 laid the foundation for our rapid development in new areas and businesses.

## **IV. Analysis of main business**

### **1. Overview**

In 2021, the external environment became more complicated and severe. The domestic and overseas economic development faced numerous pressures and was greatly affected by the changes unseen in a century and the epidemic disease of the century. During the reporting period, we m per e c o M

metrics, and in-depth analysis of this technology development route, taking into account our strategy of access to the overseas market for system products, we will make further plans in respect of smart wearable acoustic products and peripheral functional module system packaging business in the short term, and develop chip/semiconductor module packaging business in the long term. With respect to system products for mobile phones, the joint venture platform established by us and our controlling shareholder vigorously promoted smart and digital practices, and built an integrated smart platform covering product scheduling, production process analysis, asset management, energy monitoring, personnel management, failure analysis, remote assistance and other activities, in order to continuously improve our operation and management level, and effectively satisfy our customers' increasingly personalized, high

provider. The global market has continuous demands for communication equipment. Along with the further development of smart manufacturing, metaverse, smart driving and IoT, by virtue of our complete product lines and platforms, and our understanding and application of frontier technologies, we will continuous exploit the global market and increase our market shares.

During the reporting period, our sales revenues totaled RMB153.946 billion, an increase of 66.43% year on year; profit totaled RMB8.143 billion, an increase of 0.09% year on year; and net profit attributable to the owners of the parent totaled RMB7.071 billion, a decrease of 2.14% year on year.

## 2. Revenue and cost

### (1) Components of operating revenue

In RMB

	2021		2020		Y/Y % Change
	Amount	% of operating revenue	Amount	% of operating revenue	
Total operating revenue	153,946,097,790.40	100%	92,501,259,211.54	100%	66.43%
By segment					
Computer interconnect products and precision components	7,856,595,729.78	5.10%	3,521,361,712.58	3.81%	123.11%
Automotive interconnect products and precision components	4,142,675,174.19	2.69%	2,844,031,362.75	3.07%	45.66%
Communication interconnect products and precision components	3,269,476,642.60	2.12%	2,265,420,000.59	2.45%	44.32%
Consumer electronics	134,637,995,600.46	87.46%	81,818,160,358.88	88.45%	
Other connectors and other business	4,039,354,643.37	2.62%	2,052,285,776.74	2.22%	
By product					
Computer interconnect products and precision components	7,856,595,729.78	5.10%	3,521,361,712.58	3.81%	123.11%
Automotive interconnect products and precision components	4,142,675,174.19	2.69%	2,844,031,362.75	3.07%	45.66%
Communication interconnect products and precision components	3,269,476,642.60	2.12%	2,265,420,000.59	2.45%	44.32%
Consumer electronics	134,637,995,600.46	87.46%	81,818,160,358.88	88.45%	64.56%
Other connectors and other business	4,039,354,643.37	2.62%	2,052,285,776.74	2.22%	

Direct sales	153,946,097,790.40	135,048,336,292.88	12.28%	66.43%	78.23%	-5.81%
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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

**(3) Whether the Company's revenue from sale of tangible goods is higher than the revenue from labor service?**

**(6) Change in the scope of consolidation during the reporting period**

Yes No

Luxis Technology Limited, Yancheng Luxshare Precision Industry Co., Ltd., Hangzhou Xuntao Technology Co., Ltd., Rugao Luxshare Business Management Service Partnership (LP), Lianxun Smart Equipment (Rugao) Co., Ltd., Luxshare Technology (Xi'an) Co., Ltd., Luxshare Electronic Technology (Enshi) Co., Ltd., Luxis Technology (Kunshan) Co., Ltd., Luxshare Investment Co., Ltd., Yancheng Luxshare Business Management Service Partnership (LP), Luxshare Smart Equipment (Yancheng) Co., Ltd., Luxis Precision Intelligent Manufacturing (Kunshan) Co., Ltd., Luxshare Smart Manufacturing & Electronic Service (Kunshan) Co., Ltd., Liding Electronic Technology (Dongguan) Co., Ltd., Luxshare Technology (Nanjing) Co., Ltd., Henan Leader Precision Industry Co., Ltd. and Changzhi Luxshare Precision Industry Ltd., that were newly established by us, Rikai Precision Technology (Yancheng) Co., Ltd. and Zhejiang Puson Electronic Technology Co., Ltd., that were acquired by us in cash, and Caldigit Holding (Cayman) and Taihan Precision Technology Co., Ltd., that were controlled by us by contract during the reporting period, are included in the scope of consolidation. Wuxi Huihong Electronics Co., Ltd., that was transferred by us, and Ji'an Jizhou Luxshare Electronics Co., Ltd., Speedtech (LS-ICT) Co., Limited, Luxshare International Cable Co., Ltd. and Luxshare-ICT International B.V., that were liquidated and deregistered during the reporting period, are removed from the scope of consolidation.

**(7) Material changes or adjustments in respect of business, products or services of the Company during the reporting period**

Applicable N/A

**(8) Major customers and suppliers**

Major customers of the Company&lt;

5	Supplier 5	1,528,880,184.17	1.17%
Total	--	75,982,606,355.38	57.96%

components project	performance, and reduce production costs.		millimeter wave antennas, reduce the dimensions of products and effectively lower costs.	components will be enhanced and market share of the relevant product lines will be increased.
New-type linear motor project	To optimize product mix and reduce R&D costs.	In progress	To optimize technical	

harnesses	wire harnesses, motor wire harnesses, automotive steering wire harnesses, new energy battery pack wire harnesses and other products.		develop automotive wire harness products, satisfy different customization requirements, and increase operating revenue.	field of automotive will be further increased.
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Project relating to automotive connectors

To develop high and low voltage connectors, high-speed connectors, customized connector structures and other automotive connectors.

Partially completed

To improve our manufacturing capability and production efficiency. Our proprietary automotive

£ er #

manufacturing capability and production efficiency.

	production lines for micro products in the injection molding workshop in the past, greatly improve workplace safety, realize automatic production, and promote automation upgrading in the industry. Through further upgrading of the equipment, to improve the stability of the equipment during production and finally realize automatic production of micro products in the injection molding workshop.		operations, and realize cavity-by-cavity plate feeding for micro products made from injection molding.	and product yield will be improved.
AI automatic inspection system project	The AI automatic inspection system will change the traditional operation mode of visual inspection, realize automatic inspection and promote automation upgrading in the industry. Through further upgrading of the equipment, to improve the reliability and stability of production, and finally realize unmanned workshops.	Completed	To replace manual handling, inspection and other labor intensive operations, and realize precise inspection of appearance, dimensions and other essential factors of precision components for electronic products.	Through automation upgrading of production lines, our production efficiency and product yield will be improved.

## Particulars of R&amp;D personnel:

	2021	2020	Y/Y % change
Number of R&D personnel	16,103	15,154	6.26%
Proportion of R&D personnel to total number of employees	7.06%	8.79%	-1.73%
Education background of R&D personnel	-	-	-
Undergraduate	7,393	7,126	3.75%
Master	260	256	1.56%
Others	10,199	9,310	9.55%
Ages of R&D personnel	-	-	-
Below 30	8,325	7,865	5.85%
30-40	6,897	6,507	5.99%

Above 40	881	782	12.66%
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Particulars of R&D expenses:

	2021	2020	Y/Y % Change
Amount of R&D expenses (RMB)	6,642,300,402.74	5,744,805,136.33	15.62%
Proportion of R&D expenses to operating revenue	4.31%	6.21%	-1.90%
Amount of R&D expenses capitalized (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D expenses to total R&D expenses	0.00%	0.00%	0.00%

	Amount	% of total profit	Reason	Whether or not sustainable

Long-term loans

**2. Assets and liabilities at fair value**

Applicable N/A

In RMB

Item	Beginning balance	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Impairment loss recognized in the current period	Amount acquired in the reporting period	Amount sold in the reporting period	Other changes	Ending balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	2,854,676,050.46	73,732,025.24			19	54.45	20 19	1 ,461.11
2. Derivative financial assets	305,388,411.95	-]	.90					]15,9]
3. Investment in other equity instruments	138,074,571.56		†	.00			] &	.86 235,9 â
Subtotal of financial assets	3 ,041.17	-115,737,751.0	†	.00	19 74	20 19	.436.86 1 & 2,343	4,253.46
Investment in equity instruments					5	.00		5 .00
Total	3 ,041.17	-115,737,751.0	†	.00	19 74	20 19	.436.86 1 & 2,348 &	,253.46
Financial liabilities	0.00	41						41

Other changes:

Other changes are the principal of other equity instruments included due to increase in the scope of consol `

## VII. Analysis of investments

### 1. Overall situation

Applicable N/A

Amount of investment in 2021 (RMB)	Amount of investment in 2020 (RMB)	Y/Y % Change
7,623,854,176.00	3,122,574,000.00	144.15%

### 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)	Disclosure reference (if any)
Rikai Precision Technology (Yancheng) Co., Ltd.	Technology development, technical consulting and technical services in respect of computer accessories; design, R&D and production of precision stamping molds (precision 0.02mm), precision cavity molds (precision 0.05mm), metal product molds, non-metal product molds and standard parts for molds; production of high-temperature resistant molded insulating materials, stamped hardware parts, rivets, shafts, mechanical components and other components for 3C electronics products; industrial design, product design (exterior design, structural design, circuit	Capital injection	6,000,000,000.00	50.01%	Self-owned funds	N/A	Long-term	Electronic components	Paid in full	0.00	0.00	No	February 4, 2021	Announcement No. 2021-017 published on www.cninfo.com.cn

design, graphic design,  
etc.); lease of own idle  
equipment; wholesale,  
commission agency  
(except auction), import,  
export and supporting





Committed investment project and use of over-raised funds	Whether the project has been changed or partially changed	Total committed investment amount	Total investment amount as adjusted (1)	Amount invested in the reporting period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3)=(2)/(1)	Date that the project is ready for its intended use	Income earned in the reporting period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
Committed investment project Smart mobile terminal module production line upgrading and expansion project										

Temporary replenishment of working capital with the unused offering proceeds	N/A
Amount of surplus offering proceeds and reason thereof	N/A
Purpose and whereabouts of unused offering proceeds	As of December 31, 2021, the balance of the account of offering proceeds was RMB0.00, and the offering proceeds were used in full.
Problems and other matters existing in the use and disclose of offering proceeds	None

### (3) Changes in the fund-raising investment projects

Applicable N/A

There's no change in the fund-raising investment projects during the reporting period.

## VIII. 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

## IX. 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 revenue	Operating profit	Net profit
Luxshare Precision Limited	Subsidiary	Purchase and sale of electronic products, data lines, connection lines, connectors, computer and peripherals, plastic and hardware products.	USD5,000,000	59,466,332,306.97	5,491,597,678.03	135,508,345,248.07	3,286,048,713.01	3,236,547,298.11
ICT-LANTO LIMITED	Subsidiary	Sales and services in respect of internal and external connection lines for IT, communication and consumer electronic applications, and precision connectors.	USD153,290,323	39,670,045,411.95	3,756,939,895.20	33,200,135,705.13	860,084,363.00	729,281,287.52
Rikai Precision	subsidiary	Technology development, technical consulting and technical	RMB6,264,312,296	32,118,051,618.12	10,996,563,441.13	49,727,123,010.93	1,255,106,809.05	1,092,231,638.01



Subsidiaries acquired and disposed of during the reporting period:

Applicable N/A

Company name	Method of acquisition or disposal	Effect on the production, operation and results of the Company taken as a whole
Rugao Luxshare Business Management Service Partnership (LP)	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxis Technology Limited	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Precision Industry (Yancheng) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxis Technology (Kunshan) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Electronic Technology (Enshi) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Lianxun Smart Equipment (Rugao) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Technology (Xi'an) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxis Precision Intelligent Manufacturing (Kunshan) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Liding Electronic Technology (Dongguan) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Smart Manufacturing & Electronic Service (Kunshan) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Investment Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Yancheng Luxshare Business Management Service Partnership (LP)	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Technology (Nanjing) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Smart Equipment (Yancheng) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Changzhi Luxshare Precision Industry Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Hangzhou Xuntao Technology Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Henan Leader Precision Industry Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
CALDIGIT HOLDING LIMITED	Controlled	No significant effect on the production,

		operation and results of the Company taken as a whole
Taihan Precision Technology Co., Ltd.	Controlled	No significant effect on the production, operation and results of the Company taken as a whole
Rikai Precision Technology (Yancheng) Co., Ltd.	Capital injection and acquisition of control	No significant effect on the production, operation and results of the Company taken as a whole
Zhejiang Puson Electronic Technology Co., Ltd.	Purchase of shares	No significant effect on the production, operation and results of the Company taken as a whole
Caseteck Singapore PTE. LTD.	Purchase of shares	No significant effect on the production, operation and results of the Company taken as a whole
Ji'an Jizhou Luxshare Electronics Co., Ltd.	Deregistered	No significant effect on the production, operation and results of the Company taken as a whole
Speedtech (LS-ICT) Co., Ltd.	Deregistered	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare-ICT International B.V.	Deregistered	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare International Cable Co., Ltd.	Deregistered	No significant effect on the production, operation and results of the Company taken as a whole
Wuxi Huihong Electronics Co., Ltd.	Sale of shares	No significant effect on the production, operation and results of the Company taken as a whole

Particulars of major controlled subsidiaries and associates:

N/A

## X. Structured entities controlled by the Company

Applicable N/A

## XI. Prospects for future development of the Company

### 1. Situations of the industry

In recent years, despite certain fluctuations, the global smart mobile phone market size has been growing generally. According to IDC, the global smart phone shipments reached 1.35 units in 2021, representing an increase of 7% year on year. After the arrival of the 5G#erye

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evolution from traditional IT infrastructure to data infrastructure, and along with the continuous development of the Internet, e-commerce, video, cloud computing and other Internet vertical

capabilities on the basis of our joint venture vehicle ODM platform, and embrace the new challenges and new opportunities brought by the flourishing era of smart EV.

### 3. Business plan for the next year

In 2021, though we faced all sorts of challenges from the internal and external environment, we always stood in awe of market opportunities. We worked hard to fulfill all tasks and overcome all kinds of difficulties, while accomplishing the objectives established at the beginning of the year, and developed the business plan for the next year,

In 2022, we will continue to exploit our main business, and firmly implement the established business plans. While seeking new opportunities in respect of component, module and system solutions on the consumer electronics, smart mobile, smart wearable and other IoT markets, such as display modules for smart mobile terminals, rear cover modules for smart mobile terminals, voice coil motors, RF front modules, AR/VR/MR, we will focus on the development of automotive, communication, industrial, energy, healthcare and other new markets, new materials, new processes, new applications and new technologies. With respect to entities and businesses newly acquired or incubated, we will fully leverage our strengths and give support in customer resources, supply chain resources, lean production, automation, digitalization, intelligentization, etc., in order to achieve the strategic objectives of rapid cultivation and benefit amplification. With respect to the automotive business, we will continue to cooperate with our domestic and foreign brand customers in the development of components, and on the basis of automotive “nervous” system, further expand the lines of connectors (high-voltage, low-voltage and high-speed connectors, Bus] mm

transactions are mainly settled in US Dollars. Our sales on the overseas market totaled RMB57,465,383,800, RMB85,046,280,900 and RMB143,452,850,200 in 2019, 2020 and 2021, representing 91.92%, 91.94% and 93.18% of our revenue from main business respectively. Because China 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 spread of the epidemic situation throughout the world, our customers will put forward increasingly high requirements for the international dea !

	No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong				operating results in the first half of 2021 and general situation	Activity dated August 25, 2021 published on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on August 26, 2021
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## Section IV Corporate Governance

### I. Basic Introduction

We have always been committed to promoting the establishment and improvement of a modern corporate system, regulating the operation of the listed company and improving the corporate governance structure. During the reporting period, we kept on improving our corporate governance structure, established and improved rules and regulations, regulated corporate operations, strengthened information disclosure, actively conducted investor relations management and improved corporate governance level in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Guidelines for Articles of Association of Listed Companies*, the *Code of Corporate Governance for Listed Companies*, the *Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 1 – Code of Operations for Companies Listed on the Main Board* and other applicable laws, regulations and normative documents.

(I) Shareholders and shareholders' meeting: We perform the procedures for convening, holding and voting at shareholders' meetings in strict accordance with the *Company Law*, the AOA, the *Rules of Procedure of the Shareholders' Meeting* and other relevant provisions and requirements, and treat all shareholders fairly. We permit shareholders to elect to vote in person or on line at our shareholders' meetings, so as to enable minority shareholders to fully exercise their voting rights. When a shareholders' meeting considers any related-party transaction, we require the interested shareholders to abstain from voting, and ensure that such related-party transaction is conducted on an arm's length basis without prejudice to the interests of shareholders. When a shareholders' meeting considers any material matter that affects the interests of minority shareholders, the votes cast by them are counted separately. All shareholders' meetings are convened and held by our Board of Directors in the presence of lawyers.

(II) Relationship with the controlling shareholder: We are independent of our controlling shareholder in operation, assets, personnel, organization and finance, and each of our Board of Directors, Board of Supervisors and other internal bodies operates



(V) Independence in operation

We have complete corporate property rights and independent R&D, production and sales systems, carry out business independently, keep separate accounts, and make decisions and assume liabilities and risks independently, and do not rely on any shareholder or other affiliate in our production and operation activities.

### III. Horizontal Competition

Applicable N/A

### IV. Annual and extraordinary shareholders' meetings held during the reporting period

#### 1. Shareholders' meetings held during the reporting period

Session	Type of meeting	Parentage of investors attending the meeting	Date of meeting	Date of disclosure	Resolution of the meeting
2020 annual shareholders' meeting	Annual shareholders' meeting	43.58%	May 18, 2021	May 19, 2021	2020 Work Report of the Board of Directors and other 12 proposals were approved by vote, as disclosed in our Announcement No. 2021-056.

First extraordinary shareholders' meeting in 2021	Extraordinary shareholders' meeting	46.41%	October 25, 2021	October 26, 2021
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**V. Directors, supervisors and executives****1. Particulars**

Name	Title	Status	Sex	Age	Beginning date of the term of office	End date of the term of office
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	Supervisors											
MO Rongying	Supervisor	Incumbent	Female	42	May 22, 2018	May 18, 2024						

Whether any director or supervisor retired or any executive was removed during the reporting period?

Yes No

Changes in directors, supervisors and executives:

Applicable N/A

Name	Title	Type	Date	Reason
LI Bin	Director	Retired upon expiration of term of office	May 18, 2021	Re-elected of the Board of Directors
YE Yiling	Director	Retired upon expiration of term of office	May 18, 2021	Re-elected of the Board of Directors
XU Huaibin	Independent Director	Retired upon expiration of term of office	May 18, 2021	Re-elected of the Board of Directors
LIN Yifei	Independent Director	Retired upon expiration of term of office	May 18, 2021	Re-elected of the Board of Directors
LI Bin	Deputy General Manager	Retired upon expiration of term of office	May 21, 2021	Re-elected of the Board of Directors
YE Yiling	Deputy General Manager	Retired upon expiration of term of office	May 21, 2021	Re-elected of the Board of Directors
WANG Tao	Director	Elected	May 18, 2021	Re-elected of the Board of Directors
LI Wei	Director	Elected	May 18, 2021	Re-elected of the Board of Directors
LIU Zhonghua	Independent Director	Elected	May 18, 2021	Re-elected of the Board of Directors
SONG Yuhong	Independent Director	Elected	May 18, 2021	Re-elected of the Board of Directors
WANG Tao	Deputy General Manager	Appointed	May 21, 2021	Re-elected of the Board of Directors
LI Wei	Deputy General Manager	appointed	May 21, 2021	Re-elected of the Board of Directors

## 2. Positions held

Professional background and main work experience of our current directors, supervisors and executives and main positions held by them in the Company:

### (I) Directors

Ms. WANG Laichun, 55 years old, resident of Hong Kong, China; EMBA, Shenzhen Graduate School of Tsinghua University; is now our Chairman of the Board of Directors and General Manager; former Director of the Shenzhen High-tech Industry Association and Vice Chairman of the Shenzhen Electronics Industry Association. Ms. WANG Laichun worked in the Wiring Business Unit of Foxconn, a subsidiary of Hon Hai Group, for nearly ten years since 1988, and left Foxconn in 1997 to start her own business. In 1999, Ms. WANG Laichun and Mr. WANG Laisheng jointly purchased the shares of Luxshare Limited. In 2004, she founded Luxshare Precision Industry (Shenzhen) Co., Ltd. through Luxshare Limited and acted as its Chairman of the Board of Directors. Ms. WANG Laichun is the Chairman of our 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Board of Directors.

Mr. WANG Laisheng, 58 years old, resident of Hong Kong, China; is now our Vice Chairman of the Board of Directors; former Executive Director of the Shenzhen Quality Association and Director of the Guangdong Laboratory Federation. Mr. WANG Laisheng was engaged in individual business since mid-1980s. Mr. WANG Laisheng and Ms. WANG Laichun jointly purchased the shares of Luxshare Limited in 1999 and founded Luxshare Precision Industry (Shenzhen) Co., Ltd. in 2004. Mr. WANG Laisheng is the Vice Chairman of our 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Board of Directors.

Mr. LI Wei, 42 years old, Chinese nationality, undergraduate; is now chief of our Precision Component Business Unit. Mr. LI Wei has nearly 20 years' experience in precision manufacturing and has been engaged in product design, validation and quality management in many precision manufacturing companies. He joined Luxshare-ICT in July 2019, responsible for the operation and management of the Corporate Business Division.

Mr. WANG Tao, 37 years old, Chinese nationality, undergraduate from the Southeast University; is now chief of our Acoustic Business Unit. Mr. WANG Tao has rich experience in precision manufacturing of components. He joined Luxshare-ICT in April 2009, responsible for product development and management.

Ms. ZHANG Ying, 59 years old, Chinese nationality; Doctor of Laws, Wuhan University; postdoctoral fellowship in law, Chinese Academy of Social Sciences; associate professor of the Shenzhen University Law School. Ms. ZHANG Ying joined the China University of Geosciences in 1984 as a lecturer, and the Institute of Political Science and Law, Wuhan Academy of Social Sciences in 1994 as an assistant researcher, and has acted as the Executive Director of the China European Law Research Association

since 2009. Ms. ZHANG Ying has obtained the qualification as an independent director from the Shenzhen Stock Exchange, and is an Independent Director of our 4<sup>th</sup> and 5<sup>th</sup> Board of Directors.

Mr. LIU Zhonghua, 57 years old, Chinese nationality, without foreign permanent residence, master, professor of accounting; is now professor and tutor of postgraduates of the Guangdong University of Foreign Studies School of Accounting, Director of the Accounting Society of China, Vice Chairman of the Accounting Society for Foreign Economic Relations & Trade of China, Executive Vice Chairman of the Guangdong Association of Management Accountants, and Executive Director of the Accounting Society of Guangdong. Mr. LIU Zhonghua has obtained the qualification as an independent director from the Shenzhen Stock Exchange, and is an Independent Director of Guangdong Provincial Expressway Development Co., Ltd., GEM Co., Ltd. and SGIS Songshan Co., Ltd.

Ms. SONG Yuhong, 51 years old, Chinese nationality; Master of Laws, Wuhan University; Bachelor of Laws, Southwest University of Political Science & Law; MBA, Grandes Écoles de Commerce; is now partner of DeHeng Law Offices (Shenzhen), and mediator of the International Commercial Mediation Center for Belt and Road Initiative – Luohu Court of Shenzhen Mediation Center. Ms. SONG Yuhong has obtained the qualification as an independent director from the Shenzhen Stock Exchange, and is an Independent Director of our 5<sup>th</sup> Board of Directors.

#### (II) Supervisors

Ms. XIA Yanrong, 41 years old, Chinese nationality, undergraduate majoring in financial management, is now our supervisor. Ms. XIA Yanrong worked at the Finance Department of 3CEMS Group Prime Technology (Guangzhou) Co., Ltd. from January 2003 to April 2006, and the Finance Department of Dachang Electronic Technology (Suzhou) Co., Ltd., a subsidiary of P-TWO, from April 2006 to April 2009, and joined us since April 2009, and served as chief of the Finance Department at Kunshan Lanto, and chief of the Finance Department and chief of the Credit Management Department at Luxshare-ICT, and is now Director of our Central Finance Department and Credit Management Department. Ms. XIA Yanrong is a member of our 4<sup>th</sup> and 5<sup>th</sup> Board of Supervisors.

Ms. MO Rongying, 42 years old, Chinese nationality, majoring in business administration

					from such entity
WANG Laichun	Luxsan Precision Technology (Jiangsu) Co., Ltd.	Director	November 25, 2020		No
WANG Laichun	BCS Automotive Interface Solutions (Suzhou) Co., Ltd.	Chairman	July 18, 2018		No
WANG Laichun	Luxshare Electronic Technology (Kunshan) Co., Ltd.	Chairman	March 18, 2014		No
WANG Laichun	Rikai Precision Technology (Yancheng) Co., Ltd.	Chairman	February 3, 2021		No
WANG Laichun	Xiexun Electronic (Ji'an) Co., Ltd.	Vice Chairman	November 12, 2005		No
WANG Laichun	Fujian JK Wiring Systems Co., Ltd.	Chairman	June 18, 2012		No
WANG Laisheng	Luxsan Precision Technology (Jiangsu) Co., Ltd.	Chairman	November 25, 2020		No
WANG Laisheng	Xunmu Information Technology (Shanghai) Co., Ltd.	General Manager	April 27, 2021		No
WANG Laisheng	Lishan Smart Manufacturing Technology (Guangdong) Co., Ltd.	Managing Director & Manager	November 18, 2020		No
WANG Laisheng	Lishan Smart Manufacturing Technology (Shenzhen) Co., Ltd.	Chairman	February 3, 2021		No
WANG Laisheng	BCS Automotive Interface Solutions (Xi'an) Co., Ltd.	Managing Director & General Manager	December 29, 2018		No
WANG Laisheng	Xiexun Electronic (Ji'an) Co., Ltd.	Chairman	November 12, 2005		No
WANG Laisheng	Lanto Electronic Limited	Vice Chairman	May 12, 2011		No
WANG Laisheng	Kunshan Luxshare Precision Industry Co., Ltd.	Director	October 25, 2011		No
WANG Laisheng	Donguan Xuntao Electronic Co., Ltd.	Vice Chairman	July 10, 2012		No
WANG Laisheng	Dongguan Leader Precision Industry Co., Ltd.	Chairman	August 16, 2012		No
WANG Laisheng	Kunshan Luxshare Precision Industry Co., Ltd.	Vice Chairman	October 25, 2011		No
WANG Laisheng	Suining Luxshare Precision Industry Co., Ltd.	Managing Director	January 11, 2013		No
WANG Laisheng	Xingning Luxshare Precision Industry Co., Ltd.	Managing Director	November 19, 2013		No
WANG Laisheng	Luxshare Precision Industry (Chuzhou), Ltd.	Managing Director	March 24, 2014		No
WANG Laisheng	Fengshun Luxshare Precision Industry Co., Ltd.	Managing Director	July 4, 2014		No
WANG Laisheng	Dongguan Luxshare Precision Industry Co., Ltd.	Chairman	November 27, 2015		No
WANG Laisheng	Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Director	December 25, 2015		No
LIU Zhonghua	Guangdong Provincial Expressway Development Co., Ltd.	Independent Director	December 4, 2017	September 20, 2022	Yes
LIU Zhonghua	GEM Co., Ltd.	Independent Director	March 20, 2019	March 12, 2025	Yes
LIU Zhonghua	SGIS Songshan Co., Ltd.	Independent	June 25, 2019	June 24, 2022	Yes

		Director			
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In RMB0'000

Name	Title
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			(Announcement No. 2021-050).
1 <sup>st</sup> meeting of the 5 <sup>th</sup> Board of Directors	May 21, 2021	May 22, 2021	Refer to the Announcement on Resolutions of the 1 <sup>st</sup> meeting of the 5 <sup>th</sup> Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-057).
2 <sup>nd</sup> meeting of the 5 <sup>th</sup> Board of Directors	July 2, 2021	July 3, 2021	Refer to the Announcement on Resolutions of the 2 <sup>nd</sup> meeting of the 5 <sup>th</sup> Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-062).
3 <sup>rd</sup> meeting of the 5 <sup>th</sup> Board of Directors	August 24, 2021	August 25, 2021	Refer to the Announcement on Resolutions of the 3 <sup>rd</sup> meeting of the 5 <sup>th</sup> Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-071).
4 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors	September 30, 2021	October 8, 2021	Refer to the Announcement on Resolutions of the 4 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-077).
5 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors	October 27, 2021	October 28, 2021	Refer to the Announcement on Resolutions of the 5 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-092).
6 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors	December 3, 2021	December 4, 2021	Refer to the Announcement on Resolutions of the 6 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-096).

## 2. Attendance of the directors at meetings of the Board of Directors and shareholders

Attendance of the directors at meetings of the Board of Directors and shareholders							
Director	No. of board meetings held during the reporting period	No. of board meetings present in person	No. of board meetings present by means of communication equipment	No. of board meetings present by proxy	No. of board meetings absent from	Whether or not having been absent from two consecutive board meetings	No. of shareholders' meeting attended
WANG Laichun	10	7	3	0	0	No	2
WANG Laisheng	10	7	3	0	0	No	2
LI Bin	4	2	2	0	0	No	1
YE Yiling	4	1	3	0	0	No	1
ZHANG Ying	10	7	3	0	0	No	2
XU Huaibin	4	2	2	0	0	No	1
LIN Yifei	4	2	2	0	0	No	1
LI Wei	6	4	2	0	0	No	2
WANG Tao	6	4	2	0	0	No	2
LIU Zhonghua	6	4	2	0	0	No	2
SONG Yuhong	6	4	2	0	0	No	2

Explanation about absence from two consecutive meetings of the Board of Directors:

## 3. Objections raised by the directors regarding matters of the Company

Whether any director has raised any objection regarding matters of the Company?

Yes No

No director has raised any objection regarding matters of the Company during the reporting period.



**VII.**

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Compensation and Performance Appraisal Committee	ZHANG Ying, LIU Zhonghua and SONG Yuhong	1	September 24, 2021	Considered the Performance Appraisal Measures for the 2021 Stock Option Incentive Plan.	Pursuant to the <i>Company Law</i> , the <i>Code of Corporate Governance for Listed Companies</i> promulgated by the CSRC and the <i>Work Rules of the Compensation and Performance Appraisal Committee of the Board of Directors</i> , the Compensation and Performance Appraisal Committee reviewed the Performance Appraisal Measures for the 2021 Stock Option Incentive Plan, determined that the Measures reflected and produced the effect of incentive and fairness, and unanimously approved the Proposal.		
Nomination Committee	WANG Laichun, LIN Yifei and ZHANG Ying	1	April 5, 2021	Considered the Proposal for Examination of Qualifications of Candidates for Non-independent Directors of the 5 <sup>th</sup> Board of Directors and the Proposal for Examination of Qualifications of Candidates for Independent Directors of the 5 <sup>th</sup> Board of Directors.	Pursuant to the <i>Company Law</i> , the <i>Code of Corporate Governance for Listed Companies</i> promulgated by the CSRC and the <i>Work Rules of the Nomination Committee of the Board of Directors</i> , the Nomination Committee performed its duties diligently, examined the qualifications of the relevant personnel, expressed opinions and put forward suggestions, and through sufficient communication and discussions, unanimously approved all Proposals.		
Strategy Committee	WANG Laichun, XU Huabin and ZHANG Ying	1	March 29, 2021	Pursuant to the <i>Company Law</i> , the <i>Code of Corporate Governance for Listed Companies</i> promulgated by the CSRC, the <i>Work Rules of the Strategy Committee of the Board of Directors</i> and other relevant provisions, the Strategy Committee reviewed the material events occurred in 2020, reported our 2021 strategic development plan, and studied the significant strategic issues in connection with our development.	Pursuant to the <i>Company Law</i> , the <i>Code of Corporate Governance for Listed Companies</i> promulgated by the CSRC, and the <i>Work Rules of the Strategy Committee of the Board of Directors</i> , the Strategy Committee thoroughly analyzed and studied the industry in which we operate, and put forward reasonable suggestions on the planning for and implementation of the development strategies in respect of business, R&D and new products, which produced significant effect.		

## VIII. Activities of the Board of Supervisors

Whether the Board of Supervisors has identified any risk involving the Company in its supervisory activities during the reporting period?

Yes No

The Board of Supervisors has not raised any objection to the supervisory matters during the reporting period.

## IX. Employees

### 1. Number, structure of profession and education of employees

Number of current employees of the parent at the end of the reporting period	520
Total number of current employees of the major subsidiaries at the end of the reporting period	227,632
Total number of current employees at the end of the reporting period	228,152
Total number of salaried employees during the reporting period	228,152
Total number of retired employees to or for whom the parent and the major subsidiaries are obligated to make payments	0
Structure of profession	
Type of profession	Number of employees
Production staff	192,873
Sales staff	2,574
Technical staff	16,103
Financial staff	354
Administrative staff	16,248
Total	228,152
Education	
Degree of education	Number of employees
Undergraduate	13,982
College	21,432
Secondary specialized school, senior middle school and below	192,738
Total	228,152

### 2. Compensation policies

We have established the administrative measures for the salaries, performance-based pay, year-end bonus and other compensation of employees of the Group, provided employees with competitive and guaranteed compensation in a scientific and reasonable manner, developed sound compensation management policies, paid contributions to the social insurance packages and housing provident fund for and salaries to the employees on time in strict accordance with the applicable laws and regulations, and resolutely rejected any bonded labor. In order to help employees better understand the compensation policy of the Company, the Company has established the compensation policy of the Company, which is available on the website of the Company.

different categories that target different groups of people and satisfy different needs. For example, with respect to senior, middle and grassroots managers and key reserve talents with great potentialities, we conduct the “Star Cultivation Series” training, in order to build an efficient and dynamic team; and with respect to the personnel in manufacturing, R&D technology, marketing, supply chain and other critical fields, we conduct the “Juneng Series” training, in order to continuously improve the professional capabilities of employees on different posts. In addition, we carry out school-enterprise cooperation projects, and encourage the employees to obtain certification of professional qualifications from the Company and society, in order to enhance our production level and social recognition of us as a whole. We have also built the “Jushi Series”, “Luxshare Classroom”, “Senior Management Forum” and other

Number of bonus shares per 10 shares	0
Amount of cash dividends per 10 shares (inclusive of tax)	1.10
Share capital based on which the distribution proposal was made	7,084,301,477
Amount of cash dividends (inclusive of tax)	779,273,162.47
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (RMB)	779,273,162.47
Distributable profit (RMB)	6,526,651,487.02
Proportion of total cash dividends to the distributable profit	100%
Particulars of cash dividends distributed for the reporting period	
Others	
Particulars of the proposal of profit distribution or for transfer of capital reserve to share capital	
Our 2021 Profit Distribution Proposal is as follows: to distribute to all shareholders a cash dividend of RMB1.10 (inclusive of tax) per 10 shares on the basis of the total share capital of 7,084,301,477 shares, or RMB779,273,162.47 (inclusive of tax) in total, and to carry forward the retained profits for distribution in subsequent years. In case of any change in our total share capital due to any share repurchase, exercise of share incentives, material asset restructuring, cancellation of repurchased share or otherwise prior to the record date for the relevant equity distribution, we will adjust the distribution payable per share accordingly on the principle that the total amount distributable should remain the same. The 2021 Profit Distribution Proposal is subject to approval by the shareholders' meeting.	

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

Applicable N/A

### 1. Share incentives

#### (1) 2018 stock option incentive plan

On December 2, 2020, the 27<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors and the 27<sup>th</sup> meeting of the 4<sup>th</sup> Board of Supervisors considered and approved the Proposal Regarding Satisfaction of the Vesting Conditions for the Second Vesting Period of the 2018 Stock Option Incentive Plan, pursuant to which, the grantees who have satisfied the vesting conditions may exercise the stock options vested in the second vesting period in their sole discretion from December 22, 2020 to September 24, 2021. Refer to the Cautionary Announcement on Adoption of the Discretionary Exercise Method for the Second Vesting Period of the 2018 Stock Option Incentive Plan (Announcement No.2020-108) for details.

During the reporting period, the grantees exercised their options to purchase 13,854,690 shares in total within the second vesting period of the 2018 Stock Option Incentive Plan.

On July 2, 2021, due to the equity distribution for 2020, the exercise price for the stock options granted but not yet exercised under the 2018 stock option incentive plan was adjusted from RMB10.28 per share to RMB10.17 per share. Refer to the

During the reporting period, the grantees exercised their options to purchase 19,597,470 shares in total within the 2019 Incentive Plan

(2) 2019 stock option incentive plan

On June 22, 2020, the 19<sup>th</sup>

Meeting of Directors and the 19<sup>th</sup> meeting of the 4<sup>th</sup> Board of Supervisors considered

the 4<sup>th</sup> meeting of the Board of Directors and the 29<sup>th</sup> meeting of the 4<sup>th</sup> Board of Supervisors

the 5<sup>th</sup> meeting of the Board of Directors and the 2<sup>nd</sup> meeting of the 5<sup>th</sup> Board of Supervisors considered and

the 5<sup>th</sup> meeting of the Board of Directors, the 1<sup>st</sup> meeting of the 5<sup>th</sup> Board of Supervisors and the 1<sup>st</sup>

## Share incentives granted to directors and executives

Applicable N/A

Unit: shares

Name	Title	Beginning balance of stock options held	No. of additional stock options granted during the reporting period	No. of shares exercisable during the reporting period	No. of shares exercised during the reporting period	Exercise price of shares exercised during the reporting period (RMB per share)	Ending balance of stock options held	Market price at the end of the reporting period (RMB per share)	Beginning balance of restricted shares held	No. of shares vested during the reporting period	No. of additional restricted shares granted during the reporting period	Grant price of restricted shares (RMB per share)	Ending balance of restricted shares held
WU Tiansong	CFO	395,451	0	131,817	131,817	10.17	263,634	49.20					
WU Tiansong	CFO	574,585	0	168,992	168,992	13.59	405,593	49.20					
HUANG Dawei	Deputy General Manager & Board Secretary	659,085	0	219,695	0		659,085	49.20					
LI Wei	Director & Deputy General Manager	1,689,963	0	506,989	0		1,689,963	49.20					
WANG Tao	Director & Deputy General Manager	1,973,876	0	601,626	0		1,973,876	49.20					
LI Bin	Director & Deputy General Manager	2,636,342	0	878,781	878,781	10.17	1,757,561	49.20					
LI Bin	Director & Deputy General Manager	1,351,970	0	337,992	337,992	13.59	1,013,978	49.20					
YE Yiling	Director &	962,265	0	320,755	87,880	10.17	874,385	49.20					

	Deputy General Manager												
YE Yiling	Director & Deputy General Manager	540,789	0	135,196	90,000	13.59	450,789	49.20					
Total	-	10,784,326	0	3,301,843	1,695,462	--	9,088,864	--	0	0	0	--	0
Remark (if any)		Upon re-appointment of the Board of Directors in April 2021, LI Bin and YE Yiling resigned as directors, but continue to hold other posts in the Company.											

#### Performance appraisal and incentives in respect of executives

All of our executives were appointed by the Board of Directors fairly and transparently, in compliance with the applicable laws and regulations. Our executives report to the Board of Directors and are responsible for achieving the operating targets set by the Board of Directors. We have established effective incentive and constraint mechanisms, in order to stimulate the executives to perform their duties diligently, and improve our level of operation and management and operating results. The performance of our executives is directly linked to their income, and assessed by comparing the goals set by us with their actual accomplishment of tasks. The Compensation and Performance Appraisal Committee of the Board of Directors is responsible for year-end assessment of the achievement of goals, working ability and performance of duties in respect of our directors, supervisors and executives, and developing the compensation and performance appraisal proposals and submitting the same to the Board of Directors for approval. During the reporting period, our compensation and performance appraisal policies for the executives have been implemented effectively.



assessment to total operating revenue recorded in the consolidated financial statements of the Company		
Criteria for determination of deficiencies		
Type	Financial reporting	Non-financial reporting
Qualitative criteria	<p>1. The material weaknesses in internal control over financial reporting include: (A) fraud on the part of directors, supervisors and executives; (B) failure to correct any material weakness in internal control within a reasonable time after the same was identified and reported to the management; (C) ineffective control environment; (D) any material misstatement in the financial report for the current period that is identified by external auditor but fails to be identified through internal control; (E) any serious violation of the laws and regulations; (F) the Company running at a loss for consecutive years due to any reason other than policy-related loss, which might threaten the Company's ability to continue as a going concern; and (G) ineffective supervision by the management and related functional departments over the internal control.</p> <p>2. The significant deficiencies in internal control over financial reporting include: (A) failure to select and apply accounting policies pursuant to the generally accepted accounting principles; (B) failure to establish anti-fraud procedures and controls; (C) absence of or ineffective control system for important business; (D) lack of internal controls in and disorderly management of subsidiaries; and (E) great outflow of or frequent changes in senior officers (especially those in charge of internal control, financial and human resources departments), or great outflow of personnel on the relevant posts.</p> <p>3. General deficiencies in internal control over financial reporting include deficiencies in control other than material weakness and significant deficiency.</p>	<p>1. The material weaknesses in internal control over non-financial reporting include: (A) any serious violation of the significant national laws and regulations; (B) great outflow of management and technical personnel on key posts; (C) absence of or ineffective control system for important business relating to the production and operation of the Company; (D) ineffective internal control over information disclosure, resulting in any public condemnation of the Company by any regulatory authority; and (E) failure to correct any problem, in particular, any material weakness or significant deficiency, identified in any assessment of internal controls.</p> <p>2. The significant deficiencies in internal control over non-financial reporting include: (A) defects in important business policies or system, or unsound internal control system; and (B) failure to review any information disclosed externally and untruthfulness of any information disclosed.</p> <p>3. General deficiencies in internal control over financial reporting include deficiencies in control other than material weakness and significant deficiency.</p>
Quantitative criteria	<p>1. Material weakness: (1) amount of misstated operating revenue 0.5% of total operating revenue; (2) amount of misstated profit 0.5% of total profit; (3) amount of misstated assets 0</p>	<p>ntot ne Ò ò i M</p>

Number of significant deficiencies in non-financial reporting	0
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## 2. Auditor's report on internal controls

Applicable N/A

## 3. Internal control certification report

Opinion issued in the internal control certification report	
Pursuant to the <i>Basic Internal Control Standards for Enterprises</i> promulgated by the Ministry of Finance and other relevant provisions, the Company has maintained effective internal controls in all material respects as of December 31, 2021.	
Disclosure of the internal control certification report	Disclosed
Date of disclosure of the internal control certification report in its entirety	April 28, 2022
Disclosure reference	Internal Control Certification Report 2021 of Luxshare Precision Industry Co., Ltd. published on www.cninfo.com.cn
Type of opinion issued in the internal control certification report	Standard unqualified opinion
Whether there's any material weakness in non-financial reporting	No

Whether the accounting firm issued a modified internal control certification report?

Yes No

Whether the internal control certification report issued by the accounting firm conforms to the opinion issued by the self-assessment report of the Board of Directors?

Yes No

## XV. Rectification of non-compliance identified in the special self-examination of corporate governance of the listed company

Pursuant to the requirements of the *Announcement on Launching the Special Campaign for Corporate Governance of the Listed Companies* issued by the CSRC, we carried out self-examination of our corporate governance in strict accordance with the *Company Law*, the *Securities Law*, the *AOA*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of the Board of Supervisors* and other applicable laws, regulations and normative documents, in an orderly manner on the principle of seeking truth from facts, and completed the *Questionnaire for Self-Examination of Corporate Governance of the Listed Company*, which includes 119 questions covering seven areas.

Our self-examination showed that we operated in compliance with the applicable regulations and was governed well during the reporting period, and did not identify any material non-compliance in our corporate governance. We will continue to improve our level of corporate governance and further promote our high-quality development.

## Section V Environment and Social Responsibilities

### I. Major environmental issues

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

Yes No



Co., Ltd.		washing tower) equipment							
Rishan Computer Accessories (Jiashan) Co., Ltd.	Chemical oxygen demand	Pipe discharge	1	Main outlet	500mg/L	Level 3 provided in the Integrated Standards of Wastewater Discharge (GB8979-1996)	50.562	112.2094	/
Rishan Computer Accessories (Jiashan) Co., Ltd.	Ammonia nitrogen	Pipe discharge	1	Main outlet	35mg/L	Restrictions on Indirect Discharge of Nitrogen and Phosphorus Pollutants from Wastewater of Industrial Enterprises	4.014	11.2209	/
Rishan Computer Accessories (Jiashan) Co., Ltd.	Total nickel	Pipe discharge	1	Main outlet	0.1mg/L	Discharge Standards of Electroplating Pollutants (GB21900-2008)	0.001	0.02	/
Rishan Computer Accessories (Jiashan) Co., Ltd.	Total chromium	Pipe discharge	1	Main outlet	0.5mg/L	Discharge Standards of Electroplating Pollutants (GB21900-2		0.026	/

Riming  
Computer  
Accessories

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Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (suspended solids)	Pipe discharge	1	South of the sewage station of the plant	16	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	13.087	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (petroleum)	Pipe discharge	1	South of the sewage station of the plant	ND	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.632	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (LAS)	Pipe discharge	1	South of the sewage station of the plant	2.66	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.043	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Exhaust gas (Nitrogen oxide)	Treated exhaust gas meets the standards and is emitted at high altitude	17	Plant roof and 1/F	0.2	Discharge Standards of Electroplating Pollutants (GB21900-2008)	0.071	3.442	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Exhaust gas (sulfuric acid mist)	Treated exhaust gas meets the standards and is emitted at high altitude	15	1/F of the plant	ND	Discharge Standards of Electroplating Pollutants (GB21900-2008)	0	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Exhaust gas (particulate matter)	Treated exhaust gas meets the standards and is emitted at high altitude	6	Plant roof	2.2	Integrated Emission Standards of Air Pollutants (DB31_933-2015)	0.883	2.533	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Exhaust gas (alkali mist)	Treated exhaust gas meets the standards and is emitted at high altitude	15	1/F of the plant	ND	Integrated Emission Standards of Air Pollutants (DB31_933-2015)		/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Exhaust gas (odor)	Treated exhaust gas meets the standards and is emitted at high altitude	1	Sewage station	ND	Emission Standards for Odor Pollutants	0.883	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Exhaust gas (non-methane hydrocarbon)	Treated exhaust gas meets the standards and is emitted at high altitude	1	Plant roof	1.21	Emission Standards of Pollutants from Synthetic Resin			

lower than the relevant limits provided in the Restrictions on Indirect Discharge of Nitrogen and Phosphorus Pollutants from Wastewater of Industrial Enterprises (DB33/887-2013); the discharge of Class-A pollutants such as total chromium, CR VI and nickel are lower than the limits of indirect discharge to Taihu Lake Basin in the Table 1 of the Discharge Standards of Electroplating Water Pollutants (DB33/2260-2020); CODcr and petroleum at the discharge outlet of phosphorus-containing wastewater treatment

tower are environmentally friendly. Most equipment is installed in the workshop and on the roof of the workshop, a reasonable layout. The basic shock absorption is made when the equipment is installed, the fan is equipped with silencer and the flexible connector is used for the connection of blast pipes.

2. Measures for hazardous waste pollution prevention: The plant is equipped with the special hazardous waste cans and warehouses, implements the “Three Prevention” system and carries out irregular self check and self correction;

3. Measures for exhaust gas pollution prevention: A regular check is carried out for the completeness of the waste gas tower body, liquid tank, spray system, filling materials, gas-liquid

Xu [2018] No. 170, Jin Huan Xu [2019] No. 254, and Jin Huan Xu [2020] No. 27.

IV. Sheng Rui Electronic Technology (Shanghai) Co., Ltd.

Jin Huan Xu [2012] No. 544, Jin Huan Yan [2012] No. 62, Jin Huan Yuan [2014] No. 126, Jin Huan Xu [2018] No. 187, Jin Huan Xu [2020] No. 245, and the Pollution Discharge Permit No.: 91310000575815657F001P.

Emergency plan for abrupt environmental pollution accidents

I. Rikai Precision Technology (Yancheng) Co., Ltd.

Yancheng Luxcase has formulated the Emergency Plan for Abrupt Environmental Pollution Accidents.

II. Rishan Computer Accessories (Jiashan) Co., Ltd.

In September 2021, Rishan Computer has prepared the Emergency Plan for Abrupt Environmental Pollution Accidents (3rd Edition), and has completed the fo

	Pollutants from Wastewater of Industrial Enterprises (DB33/887-2013), namely, 8mg/L.				measures can be taken immediately to stop the discharge of corresponding water sources until they meet the discharge requirements of environmental protection. 2. The emergency pool and sewage pipe are checked on a regular basis every year, and the manufacturer is arranged to flush the rain and sewage pipe network at least once a year. 3. The environmental protection risk assessment, the environmental protection measure acceptance, and process monitoring and management are strictly implemented towards the new, reconstructed, expanded projects/production processes.
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Other environment information to be disclosed

N/A

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable N/A

The Company's 2021 Sustainable Development Report has been published at Cninfo (www.cninfo.com.cn), the information disclosure website designated by the Company, together with this report on the same day.

Other environmental information

The Company's 2021 Sustainable Development Report has been published at Cninfo (www.cninfo.com.cn), the information disclosure website designated by the Company, together with this report on the same day.

## II. Social responsibility

The Company's 2021 Sustainable Development Report has been published at Cninfo (www.cninfo.com.cn), the information disclosure website designated by the Company, together with this report on the same day.

## III. Consolidation and expansion of poverty alleviation and rural revitalization

The Company did not carry out the work on poverty alleviation and rural revitalization during the reporting period or have subsequent relevant plans.

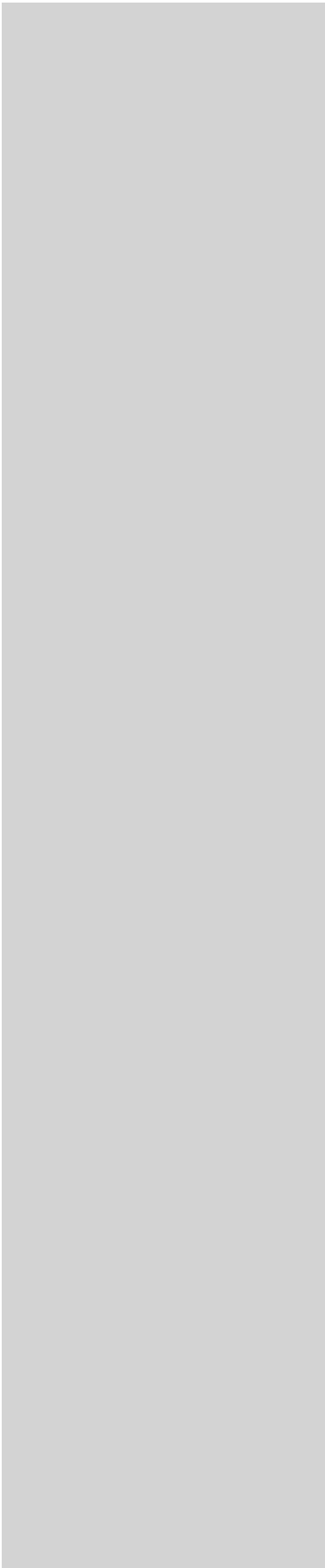
## Section VI Significant Events

### I. Performance of commitments

#### 1. Complete and incomplete commitments of the Company and its actual controller, shareholders, related parties, acquirers, and other related parties for the commitments by the end of the reporting period.

Applicable N/A

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
Commitments relating to the transformation into share holding system						
Commitments made in any acquisition report or report on changes in equity						
Commitments relating to any asset restructuring						
Commitments relating to any initial public offering or subsequent fund raising	HUANG Dawei, LI Bin, LIN Yifei, WANG Laichun, WANG Laisheng, WU Tiansong, XIONG Tengfang, XU Huaibin, XUE Haigao, YE Yiling, ZHANG Ying	Other commitments	Pursuant to the applicable regulations of the China Securities Regulatory Commission, in order to ensure the implementation of the remedial measures for diluted earnings of the Company, each of the directors and executives of the Company hereby commitments as follows: 1. I will not transfer benefits to any other entity or individual without compensation or on unfair terms, or otherwise damage the interest of the Company. 2. I will exercise self-discipline in consumption in performing my duties. 3. I will not use the assets of the Company to engage in any investment or consumption activity not in connection with my duties. 4. I will, within my	July 11, 2019	Permanent	The commitments have been fulfilled strictly



powers, procure the linkage between the compensation system adopted by the Board of Directors or the Compensation and Performance Appraisal Committee and the implementation of the Company's remedial measures for diluted earnings.

5. I will, within my powers, procure the linkage between the vesting conditions in respect of any share incentives granted by the Company and the implementation of the Company's remedial measures for diluted earnings.

6. I undertake to strictly fulfill the commitments

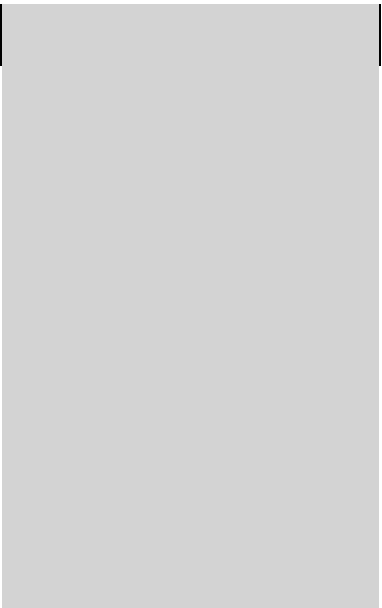
In order to seriously  
protect the legitimate

Luxshare  
Limited,  
WANG  
Laichun,  
WANG  
Laisheng

Other  
commitment  
s

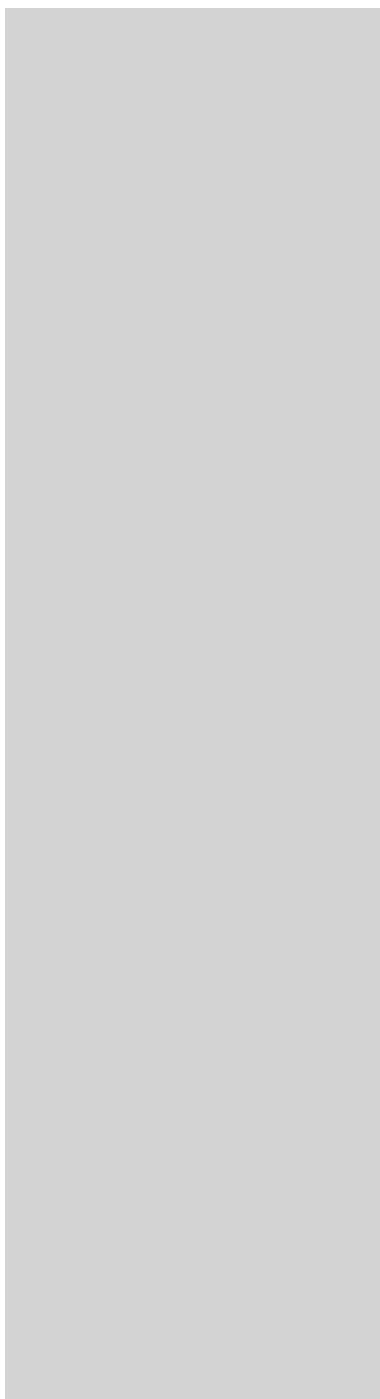
			connection therewith, and the commitments set forth above do not satisfy the requirements of such new regulation, We/I will make supplementary commitments pursuant to the new regulation.			
	Luxshare Limited, WANG Laichun, WANG Laisheng	Other commitments	<p>Luxshare Limited, as the controlling shareholder of the Company, and WANG Laichun and WANG Laisheng, as the actual controllers of the Company, hereby commitment as follows:</p> <p>1. We, Luxshare Limited, as the controlling shareholder of the Company, undertake not to interfere with management and operation of the Company beyond our powers, or infringe on the interest of the Company.</p> <p>2. I, WANG Laichun, as the actual controller, Chairman and General Manager of the Company, undertake to perform my duties in accordance with the applicable laws and regulations and the articles of association of the Company, and not to interfere with management and operation of the Company beyond my powers, or infringe on the interest of the Company.</p> <p>3. I, WANG Laisheng, as the actual controller and Vice Chairman of the Company, undertake to perform my duties in accordance with the applicable laws and regulations and the articles of association of the Company, and not to interfere with management and operation of the Company beyond my powers, or infringe on the interest of the Company.</p>	March 11, 2016	Permanent	The commitments have been fulfilled strictly

	<p>BAI Rujing, CHEN Chaofei, DONG Jianhai, LI Bin, LI Jing, LI Xiongwei, LIN Yifei, WANG Ji, WANG Laichun, WANG Laisheng, XU Huaibin, YE Yiling, ZHANG Lihua</p>	Other commitments	<p>Each of the directors and executives of the Company hereby commitments as follows: (1) I will not transfer benefits to any other entity or individual without compensation or on unfair terms, or otherwise damage the interest of the Company. (2) I will exercise self-discipline in consumption in performing my duties. (3) I will not use the assets of the Company to engage in any investment or consumption activity not in connection with my duties. (4) I will procure the linkage between the compensation system adopted by the Board of Directors or the Compensation and Performance Appraisal Committee and the implementation of the Company's remedial measures for diluted earnings. (5) If the Company establishes any share incentive plan in the future, I will procure the linkage between the vesting conditions in respect of any share incentives granted by the Company and the implementation of the Company's remedial measures for diluted earnings.</p>	March 11, 2016	Permanent	The commitments have been fulfilled strictly
	Luxshare Limited	Commitments relating to horizontal competition, related-party transactions and occupation of funds	<p>The commitments relating to horizontal competition, related-party transactions and occupation of funds are as follows: 1. We and all other entities controlled by us at present or in the future will not, directly or indirectly, engage in any business or activity that competes or might compete or</p>	October 15, 2014	Permanent	The commitments have been fulfilled strictly



Luxshare  
Limited

Commitmen  
ts relating to  
horizontal  
competition, controlled by us will  
related-  
party  
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reasonably, we will carry out such transaction on an arm's length basis and customary commercial terms, ensure the fairness of the transaction price, perform the relevant decision-making process according to law, and guarantee that the legitimate rights and interests of the Company







			<p>will not seek any interest or benefit in contravention of the commitments set forth above. If we/I breach any commitment set forth above, we/I agree to indemnify the Issuer and its minority shareholders for all losses arising therefrom.</p>			
<p>Commitments relating to share incentives</p>	<p>Luxshare [REDACTED]</p> <p>Luxshare Limited</p>	<p>Other</p>	<p>Luxshare Limited, as the controlling shareholder of the Company, hereby undertakes not to sell any share of the Company through the stock trading system within 12 months after the completion of this disposal.</p> <p>After the completion of the transactions contemplated by the announcement on external investment and related-party transactions disclosed by the Company on November 13, 2020, we and our affiliates will not engage in any</p>	<p>[REDACTED] 2021</p>	<p>February 2, 2022</p>	

			after the completion of this disposal.			
Commitments made to the minority shareholders of the Company						
Whether the commitments have been fulfilled on time?						

ing estimates or correction of significant accounting errors during

## ation scope when compared to the previous

ishment Luxis Technology Limited, Luxshare Precision Industry  
 2ugao Lixun Enterprise Management Service Partnership (Limited  
 .., Luxshare Precision Technology (Xi'an) Co., Ltd., Luxshare  
 Kunshan) Co., Ltd., Luxshare Precision Investment Co., LTD.,  
 mited Partnership), Lixun Intelligent Equipment (Yancheng) Co.,  
 d., Lixun Intelligent Electronic Service (Kunshan) Co., Ltd., Liding  
 1 Technology (Nanjing) Co., Ltd., Henan Lide Precision Industry  
 e consolidation scope adds by cash acquisition Rikai Precision  
 echnology Co., Ltd.; the consolidation scope adds by agreement  
 Ltd.; the shares held in Wuxi Huihong Electronics Co., Ltd. are  
 ation scope; Ji'an City Jihzou District Lixun Electronics Co., Ltd.,  
 Co., Ltd. and Luxshare-ICT International B.V. are cancelled by

## ; firms

BDO China Shu Lun Pan Certified Public Accountants LLP
230
14
LI Jing, WEI Gang

foreign accounting firm has provided auditing service (if any)	
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Whether a new accounting firm was engaged during the reporting period?

Yes No

Engagement of accounting firm for auditing internal controls, financial advisor or sponsor:

Applicable N/A

## IX. Possibility of listing suspension and termination after disclosure of the annual report

Applicable N/A

## X. Matters relating to bankruptcy and reorganization

Applicable N/A

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

## XI. Material litigation and arbitration proceedings

Applicable N/A

Background	Amount claimed (RMB0'000)	Whether a provision is recognized	Status	Result and effect	Enforcement of judgment/ award	Date of disclosure	Information disclosure available at
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The case has been

Other litigation

during the reporting period

89.57 No

Closed

### **XIII. Integrity of the Company, its controlling shareholder and actual controller**

Applicable N/A

There wasn't any outstanding court judgment or overdue debt of a large amount involving us or our controlling shareholder or actual controllers during the reporting period.

### **XIV. Material related-party transactions**

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

Applicable N/A

Counterparty	Relation

													No.: 2021-081)
Total				63,957. 33	--	77,700	--	--	--	--	--	--	--
Particulars of huge-amount sales returns	N/A												
If the total amount of daily related-party transactions that are expected to occur during the reporting period is estimated by type, the actual transactions occurred during the reporting period (if any)	When expecting the annual daily related party transactions, the Company conducts the appraisal and calculation of possible related party transactions according to the market situation, but the actually accrued amount is determined based on market situation, the two parties' business development, actual demands and specific implementation progress, resulting in certain differences between actually accrued amount and expected amount. The foregoing belongs to the acts of normal business and will not have a significant impact on daily operation and performance of the Company.												
Reason of any great difference between transaction price and reference market price (if applicable)	N/A												

## 2 Related-party transactions involving acquisition or sales of assets or equities

Applicable N/A

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

## 3. Related-party transactions involving joint external investment

Applicable N/A

The Company had no related-party transactions on joint !

## 7. Other significant related-party transactions

Applicable N/A

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

## XV. Significant contracts and performance thereof

### 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

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 amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Collateral (if any)	Term of guarantee			



M

	reporting period (A2+B2+C2)
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3. Foreign  
currency-denominated shares  
listed overseas

6. The Company publicly offered 30,000,000 convertible corporate bonds (abbreviation: Luxshare Convertible Bonds; bond code: 128136) on November 3, 2020, and the period for which the convertible corporate bonds can be converted into shares is from May 10, 2021 to November 2, 2026. During the reporting period, the number of shares converted into by bonds was 8,809.

Approval of changes in shares:

Applicable N/A

1. Review and approve by the 19<sup>th</sup> meeting of the fourth Board of Directors and the 19<sup>th</sup> meeting of the fourth Board of Supervisors of the Company;

2. Review and approve by the 27<sup>th</sup> meeting of the fourth Board of Directors and the 27<sup>th</sup> meeting of the fourth Board of Supervisors of the Company;

3. Review and approve by the 29<sup>th</sup> meeting of the fourth Board of Directors and the 29<sup>th</sup> meeting of the fourth Board of Supervisors of the Company;

4. Review and approve by the 2<sup>nd</sup> meeting of the fifth Board of Directors and the 2<sup>nd</sup> meeting of the fifth Board of Supervisors of the Company;

5. Review and approve by the 6<sup>th</sup> meeting of the fifth Board of Directors and the 6<sup>th</sup> meeting of the fifth Board of Supervisors of the Company.

Transfer of share ownership:

Applicable N/A

1. Period in which the stock options vested in the first vesting period initially granted under the 2019 stock option incentive plan may be exercised by the relevant grantees at their sole discretion: from July 7, 2020 to April 21, 2021;

2. Period in which the stock options vested in the second vesting period under the 2019 stock option incentive plan may be exercised by the relevant grantees at their sole discretion: from December 22, 2020 to September 24, 2021;

3. Period in which the stock options vested in the first vesting period reserved under the 2019 stock option incentive plan may be exercised by the relevant grantees at their sole discretion: from February 8, 2021 to November 26, 2021;

4. Period in which the stock options vested in the second vesting period initially granted under the 2019 stock option incentive plan may be exercised by the relevant grantees at their sole discretion: From July 15, 2021 to April 21, 2022;

5. Period in which the stock options vested in the third vesting period under the 2018 stock option incentive plan may be exercised by the relevant grantees at their sole discretion: from December 10, 2021 to September 23, 2022.

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 December 31, 2020	Reason for restriction	Unlock date
-------------	--	--	---	--	------------------------	-------------

	period				
912,578	0	912,578	0	Lock-up shares for senior officers	November 25, 2021 (the day next to the sixth month following expiry of the original term of office)
1,571,664	0	1,571,664	0	Lock-up shares for senior officers	
367,566	0	367,566	0	Lock-up shares for senior officers	November 25, 2021 (the day next to the sixth month following expiry of the original term of office)
582,529	0	582,529	0	Lock-up shares for senior officers	November 25, 2021 (the day next to the sixth month following expiry of the original term of office)
273,775	225,607	0	499,382	Lock-up shares for senior officers	ar next to es according to according to th Mnext tm ts on the lock4lowing exp for senior of

## II. Offering and listing of securities

### 1. Offering of securities (other than preferred shares) during the reporting period

Applicable N/A

### 2. Changes in total number of shares, shareholding structure, and structure of assets and liabilities of the Company

Applicable N/A

1. Upon review and approval by the 19<sup>th</sup> meeting of the fourth Board of Directors, the 27<sup>th</sup> meeting of the fourth Board of Directors, the 29<sup>th</sup> meeting of the fourth Board of Directors, the 6<sup>th</sup> meeting of the fifth Board of Directors, and the 2<sup>nd</sup> meeting of the fifth Board of Directors of the Company, the vesting conditions for the first vesting period initially granted under 2019 stock option incentive plan, the second vesting period under 2018 stock option incentive plan, the first vesting period reserved under 2019 stock option incentive plan, the second vesting period initially granted under 2019 stock option incentive plan, and the third vesting period under 2018 stock option incentive plan were satisfied, and the Company agreed that the relevant stock option grantees of the Company exercise options at their sole discretion, and a total of additional 53,480,164 shares were issued to the grantees exercising options at their sole discretion during the reporting period.

2. The Company publicly offered 30,000,000 convertible corporate bonds (abbreviation: Luxshare Convertible Bonds; bond code: 128136) on November 3, 2020, and the period for which the convertible corporate bonds can be converted into shares is from May 10, 2021 to November 2, 2026. During the reporting period, the number of shares converted into by bonds was 8,809.

### 3. Outstanding employee shares

Applicable N/A

## III. Shareholders and actual controllers

### 1. Number of shareholders and shareholding structure of the Company

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	258,745	Total number of ordinary shareholders at the end of the month immediately preceding the date of this annual report	326,906	Total number of preferred shareholders whose voting rights had been immediately preceding the date of this annual report	0
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Shareholder	Status of shareholder	Shareholding ratio	No. of ordinary shares held at the end of the reporting period	Changes in shareholding during the reporting period	Changes in shareholding during the reporting period	No. of non-tradable ordinary shares held	Pledge, mark or freeze	
							Status of shares	Quantity
Luxshare Limited	Foreign corporation	38.63%	2,731,537,636	-138708433	0	2,731,537,636	Pledge	525,407,503
Hong Kong Securities Clearing Company Limited	Foreign corporation	8.40%	593,835,764	108282884	0	593,835,764		
China Securities Finance Corporation Limited	Domestic non-stated owned corporation	1.19%	84,428,888		0	84,428,888		
Central Huijin Asset Management Co., Ltd.	Stated owned corporation	0.82%	58,041,012	-3854300	0	58,041,012		
China Merchants Bank Co., Ltd. - Ruiyuan Growth Value Hybrid Securities Investment Fund	Domestic non-stated owned corporation	0.75%	53,298,299		0	53,298,299		
Pegatron Technology (Shanghai) Co Ltd	Domestic non-stated owned corporation	0.56%	39,845,105		0	39,845,105		
E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,656,343		0	38,656,343		
Industrial and Commercial Bank of China Limited – Zhong Ou Times Pioneer Stock Sponsored Securities	Domestic non-stated owned corporation	0.55%	38,631,788		0	38,631,788		

Investment Fund								
China AMC- Agricultural Bank of China - China AMC Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,576,831		0	38,576,831		
Zhong Ou Fund - Agricultural Bank of China - Zhong Ou Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,557,184		0	38,557,184		
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	<p>1. Luxshare Limited is the controlling shareholder of the Company;</p> <p>2. The Company is not aware of whether there are associates or persons acting in concert as defined in the Administrative Measures for the Information Disclosure of Shareholding Changes of Shareholders of Listed Companies.</p>							
Delegation or waiver of voting rights or ownership of voting rights as a proxy in respect of the shareholders listed above	N/A							
Shares held by top 10 holders of tradable shares								
Shareholder	Number of tradable shares held at the end of the reporting period							

Ltd		ed ordinary share	
E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan	38,656,343	RMB-denominated ordinary share	38,656,343
Industrial and Commercial Bank of China Limited – Zhong Ou Times Pioneer Stock Sponsored Securities Investment Fund	38,631,788	RMB-denominated ordinary share	38,631,788
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
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 shareholders	N/A		
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

## 2. Controlling shareholder of the Company

Nature of controlling shareholder: Controlled by foreign investor

Type of controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/ principal	Date of establishment	Change in organization code	Main business
Luxshare Limited	WANG Laichun	August 27, 1999		Investment and share holding
Shares held by the controlling shareholder in other companies listed on domestic or foreign stock exchanges during the reporting period	None			

Change in the controlling shareholder during the reporting period:

Applicable N/A

Our controlling shareholder has remained unchanged during the reporting period.

### 3. Actual controllers of the Company and their concerted parties

Nature of actual controllers: Natural person

Type of actual controllers: Natural person

Name of actual controller	Relationship with the actual controller	Nationality	Whether or not hold a residence permit in any other country or region
WANG Laichun	Himself	Hong Kong	No
WANG Laisheng		Hong Kong	No

Whether the actual controllers control the Company through any trust or other ways of asset management?

Applicable N/A

**4. The Company's controlling shareholder or top 1 shareholder and its persons acting in concert pledged account for 80% in total of the Company's shares held by them**

Applicable N/A

**5. Other institutional shareholders owning over 10% of shares**

Applicable N/A

**6. Restrictions on shareholding reduction of the controlling shareholder, actual controller, restructuring parties, and other commitment subjects**

Applicable N/A

#### **IV. Specific implementation of share repurchases during the reporting period**

Progress of share repurchase:

Applicable N/A

Progress of sales of repurchased shares through call auction:

Applicable N/A

## **Section VIII Preference Shares**

Applicable N/A

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

## Section IX Bonds

Applicable N/A

### I. Enterprise bonds

Applicable N/A

The Company had no enterprise bonds during the reporting period.

### II. Corporate bonds

Applicable N/A I<sup>3</sup> isl Ra

The Company had no corporate bonds during the reporting period.

**II \$ M ng**

Luxshare Precision Industry Co., Ltd.									
Phase III ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	21 Luxshare-I CT SCP003	012103127	August 24, 2021	August 25, 2021	November 23, 2021	500,000,000.00	2.45%	A lump sum payment of principal and interest at maturity	Interbank bond market
Phase IV ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	21 Luxshare-I CT SCP004	012103825	October 20, 2021	October 22, 2021	July 19, 2022	800,000,000.00	3.00%	A lump sum payment of principal and interest at maturity	Interbank bond market
Phase V ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	21 Luxshare-I CT SCP005	012105034	November 16, 2021	November 11, 2021	February 15, 2022	400,000,000.00	2.53%	A lump sum payment of principal and interest at maturity	Interbank bond market
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry	21 Luxshare-I CT SCP006	012105157	November 24, 2021	November 25, 2021	February 23, 2022	400,000,000.00	2.53%	A lump sum payment of principal and interest at maturity	Interbank bond market

Co., Ltd.									
Investors' appropriate arrangements (if any)	Institutional investors on the national interbank bond market (except for purchasers prohibited by laws and regulations of China)								
Applicable trading mechanism	Public trading								

Co., Ltd.		Beijing			
Phase I ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.					

Precision Industry Co., Ltd.		Haidian District, Beijing			
Phase II ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Golden Credit Rating International Co., Ltd.	1101, 1102 and 1103 Units, 11/F, South Block, Building 1, Chaowai West Street, Chaoyang District, Beijing	None	CUI Lei	010-62299850
Phase II ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Interbank Market Clearing House Co., Ltd.	33-34/F, Oriental International Financial Plaza, 318 Zhongshan South Road, Shanghai	None	XIE Zhong	021-63326662
Phase II ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Beijing Financial Assets Exchange Co., Ltd.	No. B17, Financial Street, Xicheng District, Beijing	None	GUO Bing	010-57896722
Phase III ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	China Merchants Bank Co., Ltd.	China Merchants Bank Building, No. 7088 Houhai Avenue, Shenzhen	None	MIAO Jianmin	1120 # ,

2021 of Luxshare  
Precision Industry  
Co., Ltd.



ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Clearing House Co., Ltd.	International Financial Plaza, 318 Zhongshan South Road, Shanghai			
Phase V ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Beijing Financial Assets Exchange Co., Ltd.	No. B17, Financial Street, Xicheng District, Beijing	None	LI Minji	010-85237515
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	China Bohai Bank Co., Ltd.	218 Haihe East Road, Hedong District, Tianjin, China	None	LI Fuan	022-58563383
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Beijing Tian Yuan (Shenzhen) Law Firm	3401, Office Building of Shenzhen Stock Exchange Square, 2012 Shennan Avenue, Futian District, Shenzhen	None	TAN Qing	0755-82550700
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	BDO China Shu Lun Pan Certified Public Accountants LLP	10/F, Building 7, Courtyard 16, Middle Road of West 4th Ring, Haidian District, Beijing	LI Jing and ZHEN Zhijie	ZHU Jiandi	010-88210608
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Golden Credit Rating International Co., Ltd.	1101, 1102 and 1103 Units, 11/F, South Block, Building 1, Chaowai West Street, Chaoyang District, Beijing	None	CUI Lei	010-62299850
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Interbank Market Clearing House Co., Ltd.	33-34/F, Oriental International Financial Plaza, 318 Zhongshan South Road, Shanghai	None	XIE Zhong	021-63326662

Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Beijing Financial Assets Exchange Co., Ltd.	No. B17, Financial Street, Xicheng District, Beijing	None	LI Minji	010-85237515
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Did the above-mentioned intermediaries change during the reporting period?

Yes No

#### 4. Use of raised funds

In RMB

Name of bond project	Total proceeds	Used amount	Unused amount	Operation of special account for proceeds (if any)	Rectifications of use of the proceeds in violation of laws and regulations (if any)	Comply with the usage, use plan and other agreements as promised in the prospectus?
Phase I ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	800,000,000.00	800,000,000.00	0.00	Normal	N/A	Yes
Phase II ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	900,000,000.00	900,000,000.00	0.00	Normal	N/A	Yes
Phase III ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	500,000,000.00	500,000,000.00	0.00	Normal	N/A	Yes
Phase IV ultra-short-term financing bonds	800,000,000.00	800,000,000.00	0.00	Normal	N/A	Yes

in 2021 of Luxshare Precision Industry Co., Ltd.						
Phase V ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	400,000,000.00	400,000,000.00	0.00	Normal	N/A	Yes
Phase VI ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	400,000,000.00	400,000,000.00	0.00	Normal	N/A	Yes

Use of proceeds in the construction projects

Applicable N/A

Change by the Company of the usage of the above-mentioned proceeds during the reporting period

Applicable N/A

#### **5. Adjustment of credit rating results during the reporting period**

Applicable N/A

#### **6. Implementation and changes of guarantees, debt repayment plans and other debt repayment security measures during the reporting period and their effects on bond investors**

Applicable N/A

#### **IV. Convertible corporate bonds**

Applicable



### 3. Top 10 holders of convertible corporate bonds

Unit: Share

**5. The Company's liabilities, changes in credit at the end of the reporting period and cash arrangements for**

## Section X Financial Report

### I. Auditor's report

Audit opinion	Standard Unqualified Opinion
Signing date of audit report	April 27, 2022
Auditor	BDO China Shu Lun Pan Certified Public Accountants LLP
Auditor report document number	Xin Kuai Shi Bao Zi [2022] No. ZB10640
Name of certified public accountants	LI Jing and WEI Gang

### Auditor's Report

#### I. Audit opinion

We have audited the financial statements of Luxshare Precision Industry Co., Ltd. ("Luxshare Precision"), which comprise the consolidated and parent company's balance sheets e • £ e e

recognizes revenue upon the transfer of control of a related product to a customer. If a customer is also the supplier of some raw materials, the Company recognizes the purchase of raw materials and sales of products respectively based on the transfer of inventory risks and rewards, product liability, credit risk bearers and business nature, that is, the sales revenue is recognized based on the gross amount. The revenue is

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

Those charged with governance of Luxshare Precision (hereinafter referred to as "those charged with financial management")

## 1. Consolidated balance sheet

Prepared by: Luxshare Precision Industry Co., Ltd.

December 31, 2021

In RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	14,204,618,186.43	10,528,245,765.93
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets	2,107,118,105.04	3,160,064,470.41
Derivative financial assets		
Notes receivable	307,836,634.64	261,208,601.50
Accounts receivable	31,623,185,946.25	13,839,155,340.47
Receivable financing		
Prepayments	406,016,492.61	183,886,937.70
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	598,456,702.88	407,990,780.79
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	20,900,755,733.15	13,211,009,381.15
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		1,804,485,645.49
Total current assets	72,309,043,621.73	43,396,046,923.44
Loans b 7, M ng		

Debt investments	1,464,279,206.63	
Other debt investments		
Long-term receivables		
Long-term equity investment	1,125,605,226.03	1,208,540,333.29
Other investments in equity instruments	235,976,148.42	138,074,571.56
Other non-current financial assets	5,700,000.00	
Investment properties	59,000,690.72	47,592,110.24
Fixed assets	34,113,259,322.43	19,761,012,854.95

Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	2,099,916,381.79	1,397,632,139.23
Taxes payable	616,039,596.28	237,421,491.63
Other payables	382,391,106.17	146,162,097.14
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Amounts payable under		

Owners' equity:		
Share capital	7,050,485,477.00	6,999,768,186.00
Other equity instruments	527,358,025.98	527,449,226.56
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,719,695,281.67	1,890,099,569.60
Less: Treasury shares		
Other comprehensive income	-35,801,471.29	-44,717,803.06
Special reserve	1,018,784.75	
Surplus reserve	985,161,506.61	733,067,797.73
General risk reserve		
Unappropriated profit	24,040,637,144.00	17,996,149,257.73
Total owners' equity attributable to equity holders of the parent company	35,288,554,748.72	28,101,816,234.56
Minority interests	10,494,088,800.85	2,804,783,627.51
Total owners' equity	45,782,643,549.57	30,906,599,862.07
Total liabilities and owners' equity	120,572,098,167.88	70,012,753,551.75

Legal representative: WANG Laichun Chief financial officer: WU Tiansong Head of accounting department: CHEN Huiyong

## 2. Balance sheet of the parent company

In RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	999,340,773.61	1,890,655,455.45
Held-for-trading financial assets	597,571,722.08	2,238,600,282.87
Derivative financial assets		
Notes receivable	162,983,735.09	147,912,632.85
Accounts receivable	2,901,625,168.21	6,923,152,599.31
Receivable financing		
Prepayments	475,784,600.82	295,993,095.73
Other receivables	635,052,127.84	554,707,729.13
Including: Interest receivable		

Dividends receivable	211,543,626.19	11,543,626.19
Inventories	278,795,156.21	151,961,355.37
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	1,025,701,494.05	143,001,991.83
Total current assets	7,076,854,777.91	12,345,985,142.54
Non-current assets:		
Debt investments	371,512,328.76	
Other debt investments		
Long-term receivables		
Long-term equity investment	21,334,608,802.17	13,603,581,726.93
Other investments in equity instruments	231,075,109.79	704,349,663.13
Other non-current financial assets	572,768,124.91	
Investment properties		
Fixed assets	154,033,992.55	142,429,101.80
Construction in progress	16,062,240.56	5,938,197.42
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	66,189,643.97	
Intangible assets	71,279,533.82	52,410,346.09
Development expenditure		
Goodwill	53,174,339.31	53,174,339.31
Long-term prepaid expenses		727,403.48
Deferred tax assets	9,473,895.76	7,715,791.60
Other non-current assets	41,620,656.64	164,700.00
Total non-current assets	22,921,798,668.24	14,570,491,269.76
Total assets	29,998,653,446.15	26,916,476,412.30
Current liabilities:		
Short-term borrowings	1,892,374,226.82	1,038,298,216.05
Held-for-trading financial liabilities		
Derivative financial liabilities		

Notes payable	1,876,085,509.12	918,494,979.38
Accounts payable	1,683,682,881.16	6,005,518,269.37
Receipts in advance		
Contract liabilities	2,776,607.46	28,872,712.52
Employee benefits payable	19,543,803.49	10,262,304.62
Taxes payable	5,588,631.90	21,244,602.02
Other payables	2,373,609.44	1,565,708.61
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	50,896,248.67	20,029,777.78
Other current liabilities	1,607,362,301.65	512,468,730.41
Total current liabilities	7,140,683,819.71	8,556,755,300.76
Non-current liabilities:		
Long-term borrowings	1,845,854,168.50	180,268,000.00
Bonds payable	2,581,553,066.25	2,475,423,249.98
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	54,189,902.44	
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	9,162,818.02	8,397,770.66
Deferred tax liabilities	34,451,813.60	19,714,831.53
Other non-current liabilities		
Total non-current liabilities	4,525,211,768.81	2,683,803,852.17
Total liabilities	11,665,895,588.52	11,240,559,152.93
Owners' equity:		
Share capital	7,050,485,477.00	6,999,768,186.00
Other equity instruments	527,358,025.98	527,449,226.56
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,080,149,716.35	2,303,197,437.38

Less: Treasury shares		
Other comprehensive income	162,951,644.67	80,735,015.01
Special reserve		
Surplus reserve	985,161,506.61	733,067,797.73
Unappropriated profit	6,526,651,487.02	5,031,699,596.69
Total owners' equity	18,332,757,857.63	15,675,917,259.37
Total liabilities and owners' equity	29,998,653,446.15	26,916,476,412.30

### 3. Consolidated income statement

In RMB

Item	2021	2020
I. Total operating income	153,946,097,790.40	92,501,259,211.54
Including: Operating income	153,946,097,790.40	92,501,259,211.54
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	146,970,931,574.11	85,611,417,151.82
Including: Operating costs	135,048,336,292.88	75,770,007,049.58
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 levies	193,812,057.14	250,775,738.81
Selling expenses	789,908,163.80	477,047,875.58
Gene&		

Financial expenses	554,665,874.05	904,828,142.89
Including: Interest expenses	656,411,767.86	394,589,818.16
Interest income	361,773,700.27	144,116,091.77
Add: Other income	853,542,165.37	450,748,795.89
(Loss is indicated by "-")		
Including: Income from investments in associates and joint ventures	29,737,321.95	24,799,841.42
Income from derecognition of financial assets measured at amortized cost	-171,521,013.80	
(Loss is indicated by "-")		
(Loss is indicated by "-")		
Income from changes in fair value (Loss is indicated by "-")	-115,737,751.66	329,044,852.43
Income from credit	-26,875,504.69	-8,590,000.67
Impairment losses of assets (Loss is indicated by "-")	-162,790,335.12	-139,288,911.05
Income from disposal of assets (Loss is indicated by "-")	-45,266,592.65	-2,309,694.02
III. Operating profit (Loss is indicated by "-")	8,167,424,847.28	8,167,804,168.66
Add: Non-operating income	21,096,536.60	21,932,288.24
Expenses	45,672,434.05	53,956,792.78
(Loss is indicated by "-")	8,142,848,949.83	8,135,779,664.12

2. Net profit from discontinued operations (Net loss is indicated by “-”)		
(II) Categorized by ownership		

financial statements denominated in foreign currencies		
7. Others		
Other comprehensive income attributable to minority interests, net of tax	-32,601,992.28	-4,046,619.66
VII. Total comprehensive income	7,796,924,645.68	7,276,648,159.96
Total comprehensive income attributable to owners of the parent company	7,079,436,718.34	7,015,142,796.78
Total comprehensive income attributable to minority interests	717,487,927.34	261,505,363.18
VIII. Earnings per share:		
(I) Basic earnings per share	1.01	1.03
(II) Diluted earnings per share	0.99	1.01

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

investments in associates and joint ventures		
Income from derecognition of financial assets		



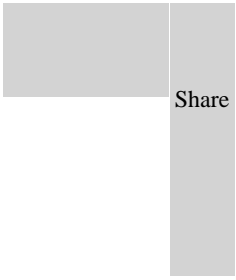
central bank		
Net increase in taking from other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		



III. Cash flows from financing activities:		
Cash receipts from capital contributions	2,387,352,799.19	1,610,278,326.76
Including: Cash receipts from	1,800,900,000.00	1,091,126,000.00
	35,452,570,746.25	25,747,304,566.98
	4,705,930,595.98	4,485,600,000.00
	42,545,854,141.42	31,843,182,893.74
	38,074,504,796.63	23,976,420,698.67

goods and the rendering of services		
Receipts of tax refunds	295,360,510.43	138,658,293.85
Other cash receipts relating to operating activities	10,782,694,066.14	1,643,814,995.33
Sub-total of cash inflows from operating activities	25,336,089,712.39	9,099,844,074.65
Cash payments for goods purchased and services received	14,298,865,162.82	8,120,664,222.33
Cash payments to and on behalf of employees	177,817,539.81	135,105,794.86
Payments of various types of taxes	29,081,311.32	105,195,119.59
Other cash payments relating to operating activities	9,840,822,402.98	1,963,131,078.26
Sub-total of cash outflows from operating activities	24,346,586,416.93	10,324,096,215.04
Net cash flow from operating activities	989,503,295.46	-1,224,252,140.39
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	11,776,296,929.96	13,929,048,580.41
Cash receipts from investment income	2,106,637,671.03	3,416,407,362.80
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	7,640,613.84	27,330,856.05
Net cash receipts from disposals of subsidiaries and other business entities		63,942,000.00
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	13,890,575,214.83	17,436,728,799.26
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	146,496,738.96	125,735,695.16
Cash payments to acquire investments	18,393,225,472.38	19,459,676,016.32
Net cash payments for acquisitions of subsidiaries and other business entities		





shares contributed by owners	8,482 .00			4,317. 19								2,799. 19	900,00 0.00	352,79 9.19
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2. Capital  
contribution



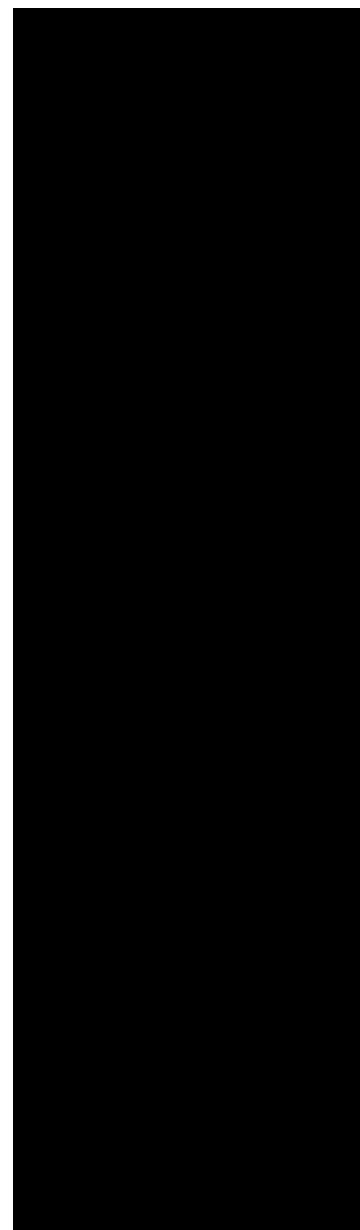
preceding year	738.00				4.21		74		18		72.39		68.52	20	.72
Add: Changes in accounting policies													0.00		0.00
Corrections of prior period errors													0.00		0.00
Business combination involving enterprises under common control													0.00		0.00
Others													0.00		0.00
II. Opening balance of the current year	5,349,001,738.00	0.00	0.00	0.00	2,654,692,874.21	0.00	165,602,152.74	0.00	362,335,031.18	0.00	11,764,987,172.39		20,296,618,968.52	1,453,084,326.20	21,749,703,294.72
III. Changes for the year (Decrease is indicated by “-”)	1,650,766,448.00	0.00	0.00	527,449,226.56	-764,593,304.61	0.00	-210,319,955.80	0.00	370,732,766.55	0.00	6,231,162,085.34		7,805,197,266.04	1,351,699,301.31	9,156,896,567.35
(I) Total comprehensive income							-187,749,263.28				7,225,462,752.58		7,037,713,489.30	265,551,982.84	7,303,265,472.14
(II) Owners' contributions and reduction in capital	39,223,321.00	0.00	0.00	527,449,226.56	846,949,822.39	0.00	0.00	0.00	0.00	0.00	0.00		1,413,622,369.95	1,099,647,318.47	2,513,269,688.42
1. Ordinary shares contributed by owners	39,223,321.00				487,939,258.34								527,162,579.34	1,091,126,000.00	1,618,288,579.34
2. Capital contribution from holders of other equity instruments				527,449,226.56									527,449,226.56		527,449,226.56

3. Share-based  
payment  
recognized in



accounting  
policies

	-773,891,4 0.00 <del>89.68</del>
	0.00
	0.00
	0.00



balance of the current period	85,477.00			8,025.98	9,716.35		644.67		506.61	51,487.02		7,857.63
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Prior period

In RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Other	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Other								
I. Closing balance of the preceding year	5,349,001,738.00				3,070,397,725.31							



5. Retained earnings carried forward from other comprehensive income	-22,570,
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The changes in scope of consolidation for this reporting period is seen in the Note “VI. Changes in scope of consolidation”.

#### **IV. Basis of preparation of financial statements**

##### **1. Basis of preparation**

The Company has prepared its financial statements in accordance with the requirements of the *Accounting Standards for Business Enterprises - Basic Standard*

These financial statements are presented in RMB.

## **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 (including goodwill formed through the acquisition by the ultimate controller of the absorbed party) are measured according to the carrying amount of the assets and liabilities 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 shall be adjusted against retained earnings.

**Business combination not involving enterprises under common control:** The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. 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 acquiree's identifiable assets, liabilities and contingent liabilities that are acquired in the combination meeting the recognition criteria are measured at the fair value on the date of acquisition.

The costs incurred directly attributable to the business combination are recognized in profit or loss for the current period 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 consolidated financial statements**

### **1. Scope of consolidation**

The scope of consolidated financial statements is determined on the basis of control, and includes those of the Company and all of its subsidiaries. "Control" means the power of the Company over the investee, through which the Company will enjoy variable returns by participating in the relevant activities and has the ability to use the power over the investee to affect the Company's return amount.

### **2. Consolidation procedures**

The Company regards the entire enterprise group as an accounting entity and prepares the consolidated financial statements according to the uniformed accounting policies, reflecting the overall financial positions, operating results and cash flows of this enterprise group. The effects of other intragroup transactions (between the Company and its subsidiaries or between subsidiaries) are eliminated. Where the intragroup transactions show that relevant assets have suffered impairment losses, those losses are recognized fully. Where the accounts are at

consolidated financial statements.

That portion of owner's equities, net profits or losses and comprehensive income of subsidiaries for the period attributable to minority interests are separately present



- (3) the Company's revenue from the sales of its share of output of the joint operation;
- (4) the Company's share of revenue from the sales 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.

The Company accounts for investments in joint ventures using the equity method and the details are seen in Note "III. (XIV) Long-term equity investments".

## **8. Recognition of cash and cash equivalents**

Cash comprises cash on hand and deposits of the Company that can be readily withdrawn on demand. Cash equivalents comprise short-term, highly liquid investments held by the Company that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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

### **1. Foreign currency transactions**

the business model aims to collect contractual cash flows; and

the contractual cash flows are generated only from payment of principal and interest on the outstanding principal.

The Company classifies financial assets that meet the following criteria at the same time and are not designated as at fair value through profit or loss as the financial assets (debt instruments) at fair value through other comprehensive income:

the business model aims to collect contractual cash flows and sell such financial assets; and

the contractual cash flows are generated only from payment of principal and interest on the outstanding principal.

The Company irrevocably designates the non-trading equity instruments as financial assets (equity instruments) at fair value through other comprehensive income on initial recognition. Such designation is made on the basis of a single investment, and the relevant investments meet the definition of an equity instrument from the issuer's perspective.

Company's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss, (2) financial assets at fair value through other comprehensive income, and (3) financial assets at amortized cost. The Company's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss, (2) financial assets at fair value through other comprehensive income, and (3) financial assets at amortized cost.

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

### 3. Derecognition and transfer of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- the contractual right to receive cash flows from the financial assets has expired;
- the financial asset has been transferred and all the risks and rewards of ownership of the financial asset are substantially transferred to the transferee;
- the financial asset has been transferred, and the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, but did not retain control over the financial asset.

When a financial asset is transferred, if the Company retains substantially all the risks and rewards of ownership of a financial asset, it 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 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) any cumulative changes in fair value that was originally recognized in owners' equity.

If 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) the amount of the part derecognized corresponding to the cumulative changes in fair value that was originally recognized 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 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 existing financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the existing financial liability and the recognition of a new financial liability.

A substantial modification to the terms of an existing financial liability or any part thereof is accounted for as an extinguishment of the existing financial liability or any 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 any part thereof, it recognizes 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) in profit or loss for the current period.

If the Company repurchases 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

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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.

With respect to accounts receivable and contract assets that arise from the transactions regulated under the *Accounting Standards for Business Enterprises No.14 - Revenue (2017)*, whether to include 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 and contract assets.

For lease receivables, the Company always measures its loss reserves based on an amount equal to the expected credit loss during the entire life of these receivables.

If the Company no longer reasonably expects that the contractual cash flows of a financial asset can be recovered in whole or in part, it directly reduces the carrying amount of such financial asset.

## **11. Notes receivable**

Please refer to Note V, 10 “Financial instruments” for details of the Group’s accounting treatment of notes receivable and the method to determine the expected credit loss thereof.

## **12. Accounts receivable**

Please refer to Note V, 10 “Financial instruments” for details of the Group’s accounting treatment of accounts receivable and the method to determine the expected credit loss thereof.

## **13. Receivable financing**

Please refer to Note V, 10 “Financial instruments” for details of the Group’s accounting treatment of receivable financing and the method to determine the expected credit loss thereof.

## **14. Other receivables**

Determination and accounting treatment of expected credit losses of other receivables

Please refer to Note V, 10 “Financial instruments” for details of the Group’s accounting treatment of other receivables and the method to determine the expected credit loss thereof.

## **15. Inventories**

### **1. Classification and cost of inventories**

Inventories are classified into: materials in transit, raw materials, revolving materials, goods on hand, products in process, goods sold, work in process - outsourced, etc.

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

## **2. Pricing methods of inventories transferred out**

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

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less costs expected to be incurred until completion and the estimated costs necessary to make the sale and relevant taxes.

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 net realizable 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 net realizable value is determined at the estimated selling price of finished products less the costs to be incurred until completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value of the inventories held to satisfy sales or service contracts is based on the contract price. If the quantity of inventories held is more than the quantity ordered in the sales contracts, the net realizable value of the excess portion of inventories is based on general selling prices.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value is higher than the carrying amount of inventories, the reversal is made to the extent of the amount originally provided for the decline in value of inventories. The amount of the reversal is recognized in profit or loss for the current period.

## **4. Inventory systems for inventories**

A perpetual inventory system is adopted.

## **5. Amortization of low-value consumables and packing materials**

The Company's revolving materials include low-value consumables and packing materials. The revolving materials with significant amounts are amortized monthly in accordance with the estimated useful life upon applying for use; and the other low-value consumables and packing materials are amortized using immediate write-off method upon applying for use.

## **16. Contract assets**

### **1. Recognition methods and standards of contract assets**

The Company presents the contract assets or liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company presents the right to receive the consideration for the goods or services that have been transferred or offered to customers (that is,

depending on factors other than the passage of time) as the contract assets. The Company lists the contract assets and liabilities under the same contract as net amount. The Company separately presents its owned right to unconditionally (that is, only depending on the passage of time) receive consideration from customers as the accounts receivable.

## 2. Determination and accounting treatment of expected credit losses of contract assets

Determination and accounting treatment of expected credit losses of contract assets are seen in the Note “(X) VI. Test and accounting treatment of impairment of financial assets”.

## 17. Contract costs

Contract costs include contract performance cost and contract acquisition costs.

The cost incurred by the Company to perform a contract is not be governed by the standards on inventories, fixed assets or intangible assets, and if meeting the following criteria, is recognized as an asset as the contract performance cost:

- such cost is directly related to an existing or expected contract.
- such cost increases the Company’s future resources for fulfilling its performance obligations.
- such cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain a contract is expected to be recovered, it is recognized as an asset as the cost for contract acquisition.

The Company amortizes the asset related to the contract cost on the same basis as the recognition of the revenue of the goods or services related to the asset; provided that if the cost for contract acquisition is amortized for not more than one year, the Company includes it into the profit or loss for the current period in which it is incurred.

If the carrying amount of the asset related to the contract cost is higher than the difference between the following two amounts, then the Company makes a provision for impairment of the excess and recognizes it as an impairment loss for the asset:

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

If the impairment factors for prior periods have changed afterwards so that the above difference is higher than the carrying amount of the asset, then the Company reverses a provision for impairment ori ° MM °

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(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 provisions. For the non-current assets (excluding financial assets, deferred tax assets, and assets formed by the employee benefits) or disposal groups classified as the held-for-sale assets, if their carrying amount is higher than the fair value net of sale expenses, then the carrying amount is reduced to the fair value net of sale expenses. That reduction in amount is recognized as an impairment loss of the assets and charged to profit or loss for the current period. A provision for impairment of the held-for-sale assets is recognized accordingly.

## **19. Debt investments**

Please refer to Note V, 10 “Financial instruments” for details of the Group’s accounting treatment of debt investments and the method to determine the expected credit loss thereof.

## **20. Other debt investments**

None

## **21. Long-term receivables**

None

## **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. If 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 of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of an investee, but is not control or joint control with other parties over the establishment of those policies. If 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**

In case of a long-term equity investment of a subsidiary acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the Company’s share of the carrying amount of the owners’ equity of the absorbed party in the consolidated financial statements of the ultimate controller at the date of combination. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid for the combination is treated as an adjustment to the equity premium in the capital

remaining balance is adjusted against the retained earnings. Where the Company becomes capable to exercise control over an investee under the common control due to additional investment or other reasons, the difference between the initial investment cost of the long-term equity investment recognized in the light of above principles 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. If the equity premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

In case of a long equity investment acquired through a business combination not involving enterprises under common control, the Company regards the cost of combination determined on the date of acquisition as the initial investment cost of the long-term equity investment. If 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 is the sum of the carrying amount of the equity investment originally held and the new investment cost.

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

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.

### **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, unless these investments meet the held-for-sale conditions. Except for cash dividends or profit distributions declared but undistributed included in the price or consideration actually paid on 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 of a long-term equity investment exceeds the Company'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 Company'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, and the cost of the long-term equity investment is adjusted accordingly.

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 owners' equity of the investee other than net profits or losses, other comprehensive income and profit distributions ("changes in other owners' equity"), and includes the corresponding adjustment in owners' equity.

For recognition of its share of the investee's net profits or losses or other comprehensive income and

changes in other owners' equity, the Company recognizes its share of the investee's net profits and other comprehensive income after making appropriate adjustments based on the fair value of the investee's identifiable net assets at the date of acquisition in accordance with its accounting policies and period.

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, unless the invested or sold assets constitute the business. The impairment loss of assets in the unrealized losses resulting from intragroup transactions between the Company and the investee is fully recognized.

The Company discontinues recognizing its share of net losses of the associate or joint venture after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the Company's net investment in the associate or joint venture are reduced to zero, except to the extent that the Company has incurred obligations to assume additional losses. Where the associate or joint venture makes net profits subsequently, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

### (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.

If, on partial disposal of long-term equity investments accounted for using the equity method, r ` e



**(2) Method of depreciation**

Category	Method of depreciation	Estimated useful life (years)	Residual value rate	Annual depreciation rate (%)
Buildings	Straight-line method	20	1, 10	4.50-5
Machinery equipment	Straight-line method	3-10	1, 10	9-33
Auxiliary production equipment	Straight-line method	5-10	10	9-18
Transportation equipment	Straight-line method	3-5	1, 10	18-33
Mould equipment	Straight-line method	3	10	30
Office equipment	Straight-line method	3-5	1, 10	18-33
Computer equipment	Straight-line method	3-10	1, 10	10-33
Other equipment	Straight-line method	3-10	1, 10	10-33

The Company provides for depreciation of fixed assets by category using the straight-line method, and determines the depreciation rate on the category, estimated useful life and estimated net residual value of fixed assets. For fixed assets with the provision for impairment, the depreciation amount will be determined in the future based on the carrying amount after deduction of the provision for impairment and remaining useful life. If a fixed asset has various component parts which have different useful lives or provide benefits to the enterprise in different manners, these component parts are depreciated separately by selecting different depreciation rates or methods.

The depreciation policy adopted for the fixed assets leased in under finance lease is consistent with that for the self-owned fixed assets. If there is 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 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.

**(3) Identification basis, pricing and depreciation methods of fixed assets leased in under finance leases**

If the clauses of the lease agreement made and entered into by and between the Company and the lessor stipulate one of the following conditions, the relevant asset will be recognized as the asset leased in under finance lease:

- (1) the ownership of the leased asset belongs to the Company after the lease term expires;
- (2) the Company has the option to purchase the asset at the price much lower than the fair value of the asset at the time of exercise of option;
- (3) the lease term accounts for the majority of the useful life of the leased asset;
- (4) the present value of the minimum lease payment at the commencement date of the lease is not significantly different from the fair value of the asset; or
- (5) the leased asset is of a specialized nature such that only

payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge.

#### **(4) Disposal of fixed assets**

A fixed asset is derecognized when it is disposed of or when no future economic benefits are expected to be generated from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the Company recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes and fee in profit or loss for the current period.

### **25. Construction in progress**

A construction in progress is measured at the actual cost incurred. Actual cost includes construction and installation fees, qualifying borrowing costs and other necessary expenses necessarily incurred for bringing the asset to working condition for its intended use. The construction in progress is transferred to fixed assets when meeting working conditions for its intended use and the Company begins to make provision from next month.

### **26. Borrowing costs**

#### **1. Recognition of capitalization of borrowing costs**

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

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 a

directly attributable expenditure for preparing the asset for its intended use.

(2) Subsequent measurement

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

A finite-lived intangible asset is amortized 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 life**

Item	Estimated useful life	Amortization method	Residual value rate	Basis
Software	3-10	Straight-line method	None	Estimated period of benefit
Land use right	50	Straight-line method	None	Certificate of land use rights
Patent right	10	Straight-line method	None	Right term
Non-patent technology	10	Straight-line method	None	Estimated period of benefit

**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 is classified into expenditure on the research phase and expenditure on the development phase.

Research phase: the stage of original and planned investigation and research activity undertaken with the prospect of gaining and understanding new sciennm

- (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 of 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.

If the Company fails to discriminate between expenditure on the research phase and expenditure on the development phase, all expenditures on research and development are recognized in the profit or loss for the current period.

### **31. Impairment of long-term assets**

Where any indication exists that long-term equity investments,

Once an impairment loss on the asset above is recognized, it wi

recognized in 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 in 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 income, 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 income is fully carried forward to unappropriated profit within the scope of equity.

In the settlement of the defined benefit plan, the gain or loss of settlement is recognized according to the def b ned ae

lease term, discounted by the Company's incremental borrowing rate at the date of initial application of the New Lease Standard.

- \* an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments.

For leases classified as operating leases before the date of initial application, the Company, at the same time of using aforementioned methods, adopts one or more of the following practical expedients to account for each lease:

1) accounted as short-term leases for the leases for which the lease term ends within 12 months of the date of initial application;

2) applied a single discount rate to leases with similar characteristics when measuring lease liabilities;

3) excluded initial direct costs from measuring the right-of-use assets;

4) determined the lease term according to the actual exercise or other updates of options before the date of initial application if the contract contains options to extend or terminate the lease;

5) adjusted the right-of-use assets by the amount of onerous contract provision recognized in the balance sheet before the date of initial application if the contract including leases is measured as an onerous contract before the date of initial application in accordance with Note "III. (24) Provisions" to the financial statements, as an alternative of testing the impairment of right-of-use assets;

6) accounted for lease modifications before the date of initial application according to the final arrangement of the lease modifications under the New Lease Standard without retrospective adjustments.

In measuring the lease liabilities, the lease payments are discounted by the Company at the lessee's incremental borrowing rate as at January 1, 2021.

For leases classified as finance lease before the date of initial application, the right-of-use asset and the lease liabilities are measured at the original carrying amount of the asset leased in under finance lease and obligations under finance lease at the date of initial application.

### 36. Provisions

The Company recognizes an obligation related to a contingency as a provision 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. The amount of the provision is measured at the present value of the estimated future cash outflows that will be required to settle the obligation.

Where all or some of the expenditure required to settle an estimated liability 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

completion of services for a vesting period, or until the achievement of a specified performance condition, at each balance sheet date during the vesting period, the Company makes the best estimate of the number of equity instruments expected to vest, 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 of the liabilities assumed by the Company, and includes the same in the liabilities accordingly. Until the liability is settled, the Company remeasures the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

### **38. Preferred shares, perpetual bonds and other financial instruments**

### **39. Revenue**





recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the effective interest method. When the Company borrows funds to the Company, the Company

Interest do 6

and deferred tax liabilities are calculated



depreciated over its remaining useful life if the ownership of this leased asset can be reasonably obtained at the maturity date of the lease term, otherwise, the leased asset is depreciated over the shorter of its remaining useful life and the lease term.

The Company determines whether the right-of-use assets are impaired and accounts for the identified impairment losses in accordance with the principles stated in Note “III. (20) Impairment of long-term assets”.

(2) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities for leases excluding short-term leases and leases of low-value assets. The lease lia

single leased asset is of low value when it is brand new. Lease of an asset that is sub-leased or that is expected to be sub-leased by the Company is not included in the

At the commencement date of the lease, the Company recognizes finance lease receivables and derecognizes assets held under finance leases. Lease receivables are presented at an amount equal to the net investment in the lease for the initial measurement. The net investment in the lease is the sum of any unguaranteed residual value and the present value of the rent receipts not received yet as of the commencement date of the lease discounted at the interest rate implicit in the lease.

Interest incomes over the term of the relevant lease are calculated by the Company based on fixed periodic interest rate. The Company accounts for derecognition and impairment of finance lease receivables in accordance with Note “III. (10) Financial instruments”.

Variable lease payments that are not included in the measurement of the net investment in the lease are recognized in profit or loss when incurred actually.

The Company accounts for a finance lease modification as a separate lease if both of the following conditions exist:

- \* The modification has increased the scope of the lease by adding the right to use one or more leased assets;
- \* The consideration for the lease increases equivalents to the standalone price for the increase in scope of lease and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Company accounts for the modification as follows:

- \* if the lease would have been classified as an operating lease had the modification been in effect at the commencement date or

\* in a

the Company, as a lessor, does not recognize the transferred asset and instead, recognizes a financial asset equal to the transfer proceeds. Please refer to Note “III. (10) Financial instruments” for accounting treatment of the financial asset.

### **Accounting policies applicable prior to January 1, 2021**

Leases are classified as finance leases and operating leases. Finance leases refer to the lease to which substantially all the risks and rewards of the asset ownership have transferred substantially. All other leases are classified as operating lease.

#### **1. Accounting treatment for operating lease**

(1) Lease expenses paid by the Company for leasing in the asset are amortized using a straight-line method throughout the lease term including the rent-free period, and recognized in expenses for the current period. The initial direct expenses paid by the Company in connection with the lease transaction are recognized in expenses for the current period.

When the asset lessor bears the lease-related expenses to be assumed by the Company, the Company deducts these expenses from total rent and then amortizes such deducted rent during the lease term, and recognizes the same in expenses for the current period.

(2) Lease expenses received by the Company for leasing out the asset are allocated using a straight-line method throughout the lease term including the rent-free period, and recognized as the lease-related income. The initial direct expenses paid by the Company in connection with the lease transaction are recognized in expenses for the current period; if such initial direct expenses are of a large amount, the initial direct costs are capitalized and recognized in profit or loss by installments on the same basis as the recognition of the lease-related income throughout the lease term.

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#### 44. Changes in significant accounting policies and accounting estimates

##### (1) Changes in significant accounting policies

Applicable N/A

Changes in accounting policies and associated reasons	Approval procedure	Remarks
(1) Applying the <i>Accounting Standards for Business Enterprises No.21 - Leases</i> (revised in 2018)	Examination and approval by the board of directors	

The Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance") revised and issued the *Accounting Standards for Business Enterprises No.21 - Leases* (hereinafter referred to as the "New Lease Standard") in 2018, and the Company has implemented the New Lease Standard since January 1, 2021, according to which the Company chooses to not assess whether a contract is a lease contract or contains a lease at the date of initial application for contracts that have been concluded before the date of initial application.

\* The Company as a lessee

The Company has elected to recognize the cumulative effect from the initial application of the New Lease Standard as an adjustment to the opening balances of retained earnings and other related items in the financial statements in the initial year of such application, with comparative information not restated.

For the operating leases existing before the date of initial application of the New Lease Standard, the lease liability is measured at the present value of the remaining lease payments at the date of initial application of the New Lease Standard that is discounted at the Company's incremental borrowing rate at the date of initial application of the New Lease Standard, and for each lease, the right-of-use asset is measured at either of the followings:

- \* the carrying amount recognized by adopting the New Lease Standard from the commencement date of the ca

arrangement of the lease modifications under the New Lease Standard without retrospective adjustments. In measuring the lease liabilities, the lease payments are discounted by the Company at the lessee's incremental borrowing rate as at January 1, 2021.

Unpaid minimum lease payment of operating lease with significant amount disclosed in the consolidated financial statements as at December 31, 2020	157,440,735.91
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should come into force from the date of releasement. Relevant businesses transacted from the January 1, 2021 to the date of application shall be adjusted subject to the Interpretation No.14.

#### Interpretation

##### Public-private-partnership (“PPP”) project contracts

Interpretation No.14 is applicable to PPP project contracts satisfying the requirements of “dual features” and “dual controls” as stated in the Interpretation No.14. Relevant PPP project contracts that were fulfilled before December 31, 2020 and have not been completed as of the effective date of Interpretation No.14 should be adjusted retrospectively, and in case of retrospective adjustment impracticable, the opening balance of retained earnings and that of other relevant line items in the financial statements for the current year of the application date should be adjusted based on the cumulative effect of applying of Interpretation No.14 from the earliest period when the retrospective adjustment is practicable, with no information in the comparable period restated. The Company’s application of such requirements has brought no material impact on the financial position and results of operation of the Company.

##### Benchmark interest rate reform

Interpretation No.14 introduces practical expedients for modifications of recognition basis of cash flows related to financial instrument contract and lease contract resulting from the benchmark interest rate reform. According to requirements of Interpretation No.14, transactions related to benchmark interest rate reform that occurred before December 31, 2020 should be adjusted retrospectively unless the retrospective adjustment is impracticable, with no comparative information in the financial statements of the prior period restated. On the effective date of Interpretation No.14, the difference between the original carrying amount and new carrying amount for financial assets and liabilities is recognized in the opening balance of retained earnings or other comprehensive income for the reporting period of the year when applying Interpretation No.14. The Company’s application of such requirements has brought no material impact on the financial position and results of operation of the Company.

#### (3) Application of the *Notice on Adjusting the Application Scope of Accounting Regulations on Rental Concessions Related to COVID-19 Epidemic*

On June 19, 2020, the Ministry of Finance released the *Accounting Regulations on Rental Concessions Related to COVID-19 Epidemic* (Cai Kuai [2020] No.10), which regulated that a company can choose to adopt practicable expedients to any reduction in lease payments directly resulting from COVID-19 epidemic, such as rental concession and delayed payment of rents, provided that such reduction satisfied relevant conditions.

On May 26, 2021, the Ministry of Finance released the *Notice on Adjusting the Application Scope of Accounting Regulations on Rental Concessions Related to COVID-19 Epidemic* (Cai Kuai [2021] No.10), which regulated that a company can choose to adopt practicable expedients to any reduction in lease payments directly resulting from COVID-19 epidemic, such as rental concession and delayed payment of rents, provided that such reduction satisfied relevant conditions.





Construction in progress	1,596,064,894.58	1,596,064,894.58	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		149,189,002.32	149,189,002.32
Intangible assets	1,265,161,209.65	1,265,161,209.65	
Development expenditure			
Goodwill	533,139,532.25	533,139,532.25	
Long-term prepaid expenses	488,087,044.97	488,087,044.97	
Deferred tax assets	355,834,434.21	355,834,434.21	
Other non-current assets	1,223,199,642.61	1,223,199,642.61	
Total non-current assets	26,616,706,628.31	26,765,895,630.63	149,189,002.32
Total assets	70,012,753,551.75	70,157,216,237.66	144,462,685.91
Current liabilities:			
Short-term borrowings	7,577,068,798.49	7,577,068,798.49	
Loans from the central bank			
Taking from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	128,572,111.54	128,572,111.54	
Accounts payable	23,051,557,603.83	23,051,557,603.83	
Receipts in advance			
Contract liabilities	152,512,971.36	152,512,971.36	
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	1,397,632,139.23	1,397,632,139.23	
Taxes payable	237,421,491.63	237,421,491.63	
Other payables	146,162,097.14	146,162,097.14	
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one year	278,527,714.63	278,527,714.63	

Total liabilities	39,106,153,689.68	39,250,616,375.59	144,462,685.91
Owners' equity:			
Share capital	6,999,768,186.00	6,999,768,186.00	
Other equity instruments	527,449,226.56	527,449,226.56	
Including: Preferred shares			
Perpetual bonds			
Capital reserve	1,890,099,569.60	1,890,099,569.60	
Less: Treasury shares			
Other comprehensive income	-44,717,803.06	-44,717,803.06	
Special reserve			
Surplus reserve	733,067,797.73	733,067,797.73	
General risk reserve			
Unappropriated profit	17,996,149,257.73	17,996,149,257.73	
Total owners' equity attributable to equity holders of the parent company	28,101,816,234.56	28,101,816,234.56	
Minority interests	2,804,783,627.51	2,804,783,627.51	
Total owners' equity	30,906,599,862.07	30,906,599,862.07	
Total liabilities and owners' equity	70,012,753,551.75	70,157,216,237.66	144,462,685.91

## Description of adjustment

The Company has implemented the New Lease Standard since January 1, 2021.

## Balance sheet of the parent company

In RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current assets:			
Cash and bank balances	1,890,655,455.45	1,890,655,455.45	
Held-for-trading financial assets	2,238,600,282.87	2,238,600,282.87	
Derivative financial assets			
Notes receivable	147,912,632.85	147,912,632.85	
Accounts receivable	6,923,152,599.31	6,923,152,599.31	

Receivable financing

Deferred tax assets	7,715,791.60	7,715,791.60	
Other non-current assets	164,700.00	164,700.00	
Total non-current assets	14,570,491,269.76	14,572,184,901.91	1,693,632.15
Total assets	26,916,476,412.30	26,918,170,044.45	1,693,632.15
Current liabilities:			
Short-term borrowings	1,038,298,216.05	1,038,298,216.05	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	918,494,979.38	918,494,979.38	
Accounts payable	6,005,518,269.37	6,005,518,269.37	
Receipts in advance			
Contract liabilities	28,872,712.52	28,872,712.52	
Employee benefits payable	10,262,304.62	10,262,304.62	
Taxes payable	21,244,602.02	21,244,602.02	
Other payables	1,565,708.61	1,565,708.61	
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	20,029,777.78	20,029,777.78	
Other current liabilities	512,468,730.41	512,468,730.41	
Total current liabilities	8,556,755,300.76	8,556,755,300.76	
Non-current liabilities:			
Long-term borrowings	180,268,000.00	180,268,000.00	
Bonds payable	2,475,423,249.98	2,475,423,249.98	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		1,693,632.15	1,693,632.15
Long-term payables			

Long-term employee benefits payable				
Provisions				
Deferred income	8,397,770.66	8,397,770.66		
Deferred tax liabilities	19,714,831.53	19,714,831.53		
Other non-current liabilities				
Total non-current liabilities	2,683,803,852.17	2,685,497,484.32		1,693,632.15
Total liabilities	11,240,559,152.93	11,242,252,785.08		1,693,632.15
Owners' equity:				
Share capital	6,999,768,186.00	6,999,768,186.00		
Other equity instruments	527,449,226.56	527,449,226.56		
Including: Preferred shares				
Perpetual bonds				
Capital reserve	2,303,197,437.38	2,0	P- 2,30	y 8C ~

## VI. Taxes

### 1. Major categories of taxes and tax rates

Tax category	Taxation basis	Tax rate
Value added tax	VAT payable is the output tax based on the sales of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%, 0%
Urban maintenance and construction tax	Subject to the actual payment of VAT and consumption tax	7 %, 5%
Enterprise income tax	Subject to the taxable income amount	25%, 20%, 19%, 17%, 16.5%, 15%, 0%

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

Taxpayer	Rate of enterprise income tax
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
MERRY ELECTRONICS (SUZHOU) CO., LTD.	15
Luxshare Electronic Technology (Kunshan) Co., Ltd.	15
Yongxin County Boshuo Electronics Co., Ltd.	15
Chuzhou Luxshare Precision Industry Co., Ltd.	15
M&A MERRY ELECTRONICS (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
Baoding Luxshare Precision Industry Co., Ltd.	15
Luxshare Precision Industry (Shanxi) Co., Ltd.	15
Dongguan Xuntao Electronic Co., Ltd.	15
Kunshan Luxshare Precision Industry Co., Ltd.	15

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	Note 1
	Note 2
	Note 1
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XIV



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, 2021, with the High-tech Enterprise Certificate No.GR202132006555 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 2021.

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30, 2021, with the High-tech Enterprise Certificate No.GR202132006790 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 2021.

17. The sub-subsidiary, Suining Luxshare Precision Industry Co., Ltd. (“Suining Luxshare”), was identified as a high-tech enterprise by Sichuan Provincial Department of Science and Technology, Sichuan Provincial Department of Finance, and Sichuan Provincial Tax Service, State Taxation Administration on

enterprise income tax rate of 15% for 2021.

24. The subsidiary, Enshi Luxshare Precision Industry Co., Ltd. (“Luxshare Enshi”), was qualified for tax reduction in accordance with the *Announcement on the Continuation of Preferential Enterprise Income Tax Policies in the Western Region of China issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission* which provided that enterprise income tax should be levied at a reduced rate of 15% on enterprises engaged in the encouraged industries in the western region for the period from January 1, 2021 to December 31, 2030. Since it is located at Enshi Tujia and Miao Autonomous Prefecture, Hubei Province where enterprises can apply the preferential enterprise income tax policies in the Western Region of China, it enjoys an enterprise income tax rate of 15% for 2021.

25. The sub-subsidiary, Xuancheng Luxshare Precision Industry Co., Ltd. (“Luxshare Xuancheng”), 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 18, 2021, with the High-tech Enterprise Certificate No.GR202134004975 val

## **VII. Notes to items in consolidated financial statements**

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

	Closing balance	Opening balance
	137,325,482.78	251,899,317.40
	<del>170,511,151.86</del>	9,309,284.10

Description	Closing balance		
	Book balance	Bad-debt provision	Provision proportion

Descriptions on basis for determining 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 N/A

## (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	Recovery or reversal	Write-off	Others	

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

Applicable N/A

## (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	51,933,961.58
Total	51,933,961.58

## (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	478,321,177.81	
Total	478,321,177.81	

## (5) Notes which the Company transfers into accounts receivable

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

In RMB



Description				
	Book balance	Bad-debt provision	Provision proportion	
Entity 1	30,988,680.56	30,988,680.56	100.00%	Unrecoverable
Entity 2	3,884,072.10	3,884,072.10	100.00%	Unrecoverable
Entity 3	4,290,486.28	4,290,486.28	100.00%	Unrecoverable
Entity 4	241,403.36	241,403.36	100.00%	Unrecoverable
Entity 5	145,149.65		100.00%	
		39,549,791.95	--	--

Provision for bad debts made

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Aging	Book balance
Within 1 year (including 1 year)	

Entity name	Closing balance of accounts receivable	Proportion in total closing balance of accounts receivable	Closing balance of bad-debt provision
Entity 1	17,873,506,938.34	56.35%	8,936,753.47
Entity 2	1,811,368,107.96	5.71%	905,684.05
Entity 3	1,683,558,136.61	5.31%	841,779.07
Entity 4	1,049,864,564.03	3.31%	524,932.28
Entity 5	837,357,956.82	2.64%	418,678.98
Total	23,255,655,703.76	73.32%	

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

Other descriptions:



Borrower	Closing balance	Overdue time	Reasons for delay	Whether there is impairment and its judgment basis
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Other descriptions:

### 3) Bad-debt provision

Applicable N/A

#### (2) Dividends receivable

##### 1) Classification of dividends receivable

In RMB

Item (or Investee)	Closing balance	Opening balance
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##### 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
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### 3) Bad-debt provision

Applicable N/A

Other descriptions:

#### (3) Other receivables

##### 1) Classification of other receivables by nature

In RMB

Nature of receivables	Closing book balance	Opening book balance
Reserve fund	731,313.00	2,150,958.86
Security deposit	137,059,171.76	82,843,142.41
Export tax rebate receivable	187,123,564.48	52,519,780.76
Disbursement	56,222,486.93	61,811,236.98
Transfer funds of fixed assets	1,727,939.28	15,068,375.17
Insurance indemnity	59,200,000.00	
Others	160,733,783.92	195,784,468.71

Total	602,798,259.37	410,177,962.89
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## 2) Bad-debt provision

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (without credit impaired)	Lifetime ECL (with credit impaired)	
Balance as at January 1, 2021	2,187,182.10			2,187,182.10
Balance as at January 1, 2021 in the current period	—	—	—	—
Provision in the current period	2,250,179.37			2,250,179.37
Reversal in the current period	203,621.51			203,621.51
Other changes				

			reversal			
by aging	2,187,182.10	2,250,179.37	203,621.51	0.00	107,816.53	4,341,556.49
	2,187,182.10	2,250,179.37	203,621.51	0.00	107,816.53	4,341,556.49

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

In RMB

Entity name	Amount reserved or recovered	Recovery method
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#### Other receivables actually written off in the current period

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
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Descriptions on the write-off of other receivables:

#### Other receivables with top five closing balance - by debtor

In RMB

Entity name	Closing balance	Proportion in total closing balance of other receivables	Closing balance of bad-debt provision
-------------	-----------------	--	---------------------------------------

Entity 1



**(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	30,816,233.39	86,466,854.63	152,728,576.57	107,883,862.28	733,559.35	161,394,242.96
Products in process	31,348,190.65	19,900,825.95	5,619,959.52	6,353,938.25	475,260.55	50,039,777.32
Goods on hand	67,217,791.93	50,877,290.59	282,273,365.01	260,129,781.13	827,581.60	139,411,084.80
Revolving materials	2,374.56	120,251.95		5,892.51		116,734.00
Goods sold	160,985.17	82,473.73	1,672,570.07	1,672,570.07		243,458.90
Materials in transit						
Work in process - outsourced		1,444,894.26	11,146,722.09	8,830,170.74		3,761,445.61
Total	129,545,575.70	158,892,591.11	453,441,193.26	384,876,214.98	2,036,401.50	354,966,743.59

Other items with amount increased in current period are included due to changes in the scope of consolidation.

**(3) Descriptions on closing balance of inventories containing capitalized amount of borrowing costs****(4) Descriptions 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 N/A

Provision for impairment of contract assets in the current period

In RMB

Item	Provision in the current	Reversal	Write off/cancellation	Reason

	period			
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Other descriptions:

## 11. Held-for-sale assets

In RMB

Item	Closing book balance	Provision for
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Total	1,464,279,206.63		1,464,279,206.63			
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Significant debt investments

In RMB

Debt item	Closing Balance				Opening Balance			
	Face value	Coupon rate	Effective interest rate	Maturity date	Face value	Coupon rate	Effective interest rate	Maturity date

Provision for impairment

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12 -month ECL	Lifetime ECL (without credit impaired)	Lifetime ECL (with credit unimpaired)	
Balance as at January 1, 2021 in the current period	—	—	—	—

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

Applicable N/A

Other descriptions:

**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
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Other significant debt investments

In RMB

Other debt item	Closing Balance				Opening Balance			
	Face value	Coupon rate	Effective interest rate	Maturity date	Face value	Coupon rate	Effective interest rate	Maturity date

Provision for impairment

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12 -month ECL	Lifetime ECL (without credit impaired)	Lifetime ECL (with credit unimpaired)	
Balance as at January 1,	—	—	—	—

2021 in the current period			
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				equity method	t					nt
I. Joint ventures										
Riyimao Industrial Co., Ltd.	86,236,93 9.01			27,672,43 4.30	351,380.9 6		-7,238,92 1.00		-801,598. 00	106,220,2 35.27
Xuande Energy Co., Ltd.										

Luxshare  
Co., Ltd.

Ltd.					purposes	
Beijing Wiparking Technology Co., Ltd.			182,872.22		Not for short-term trading purposes	
Jingtuo Liyin Technology (Beijing) Co., Ltd.		214,196.57			Not for short-term trading purposes	
Zhejiang Tony Electronic Co., Ltd		190,911,536.60			Not for short-term trading purposes	
Xuande Energy Co., Ltd.		-280,153.40			Not for short-term trading purposes	
Asia Pacific Emerging Industry Investment Co., Ltd.		205,568.60			Not for short-term trading purposes	

Other descriptions:

## 19. Other non-current financial assets

In RMB

Item	Closing Balance	Opening Balance
Financial assets at fair value through profit or loss	5,700,000.00	
Total	5,700,000.00	

Other descriptions:

## 20. Investment property

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M ?



(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Closing Balance				
IV. Book value				
1. Closing balance	40,573,535.23	18,427,155.49		59,000,690.72
2. Opening balance	33,609,275.22	13,982,835.02		47,592,110.24

**(2) Investment properties measured at fair value**

Applicable N/A

**(3) Investment properties without title certificate**

In RMB

Item	Book value	Reasons for not obtaining the title certificate
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Other descriptions

**21. Fixed assets**

In RMB

Item	Closing Balance	Opening Balance
Fixed assets	34,113,259,322.43	19,761,012,854.95
Total	34,113,259,322.43	19,761,012,854.95

**(1) Fixed assets**

In RMB

Item	Buildings	Office equipment	Machinery equipment	Computer equipment	Auxiliary production equipment	Transportation equipment	Other equipment	Mould equipment	Total
I. Original carrying amount									

7,021,631.0 11.34	196,559,557 .77	10,705,689, 574.89	150,733,539 .07	1,816,082,0 01.53	48,183,202. 58	2,780,524,3 78.64	2,223,661,7 52.60	24,943,065, 018.42
4,210,617,2 81.35	134,276,736 .93	13,483,629, 986.60	69,759,886. 11	735,713,540 .83	23,841,192. 97	3,627,756,7 07.05	1,701,351,6 05.44	23,986,946, 937.28
848,495,623 .75	95,408,185. 92	4,482,317,0 06.98	63,646,469. 07	490,034,849 .59	5,639,317.9 5	1,909,311,8 28.89	1,526,140,9 78.50	9,420,994,2 60.65
1,015,445,8 21.50	18,959,275. 77	3,824,832,3 43.29	19,299.11	245,678,691 .24	5,590,750.5 7	374,043,824 .58	175,210,626 .94	5,659,780,6 33.00

(1) Provision	476,527,026.41	35,160,543.21	2,404,291,973.33	32,000,746.39	344,766,449.55	7,866,008.82	900,343,251.34	621,246,795.68	4,822,202,794.73
(2) Increase in business combination	333,435,764.50	9,769,833.75	2,366,366,510.31			6,765,289.32	661,923,893.92		3,378,261,291.80
3. Decrease in the current period	33,731,526.87	15,133,239.52	248,884,994.67	2,040,574.19	55,876,380.80	3,351,196.81	59,054,011.42	19,273,245.81	437,345,170.09
(1) Disposal or scrap	33,483,168.89	11,496,141.08	246,661,656.77	1,984,684.74	45,526,991.42	3,113,686.54	58,493,166.50	17,065,234.25	417,824,730.19
(2) Decrease in business combination		3,927.92	1,200,101.65	34,027.55	644,432.20		400,206.50		2,282,695.82
(3) Other	248,357.98	3,633,170.52	1,023,236.25	21,861.90	9,704,957.18	237,510.27	160,638.42	2,208,011.56	17,237,744.08
4. Closing Balance	1,732,613,980.84	116,874,793.66	6,448,630,701.91	85,500,206.37	840,014,950.46	35,372,104.15	2,276,336,782.37	1,332,467,890.80	12,867,811,410.56
III. Provision for impairment									
1. Opening Balance		1,806,681.32	43,458,498.43	31,156.29	2,563,440.11	42,534.87	5,084,008.57	24,373,349.76	77,359,669.35
2. Increase in the current period	63,256,923.55		254,592,907.72	10,651.74			20,998,644.91		338,859,127.92
(1) Provision			3,887,092.27	10,651.74					3,897,744.01
(2) Increase in business combination	63,256,923.55		250,705,815.45				20,998,644.91		334,961,383.91
3. Decrease in the current period			48,775,955.68		67,487.84		11,667,224.46	1,592,535.11	62,103,203.09



Plant and Dormitory for Jiangxi Intelligent Manufacture	592,830,470.14	Newly built;the certificate is in process
Luxshare Dongguan factory	65,691,767.40	Newly built;the certificate is in process
Phase II plant of Ri Shan Zhejiang	743,471,969.86	Newly built;the certificate is in process
New plant of Rikai Yancheng	44,378,742.39	Newly built;the certificate is in process

Other descriptions

Note 1: 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.

## (5) Disposal of fixed assets

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions

## 22. Construction in progress

In RMB

Item	Closing Balance	Opening Balance
Construction in progress	3,685,336,499.02	1,596,064,894.58
Total	3,685,336,499.02	1,596,064,894.58

### (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	2,131,800,600.48		2,131,800,600.48	1,311,923,496.51		1,311,923,496.51
Equipment installation engineering	1,326,553,134.57		1,326,553,134.57	145,475,258.95		145,475,258.95
Mould improvement	97,260,914.54		97,260,914.54	4,759,515.63		4,759,515.63
Other	129,721,849.43		129,721,849.43	133,906,623.49		133,906,623.49

Total	3,685,336,499.02		3,685,336,499.02	1,596,064,894.58		1,596,064,894.58
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**(2) Changes in significant constructions in progress for the current period**

In RMB

Item	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 investment in budget	Project progress	Amount of accumulated capitalized interest	Including: Amount of current capitalized interest	Current interest capitalization rate	Source of funds
Changshu Luxshare workshop construction	1,471,787,728.51	364,175,573.69	971,284,528.00			1,335,460,101.69	90.74%	95.00%				Other
Dongguan Luxshare workshop construction	1,000,000,000.00	72,701,277.85		72,701,277.85			100.00%	100.00%				Other
Workshop Project	1,200,000,000.00	279,843,970.61	673,780,606.06	496,213,912.86		457,410,663.81	51.21%	51.21%				Other
Intelligent Manufacture Jiangxi workshop construction	1,082,665,773.12	89,543,791.53		89,543,791.53			100.00%	100.00%				Other
Yunzhong phase I and phase II	1,700,000,000.00	28,170,000.00	27,810,000.00			55,980,000.00	98.21%	98.21%				Other

workshop construction												
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2. Increase in the current period	375,605,775.94	16,045,204.08	437,601.68	392,088,581.70
(1) New leases	192,804,650.78	4,751,216.27	125,220.28	197,681,087.33
(2) Increase in business combination	182,801,125.16	11,293,987.81	312,381.40	194,407,494.37
(3) Adjustment due to remeasurement				
(4) Other				
3. Decrease in the current period	1,218,890.20	6,183,682.28	295,576.80	7,698,149.28
(1) Transferred to fixed assets	999,517.81			

(1) Provision				
3. Decrease in the current period				
(1) Disposal				
4. Closing Balance				
IV. Book value				
1. Closing balance	420,120,161.73	4,793,986.85	97,393.70	425,011,542.28
2. Opening balance	147,495,370.17	1,693,632.15		149,189,002.32

Other descriptions:

## 26. Intangible assets

### (1) Intangible assets

In RMB

Item	Land use right	Patent right	Non-patent technology	Software	Other	Total
I. Original carrying amount						
	1,178,602,217.69	928,068.13	86,906,922.50	126,554,925.95	42,037,843.00	1,435,029,977.27
current period	871,020,331.52	4,632,385.90	37,393,821.51	167,731,293.03	66,261,416.79	1,147,039,248.75
(1) Purchase	373,045,722.98	4,632,385.90	4,708,582.09	89,630,554.91		472,017,245.88
(2) Internal M .88	t=-		=	M		

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balance						
2. Opening balance	1,091,153,340.14	329,317.52	39,188,268.42	98,219,266.83	36,271,016.74	1,265,161,209.65

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
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Other descriptions:

## 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								

Limited						
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					



goodwill impairment test of major asset groups are as follows:

Asset group name	Gross margin	Growth rate	Discount rate
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Share-based payment	311,751,257.24	75,531,955.67	390,170,003.29	67,974,211.12
Other	199,941,535.44	41,560,989.98	15,122,457.21	3,179,130.74
<b>Total</b>	<b>5,196,287,956.62</b>	<b>891,215,468.53</b>	<b>2,299,556,632.52</b>	<b>355,834,434.21</b>

**(2) Deferred income tax liabilities that are not offset**

In RMB

Item	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets valuation appreciation of business combination not involving enterprises under common control	909,128,653.76	171,173,301.23	93,903,990.20	16,054,921.33
Changes in fair value of other investments in equity instruments	191,890,689.53	28,783,603.43	95,831,927.34	14,374,789.10
Accelerated depreciation of fixed assets	6,009,902,532.36	905,906,182.00	5,363,997,971.61	806,120,054.47
Support funds allocated by the government	14,658,934.73	2,198,840.21	15,046,630.73	2,256,994.61
Accumulative recognition of overseas investment interests by equity method	646,292,642.90	129,258,528.58	342,518,297.34	68,503,659.35
Prepaid pension	5,447,475.80	1,089,495.16	4,849,056.41	969,811.28
Allowance for bad debt overrun	677,356.60	135,471.32	682,946.59	136,589.23
Valuation of derivative financial instruments	211,399,624.82	33,099,925.45	320,117,316.21	48,017,597.53
Other	2,261,422.45	447,120.48	51,621,287.35	9,657,796.05
<b>Total</b>	<b>7,991,659,332.95</b>	<b>1,272,092,467.86</b>	<b>6,288,569,423.78</b>	<b>966,092,212.95</b>

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

In RMB

Item	Offset amount between deferred tax assets and liabilities at the end of	Closing balance of deferred tax assets or	Offset amount between deferred tax assets and liabilities at the	Opening balance of deferred tax assets or
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	the period	liabilities after offset	beginning of the period	liabilities after offset
Deferred tax assets		891,215,468.53		355,834,434.21
Deferred tax liabilities		1,272,092,467.86		966,092,212.95

**(4) Details of unrecognized deferred income tax assets**

In RMB

Item		

**(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 descriptions:

**31. Other non-current assets**

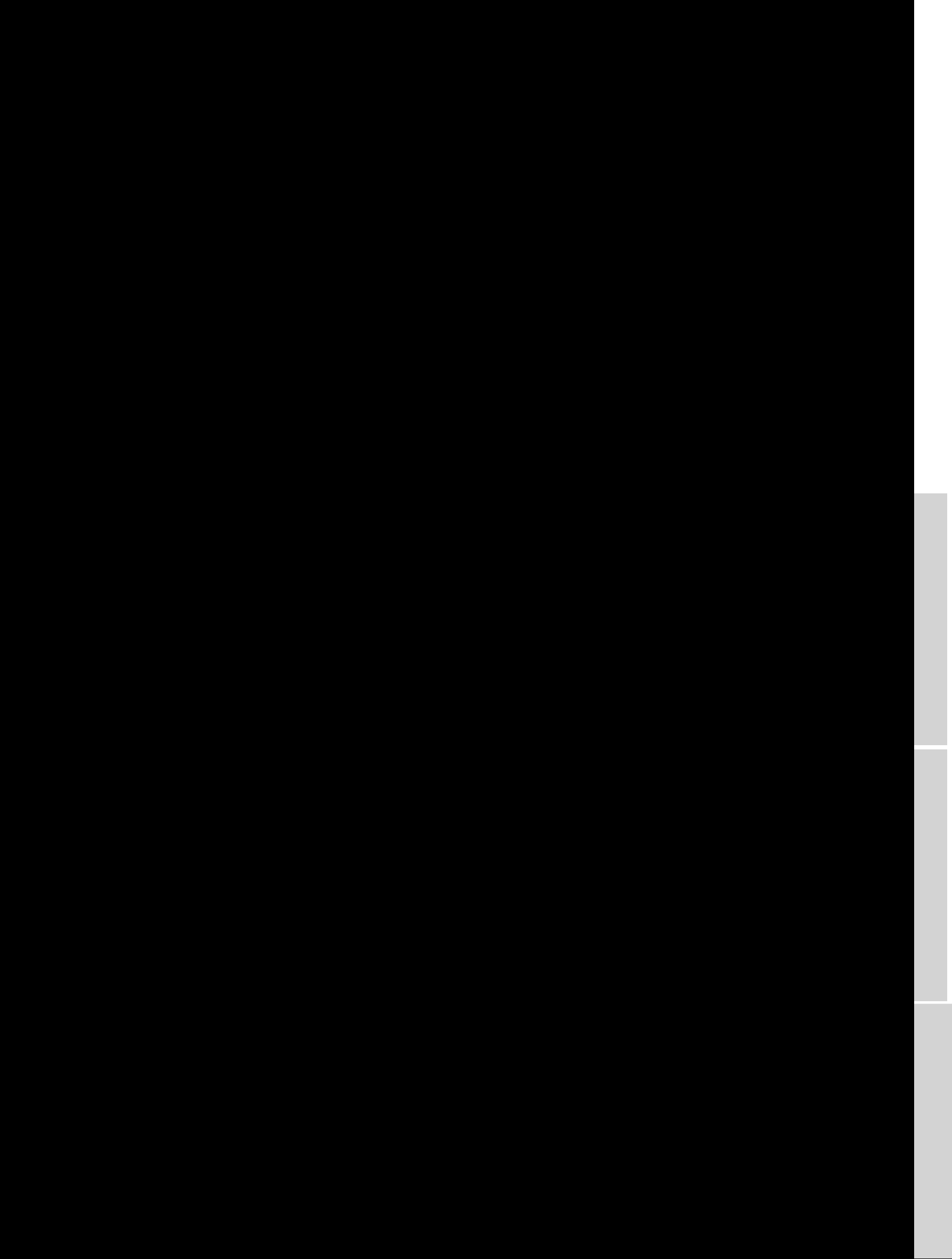
In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
	1,893,831.96		1,893,831.96	1,212,186.29		1,212,186.29
	2.00		2.00	0.84		0.84
	5,447,475.82		5,447,475.82	4,849,056.41		4,849,056.41
	5,025,743.67		5,025,743.67	6,164,295.36		6,164,295.36
	1,904,305.18		1,904,305.18	1,223,199.64		1,223,199.64
	1.49		1.49	2.61		2.61

Total	11,919,635,337.99	7,577,068,798.49
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Descriptions on classification of short-term borrowings:

As at December 31, 2021, the Company discounted bank acceptance bills issued mutually among companies within the Group in the amount of RMB7,582,473,758.45, and pres



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

In RMB

Item	Closing Balance	Reasons for non-pap r	yB
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Including: Medical insurance premium	19,737,830.72	377,258,064.34	368,286,236.76	28,709,658.30
Employment injury insurance premium	2,197,080.72	29,508,920.74	29,070,058.54	2,635,942.92
Maternity insurance premium	1,358,142.15	34,732,832.46	33,345,190.02	2,745,784.59
4. Housing provident fund	972,860.12	316,916,902.63	312,165,793.95	5,723,968.80
5. Trade union funds and staff education funds	1,547,495.17	14,688,217.39	14,805,680.82	1,430,031.74
6. Other short-term compensation	2,371,876.57	1,413,900,560.88	1,412,733,765.70	3,538,671.75
Total	1,362,258,894.71	15,668,099,039.88	14,973,064,960.96	2,057,292,973.63

### (3) Presentation of defined contribution plan

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
1. Basic endowment insurance premium	34,443,692.48	906,923,458.42	900,272,413.80	41,094,737.10
2. Unemployment insurance premium	831,097.12	30,789,530.65	30,302,975.17	1,317,652.60
Total	35,274,789.60	937,712,989.07	930,575,388.97	42,412,389.70

Other descriptions:

### 40. Taxes payable

In RMB

Item	Closing Balance	Opening Balance
Value added tax	91,182,205.54	51,405,224.41
Enterprise income tax	289,614,289.13	61,775,887.49
Individual income tax	76,622,641.75	21,229,322.95
Urban maintenance and construction tax	29,252,309.25	39,628,090.50
Property tax	23,068,002.63	9,463,498.94
Education surcharges	17,112,381.32	24,409,566.22
Local education surcharges	11,090,231.72	15,752,322.98
Land use tax	4,341,775.20	2,197,387.91
Stamp duty	10,097,139.66	6,904,466.32

Disability insurance	50,292,555.43	
Other	13,366,064.65	4,655,723.91
<b>Total</b>	<b>616,039,596.28</b>	<b>237,421,491.63</b>

Other descriptions:

#### 41. Other payable

In RMB

Item	Closing Balance	Opening Balance
Other payable	382,391,106.17	146,162,097.14
<b>Total</b>	<b>382,391,106.17</b>	<b>146,162,097.14</b>

##### (1) Interest payable

In RMB

Item	Closing Balance	Opening Balance

Significant overdue but unpaid interest:

In RMB

Borrower	Overdue amount	Reasons for delay

Other descriptions:

##### (2) Dividends payable

In RMB

Item	Closing Balance	Opening Balance

Other descriptions: it is required to disclose the reasons if there are key dividends payable that have not been paid for more than 1 year.

##### (3) Other payable

###### 1) Presentation of other payable by nature

In RMB

Item	Closing Balance	Opening Balance
Within 1 year	345,015,789.15	144,334,594.60
1 -2 years	17,196,648.52	622,251.94
2 -3 years	14,409,891.93	410,000.00
Over 3 years	5,768,776.57	795,250.60
<b>Total</b>	<b>382,391,106.17</b>	<b>146,162,097.14</b>

**2 ) Other significant accounts payable aged over 1 year**

In RMB

Item	Closing Balance	Reasons for non-payment or carrying forward
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								Amount		
								508,715,277.78		
										804,733,333.34
										401,265,000.00
										401,040,111.11
Total	--	--	--	2,100,000,000.00	508,715,277.78	1,600,000,000.00	7,050,777.45	508,715,277.78	1,607,038,444.45	

Other descriptions:

#### 45. Long-term borrowings

##### (1) Classification of long-term borrowings

In RMB

	Opening Balance
Mortgage loans	

**(2) Increase and decrease in bonds payable (excluding preferred**

**Other liabilities**

In RMB

Item	Closing Balance	Opening Balance
Payment	336,593,292.75	157,440,735.91
Capitalized financing costs	-21,499,809.20	-12,978,050.00
<b>Total</b>	<b>315,093,483.55</b>	<b>144,462,685.91</b>

**Long-term payable**

In RMB

Item	Closing Balance	Opening Balance
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**Breakdown of long-term payable by nature**

In RMB

Item	Closing Balance	Opening Balance
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Descriptions:

**Other accounts payable**

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Net liabilities (net assets) of defined benefit plans

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Descriptions on the content of the defined benefit plans, the related risks, and the impact on the Company's future cash flow, time and uncertainty:

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

Other descriptions:

## 50. Provisions

In RMB

Item	Closing Balance	Opening Balance	Reason
Product quality warranty	923,738.96	1,360,598.63	
Total	923,738.96	1,360,598.63	--

Other descriptions, including major assumptions and estimation descriptions related to significant provisions

## 51. Deferred income

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance	Reason
Government grants	425,345,982.64	199,402,659.37	86,191,697.83	538,556,944.18	
Total	425,345,982.64	199,402,659.37	86,191,697.83	538,556,944.18	--

Projects involving government grants:

In RMB

Liabilities	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	Related to asset/income
Special funds for technological transformation and industrial upgrading	413,834,324.74	199,402,659.37		85,648,103.23			527,588,880.88	Related to asset
Land-related	11,511,657.90			543,594.60			10,968,063.30	Related to

refund								asset
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Outstanding financial instruments	Opening		Increase		Decrease		Closing	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Convertible bonds		527,449,226. 56				91,200.58		527,358,025. 98
Total		527,449,226. 56				91,200.58		527,358,025. 98

Descriptions 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:

According to the *Proposal on the Specific Plan for the Public Issue of Convertible Bond* deliberated and approved at the tenth conference of the fourth session of the Board of Directors of the Company, and the *Reply for Approval of Public Issue of Convertible Bonds by Luxshare Precision Industry Co., Ltd.* (Zheng Jian Xu Ke [2020] No.247) received by the Company from China Securities Regulatory Commission on February 19, 2020, the Company was approved to publicly issue convertible bonds with a total face value of RMB3 billion and a term of 6 years. The Company's convertible bonds of RMB3 billion were listed for trading on Shenzhen Stock Exchange on November 3, 2020, with an abbreviation name of "Luxshare Convertible Bonds" and the bond code of "128136".

Decrease in other equity instrument in the current period is represented as the decrease in convertible bonds caused by conversing bonds to shares.

Other descriptions:

## 55. Capital reserve

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
Capital premium (share capital premium)	1,367,064,124.74	974,641,174.47		2,341,705,299.21
Other capital reserve	523,035,444.86	240,700,708.77	385,746,171.17	377,989,982.46
Total	1,890,099,569.60	1,215,341,883.24	385,746,171.17	2,719,695,281.67

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

Capital reserve - equity premium increased by RMB974,641,174.47 in the current period, including an increase of RMB535,744,317.19 from stock option exercise, a transfer of RMB385,746,171.17 from other capital reserve through stock option exercise, a conversion of RMB507,253.01 from convertible bonds, and an increase of RMB52,643,433.10 by other ways.

Capital reserve - the increase in other capital reserve in the

Item	Opening Balance	Increase	Decrease	Closing Balance
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Other descriptions, 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	Amount recognized in the current period		Closing Balance
		Less: amount previously included in	Amount of income before tax in the current period	

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Safety production fees			1,018,784.75
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Including:				
By the period of transferring products				
Including:				
By contract term				
Including:				
By sales channel				
Including:				
Direct sales	153,946,097,790.40			153,946,097,790.40
Total	153,946,097,790.40			153,946,097,790.40

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 RMB0.00, of which RMB is expected to be rec

**63. Selling expenses**

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Employee benefits	477,502,208.55	299,604,855.35
Storage and lease expenses	51,915,157.63	25,954,501.83
Travel expenses	7,698,136.97	10,523,347.33
Business entertainment expenses	23,190,907.73	20,355,079.41
Material expenditure	7,816,183.12	1,095,021.52
Transportation expenses	5,702,963.14	3,366,341.74
Consumables and miscellaneous purchases	47,560,953.11	5,583,719.60
Depreciation and amortization	8,650,043.25	5,752,130.91
Consulting fees	16,189,368.41	2,383,695.21
Office expenses	1,720,255.18	322,246.46
Other	141,961,986.71	102,106,9es 0

%

s

Item	Amount recognized in the current period	Amount recognized in the prior period
Personnel benefits	3,240,607,062.66	2,908,511,305.08
Mould and material cost	1,372,424,795.60	

Item	Amount recognized in the current period	Amount recognized in the prior period
------	---	---------------------------------------

Item	Amount recognized in the current period	Amount recognized in the prior period
Bad debt loss of other receivables	-2,046,557.86	-852,545.23
Bad debt loss of notes receivable	-3,247.78	
Bad debt loss of accounts receivable	-24,825,699.05	-7,737,455.44
Total	-26,875,504.69	-8,590,000.67

Other descriptions:

## 72. Impairment losses of assets

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
II. Loss of inventory depreciation and impairment loss of contract performance cost	-158,892,591.11	-60,363,851.75
V. Impairment loss of fixed assets	-3,897,744.01	-78,925,059.30
Total	-162,790,335.12	-139,288,911.05

Other descriptions:

## 73. Income from disposal of assets

In RMB

Sources of income from asset disposal	Amount recognized in the current period	Amount recognized in the prior period
Loss on disposal of fixed assets	-45,249,998.44	-2,309,694.02
Loss on disposal of intangible assets	-16,594.21	

Tot

Total	21,096,536.60	21,932,288.24	21,096,536.60
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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	Related to asset/ income

Other descriptions:

## 75. Non-operating expenses

In RMB

	Amount recognized in the current period	Amount included in non-recurring profit or loss for the period	
		Amount	Amount
External donation	1,573,490.75	8,826,883.90	
Asset retirement loss	19,504,908.68	42,346,561.68	19,504,908.68
Compensation, liquidated damages and fines	17,481,196.86	368,635.63	



Item	Amount recognized in the current period	Amount recognized in the prior period
Selling expenses	272,687,431.13	171,690,889.32
General expenses	836,627,173.21	812,592,804.46
R&D expenses	983,858,805.26	971,330,641.74
Non-operating expenses	9,538,603.31	11,610,231.10
Inter-company transactions	239,332,761.28	70,545,074.10
Handling charges	34,077,016.62	39,620,655.76
Other	14,883,864.59	47,051,077.53
<b>Total</b>	<b>2,391,005,655.40</b>	<b>2,124,441,374.01</b>

Descriptions on other cash paid related to operating activities:

### (3) Other cash received related to investing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Obtain net cash received by subsidiaries	4,665,590,364.12	
<b>Total</b>	<b>4,665,590,364.12</b>	

Descriptions on other cash received related to investing activities:

### (4) Other cash paid related to investing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income tax levied on equity transactions	371,929,911.39	
Supplier borrowings	30,000,000.00	
Other	1,208,914.50	
<b>Total</b>	<b>403,138,825.89</b>	

Descriptions on other cash paid relating to investing activities:

### (5) Other cash received related to financing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Short-term financing bonds	3,799,202,739.72	1,500,000,000.00
Convertible bonds	228,949,500.00	2,985,600,000.00
Taxes withheld from shareholder for reduction of shares	671,813,299.36	

Other	5,965,056.90	
<b>Total</b>	<b>4,705,930,595.98</b>	<b>4,485,600,000.00</b>

Descriptions on other cash received related to financing activities:

#### (6) Other cash paid related to financing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Short-term financing bonds	2,700,000,000.00	
Taxes prepaid for shareholder for reduction		
Financing charges	7,388,317.66	14,511,270.50
<b>Total</b>	<b>3,461,522,325.75</b>	<b>14,511,270.50</b>

Descriptions on other cash paid related to financing activities:

### 79. Supplementary information to cash flow statement

#### (1) Supplementary information to cash flow statement

In RMB

Supplementary information	Prior period
1. Reconciliation of cash and cash equivalents	



Less: Cash and cash equivalents held by subsidiaries at the date of purchase

Other descriptions:

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

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

None

## 81. Assets with restricted ownership or right of use

In RMB

Item	Closing book value	Reasons for restriction
Cash and bank balances	5,283,081,458.35	Issue of notes and letter of credit
Notes receivable	51,933,961.58	Financing from pledge of notes receivable
Fixed assets	1,176,330,347.47	Financing from mortgage of fixed assets
Intangible assets	777,621,389.62	Financing from mortgage of land
Held-for-trading financial assets	663,680,000.00	Financing from pledge of held-for-trading financial assets
Accounts receivable	49,644,035.79	Financing from pledge of accounts receivable
Equity investment	5,809,775,702.93	Financing from pledge of equity
Total	13,812,066,895.74	--

Other descriptions:

## 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	--	--	3,809,946,844.03
Including: USD	549,726,199.35	6.3757	3,504,889,329.20
EUR	1,016,405.17	7.2197	7,338,140.43
HKD	18,613.71	0.8176	15,218.57
JPY	148,105,516.38	0.0554	8,207,267.19
TWD	935,408,419.98	0.2302	215,331,018.28
VND	34,638,767,833.33	0.0003	10,391,630.35
KRW	1,627,507,833.33	0.0054	8,788,542.30

GBP	21,204.00	8.6064	182,490.11
RUB	640,224,387.85	0.0856	54,803,207.60
Accounts receivable	--	--	27,826,548,538.48
Including: USD	4,361,041,363.31	6.3757	27,804,691,420.03
EUR	2,156,059.22	7.2197	15,566,100.77
HKD			
JPY	3,104,794.91	0.0554	172,052.21
TWD	22,936,625.98	0.2302	5,280,011.30
VND	48,964,833.33	0.0003	14,689.45
KRW	152,641,616.67	0.0054	824,264.73
Long-term borrowings	--	--	378,468,877.94
Including: USD	19,502,777.91	6.3757	124,343,861.14
EUR			
HKD			
TWD	1,103,931,437.01	0.2302	254,125,016.80
Other receivables			19,928,358.09
Including: USD	1,429,404.56	6.3757	9,113,454.66
EUR	67,468.99	7.2197	487,105.87
JPY	13,950,414.69	0.0554	773,062.23
TWD	23,216,441.01	0.2302	5,344,424.72
VND	6,632,207,366.67	0.0003	1,989,662.21
KRW	240,181,085.19	0.0054	1,296,977.86
GBP	14,146.00	8.6064	121,746.13
RUB	9,368,275.93	0.0856	801,924.42
Short-term borrowings			2,218,863,494.96
Including: USD	341,515,779.70	6.3757	2,177,402,156.62
TWD	180,110,070.98	0.2302	41,461,338.34
Accounts payable			28,306,154,765.48
Including: USD	4,348,182,333.27	6.3757	27,722,706,102.23
EUR	246,432.18	7.2197	1,779,166.41
HKD	49,854.11	0.8176	40,760.72
JPY	187,198,720.98	0.0554	10,373,617.12
TWD	33,632,805.99	0.2302	7,742,271.94
VND	1,875,038,915,500.00	0.0003	562,511,674.65

KRW	29,876,448.15	0.0054	161,332.82
GBP	1,288.00	8.6064	11,085.04
RUB	9,681,712.03	0.0856	828,754.55
Other payables			39,768,243.29
Including: USD	3,797,438.16	6.3757	24,211,326.47
JPY	7,919,377.42	0.0554	438,852.30
TWD	39,028,634.01	0.2302	8,984,391.55
VND	16,719,194,666.67	0.0003	5,015,758.40
KRW	20,148,111.11	0.0054	108,799.80
GBP	116,589.00	8.6064	1,003,411.57
RUB	66,626.17	0.0856	5,703.20

Other descriptions:

**(2) Descriptions 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 N/A

### 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
Related to asset	538,556,944.18	Deferred income	86,191,697.83
Related to income	767,350,467.54	Other income	767,350,467.54

**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 the current period**

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

assets				
-- Fair value of issued or assumed debts				
-- Fair value of issued equity securities				
-- Fair value of contingent consideration				
-- Fair value of equity shares held before the acquisition date at the acquisition date		59,570,545.97	131,123,350.23	
-- Other				
Total of combination cost	6,000,000,000.00	59,570,545.97	131,123,350.23	20,000,000.00
Less: share of fair value of identifiable net assets acquired	5,185,215,199.04	17,804,963.56	121,150,477.35	19,195,544.49
Amount of goodwill/combination cost less than the share of fair value of identifiable net assets acquired	814,784,800.96	41,765,582.41	9,972,872.88	804,455.51

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

Main reasons for the formation of large goodwill:

Other descriptions:

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

In RMB

	Luxcase Technology (Yancheng) Co., Ltd.	Precision Precision	Caldigit Holding(Cayman)	Taihan Precision Co., Ltd.	Zhejiang Puxing Electronic Technology Co., Ltd.
	Fair value at acquisition date	Book value at acquisition date	Fair value at acquisition date	Book value at acquisition date	Fair value at acquisition date

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**(5) Relevant descriptions 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 descriptions**

## **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	Combination 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 descriptions:

### **(2) Combination costs**

In RMB

Combination costs	
--Cash	
-- Book value of non-cash assets	
-- Book value of issued and assumed liabilities	
-- Par value of issued equity securities	
-- Contingent consideration	

Descriptions on contingent considerations and changes therein:

Other descriptions:

### **(3) Book value of assets and liabilities of the acquiree at the combination date**

In RMB

	Combination date	End of last period
Assets:		
Cash and bank balances		

Accounts receivable		
Inventories		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Accounts payable		
Net assets		
Less: minority interest		
Net assets acquired		

Contingent liabilities assumed by acquiree in business combinations:

Other descriptions:

### 3. Counterparty M %M

						statemen t level correspo
--	--	--	--	--	--	---------------------------------

Luxis Precision Intelligent Manufacture (Kunshan) Co., Ltd.	July 2, 2021
Luxshare Intelligent Manufacture Electornic Service (Kunshan) Co.,Ltd.	August 16, 2021
Liding Electronic Technology (Dongguan) Co.,Ltd.	August 10, 2021
Luxshare Precision Technology(Nanjing) Co.,Ltd.	October 19, 2021
Henan Lide Precision Industry Co., Ltd.	July 27, 2021
Changzhi Luxshare Precision Industry Co., Ltd.	November 3, 2021

The Company's changes in scope of consolidation caused by deregistration of subsidiaries in 2021 are stated as follows:

Company	Date of deregistration
Ji'an Jizhou District Luxshare Electronic Co., Ltd.	October 19, 2021
Luxshare-ICT International Cable, Inc.	March 30, 2021
Speedtech (LS-ICT) Co., Limited	November 2, 2021
LUXSHARE-ICT INTERNATIONAL B.V.	April 6, 2021

## 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	100.00%		Establishment
Taiwan Luxshare Precision Limited	Taiwan	Taiwan	Marketing		100.00 %	Establishment

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Co., Ltd.						
Luxshare Precision Industry (Baoding) Co., Ltd.	Baoding	Baoding	Processing and manufacturing		100.00 %	Establishment
Xuancheng Luxshare Precision Industry Co., Ltd.	Anhui	Xuancheng	Processing and manufacturing		100.00 %	Establishment
Luxshare Electric (Shanghai) Co., Ltd.	Shanghai	Shanghai	Processing and manufacturing			

Beijing Luxshare Acoustic Technology Co., Ltd.	Beijing	Beijing	Processing and manufacturing		100.00 %	Establishment
Luxshare Precision Industry (Shanxi) Co., Ltd.	Changzhi	Changzhi	Processing and manufacturing		100.00 %	Establishment
Changzhi Luxshare Precision Industry Co., Ltd.	Changzhi	Changzhi	Processing and manufacturing		100.00 %	Establishment
Suzhou Liantao Electronic Co., Ltd.	Suzhou	Suzhou	Processing and manufacturing		100.00 %	Establishment
Wan'an Xiexun Electronic Co., Ltd.	Wan'an	Wan'an	Processing and manufacturing	100.00 %		Establishment
Xiexun Electronic (Ji'an) Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing	100.00 %		Business combination involving enterprises under common control
ASAP Technology (Jiangxi) Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing	100.00 %		Establishment
Yongxin County Boshuo Electronic Co., Ltd.	Yongxin County	Yongxin County	Processing and manufacturing		100.00 %	Business combination not involving enterprises under common control
Xinyu Xiexun Electronic Co., Ltd.	Xinyu	Xinyu	Processing and manufacturing		100.00 %	Establishment
Jiangxi ASAP Electronic Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing		100.00 %	Establishment
Fujian JK Wiring Systems Co., Ltd.	Fuzhou	Fuzhou	Processing and manufacturing	55.00 %		Business combination not involving enterprises under

						common control
Jianou JK Wiring Systems Co., Ltd.	Jian'ou	Jian'ou	Processing and manufacturing		55.00 %	Establishment
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		100.00 %	Business combination not involving enterprises under common control
Shenzhen Luxshare Acoustics Technology Ltd.	Shenzhen	Shenzhen	Processing and manufacturing		100.00 %	Establishment
Fengshun Luxshare Precision Industry Co., Ltd.	Fengshun	Fengshun	Processing and manufacturing		100.00 %	Establishment
Luxshare Precision Industry (Chuzhou), Ltd.	Chuzhou	Chuzhou	Processing and manufacturing		100.00 %	Establishment
SuK Kunststofftechnik GmbH	Germany	Germany	Processing and manufacturing		100.00 %	Business combination not involving enterprises under common control
Luxshare Automation (Jiangsu) Ltd.	Kunshan	Kunshan	Processing and manufacturing		70.00 %	Business combination not involving enterprises under common control

Dongguan

Precision Industry  
Co., Ltd.

C



100.00 %



						common control
M&A Merry Electronics (Shanghai) Co., Ltd.	Shanghai	Shanghai	Trade		51.00 %	Business combination not involving enterprises under common control
Xingning Luxshare Electronic Co., Ltd.	Xingning	Xingning	Processing and manufacturing		100.00 %	Establishment
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing	100.00 %		Establishment
Shenzhen Luxshare Standard Co., Ltd.	Shenzhen	Shenzhen	Processing and manufacturing	70.00 %		Establishment
Luxshare Standard Limited (HK)	Hong Kong	Hong Kong	Processing and manufacturing		70.00 %	Establishment
Luxshare Precision Industry (Enshi) Co., Ltd.	Enshi	Enshi	Processing and manufacturing	100.00 %		Establishment
Luxshare Precision Industry (Suzhou) Co., Ltd.	Suzhou	Suzhou	Processing and manufacturing	100.00 %		Establishment
Luxshare iTech (Zhejiang) Co., LTD.	Jiashan	Jiashan	Processing and manufacturing	100.00 %		Establishment
Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd.	Changshu	Changshu	Processing and manufacturing	100.00 %		Establishment
Dongguan Luxshare Technology Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing	90.00 %		Establishment

Luxshare Technologies Limited	Hong Kong	Hong Kong	Processing and manufacturing		90.00 %	Establishment
Donguan Xuntao Electronic Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		90.00 %	Business combination not involving enterprises under common control
Xingning Luxshare Technology Co., Ltd.	Xingning	Xingning	Processing and manufacturing		90.00 %	Establishment
Kunshan-Luxshare RF Technology Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		90.00 %	Establishment

Hangzhou Xuntao

Lianxun Intelligent Equipment (Rugao) Co., Ltd.	Rugao	Rugao	Processing and manufacturing		9.09 %	Establishment
Yancheng Luxshare Corporate Management Services Partnership (Limited Partnership)	Yancheng	Yancheng	Investment consulting		9.09 %	Establishment
Luxshare Intelligent Equipment (Yancheng) Co., Ltd.	Yancheng	Yancheng	Investment consulting		9.14 %	Establishment
Kunshan Luxshare Enterprise Management Development Co., Ltd.	Kunshan	Kunshan	Investment consulting	100.00 %		Establishment
Kunshan Luxshare Corporate Management Services Partnership (Limited Partnership)	Kunshan	Kunshan	Investment consulting		9.09 %	Establishment
Luxshare Intelligent Equipment (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		9.46 %	Establishment
Luxshare Precision Technology(Xi'an) Co., Ltd.	Xi'an	Xi'an	Processing and manufacturing	100.00 %		Establishment
Luxshare Electronic	Enshi	Enshi	Processing and manufacturing	100.00 %		Establishment

Technology (Enshi) Co., Ltd.						
Luxis Technology (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing	100.00 %		Establishment
Luxcase Precision Technology (Yancheng) Co., Ltd.	Yancheng	Yancheng	Processing and manufacturing	51.83 %		Business combination not involving enterprises under common control
Ri Pei Computer Accessory (Shanghai) Co., Ltd.	Shanghai	Shanghai	Processing and manufacturing		51.83 %	Business combination not involving enterprises under common control
Ri Shan Computer Accessory (Jiashan) Co., Ltd.	Jiashan	Jiashan	Processing and manufacturing		51.83 %	Business combination not involving enterprises under common control
Ri Ming Computer Accessory (Shanghai) Co., Ltd.	Shanghai	Shanghai	Processing and manufacturing		51.83 %	Business combination not involving enterprises under common control
Sheng-Rui Electronic Technology (Shanghai) Limited	Shanghai	Shanghai	Processing and manufacturing		51.83 %	Business combination not involving enterprises under common control
Rida Intelligent Manufacture Technology (Rugao) Co.,LTD.	Rugao	Rugao	Processing and manufacturing		51.83 %	Business combination not involving enterprises under common control
Caseteck Singapore PTE.LTD.,	Singapore	Singapore	Investment consulting		51.83 %	Business combination not involving enterprises under common control
Luxshare Smart Technology	Rugao	Rugao	Processing and		51.83 %	Establishment

(Rugao) Co., Ltd.			manufacturing			
Luxis Precision Intelligent Manufacture (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing	100.00 %		Establishment
Luxshare Intelligent Manufacture Electornic Service (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing	100.00 %		Establishment
Liding Electronic Technology (Dongguan) Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing	100.00 %		Establishment
luxshare precision technology(Nanjing) Co., Ltd.	Nanjing	Nanjing	Processing and manufacturing	100.00 %		Establishment

Descriptions 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 descriptions:

## (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
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Merry Electronics (Suzhou) Co., Ltd.	49.00 %	22,553,757.35		742,161,417.42
SpeedTech Corp.	68.53 %	139,416,880.55		598,295,857.99
Luxcase Precision Technology (Yancheng) Co., Ltd.	48.17 %	446,137,087.51		5,290,647,766.48

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

Other descriptions:

### (3) Main financial information o

Luxcase Precision Technology (Yancheng) Co., Ltd.	22,778,481,259.26	9,339,570,358.86	32,118,051,618.12	20,783,802,429.89	337,685,747.10	21,121,488,176.99						
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In RMB

Name of subsidiary	Amount recognized in the current period				Amount recognized in the 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.	326,411,016.33	15,331,123.27	15,082,244.83	19,186,063.76	250,073,562.76	2,911,512.54	-26,954,549.23	16,729,734.42
Luxshare Automation (Jiangsu) Ltd.	863,982,192.72	70,972,671.11	75,591,546.56	124,551,641.02	766,700,321.47	82,205,745.40	85,533,891.39	-31,470,651.03
M&A Merry Electronics (Huizhou) Co., LTD.	1,280,685,863.21	100,888,081.51	102,990,996.60	-113,129,941.39	1,352,111,265.87	114,971,511.03	114,817,091.01	196,105,592.33
Merry Electronics (Suzhou) Co., Ltd.	2,373,278,246.97	46,028,076.22	47,322,409.28	73,648,850.16	2,510,006,534.54	104,525,341.39	105,446,016.56	413,323,812.87
SpeedTech Corp.	4,316,395,111.91	378,360,435.24	640,576,904.00	251,280,685.70	3,463,332,781.62	327,841,387.24	365,550,567.60	437,331,860.62
Luxcase Precision Technology (Yancheng) Co., Ltd.	49,727,123,010.93	961,423,139.90	991,691,069.76	893,969,747.46				

Other descriptions:

**(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 descriptions:

**2. Transactions in which the share of owners' equity in the subsidiary changes and still controls the subsidiary****(1) Descriptions 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

Acquisition cost/ disposal consideration	
--Cash	
-- Fair value of non-cash assets	
Total acquisition cost/ disposal consideration	
Less: share of subsidiaries' net assets calculated by the proportion of acquired/disposed equity shares	
Difference	
Including: Adjustment to capital reserve	
Adjustment to surplus reserve	
Adjustment to undistributed profits	

Other descriptions

**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	

Descriptions 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 recognized in the current period	Opening balance/Amount recognized in the prior period
Current assets		
Including: cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets calculated by shareholding proportion		
Adjusted items:		
-- Goodwill		
-- Unrealized profit of internal transactions		
--Other		
Book value of equity investment in joint ventures		
Fair value of equity investment in joint ventures with published quoted price		
Operating income		
Financial expenses		
Income tax expenses		
Net profits		
Net profit from discontinued operation		
Other comprehensive income		
Total comprehensive incomes		
Dividends received from joint ventures in the current year		

Other descriptions

**(3) Main financial information of significant associates**

In RMB

	Closing balance/Amount recognized in the current period	Opening balance/Amount recognized in the prior period
Current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Adjusted items:		
-- Goodwill		

**(4) Summary financial information of insignificant joint ventures and associates**

In RMB

	Closing balance/Amount recognized in the current period	Opening balance/Amount recognized in the prior period
Joint ventures:	--	--
Total amount of the following items calculated according to shareholding ratio	--	--
Associates:	--	--
Total amount of the following items calculated according to shareholding ratio	--	--

Other descriptions

**(5) Descriptions 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 descriptions

**(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

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Total	210,278,829.12	114,221,319.04
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### 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
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**2. Basis for determining the market price of the items continuously and not continuously measured at fair value at level I**

Level I inputs are quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement.

**3. Valuation technology and qualitative and quantitative information of important parameters used in the items continuously and not continuously measured at fair value at level II.**

Level II inputs are inputs other than quoted market price (Level I) that are directly or indirectly observable for the asset or liability.

**4. Valuation technology and qualitative and quantitative information of important parameters used in the items continuously and not continuously measured at fair value at level III**

Level III inputs are unobservable inputs for the asset or liability.

**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**

None

**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**

None

**7. Changes in valuation technology in the current period and reasons for changes**

None

**8. Fair value of financial assets and financial liabilities not measured at fair value**

None

**9. Others**

None



#### 4. Other related parties

Name of other related parties	Relationship betwe	leted	ti Ê sM
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Manufacture (Kunshan) Co., Ltd.			
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## Descriptions on related-party leases

Name of lessor	Types of leased assets	Current period			Prior period	
		Rental costs for short-term leases and low-value asset leases that are treated in a simplified manner and variable lease payments that are not included in the measurement of lease liabilities	Rents paid	Right-of-use assets increased	Interest cost of lease liabilities assumed	Lease payments recognized
Luxsan Precision Intelligent Manufacture (Kunshan) Co., Ltd.	Fixed assets and buildings			85,406,789.07	1,536,653.21	

**(6) Asset transfer and debt restructuring of related parties**

In RMB

Related party	Related-party transactions	Amount recognized in the current period	Amount recognized in the prior period

**(7) Remuneration of key managers**

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Compensation of key managers	10,465,440.15	11,414,640.00
Share-based payment of key managers	5,454,355.12	9,586,952.73

**(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					
	Shangrao City Lijing Innovation Technology Co., Ltd.			324,853.80	162.43
	Guangzhou Luxvisions Innovation Technology Limited	1,617,967.38	808.98	14,398,489.55	7,199.24
	Bisaisi Automotive Technology (Suzhou) Co., Ltd.	158,076,590.05	79,038.30	59,654,508.75	29,827.25
	Ayala Design Co.,Ltd.(Japan)			890,628.97	445.31
	Caldigit (UK) Limited			17,773,116.02	8,886.56
	Caldigit American Inc.			38,290,629.44	19,145.31
	BCS	95,631.05	47.82		

	AUTOMOTIVE INTERFACE SOLUTIONS				
	Assem Technology Co., Ltd.	311,427.22	155.71		
	Luxsan Technology (Kunshan) Co., Ltd.	39,532,101.88	19,766.05		
	Xunmu Information Technology (Shanghai) Co., Ltd.	12,256,936.88	6,128.47		
	Merry & Luxshare Vietnam Co., Ltd	6,316,914.83	3,158.46		

Guangzhou

Luxvisions

	Innovation Technology Limited		
	Luxvisions Innovation Limited	80,169.45	
	Bisaisi Automotive Technology (Suzhou) Co., Ltd.	2,980,261.04	447,157.67
	Luxsan Precision Intelligent Manufacture (Kunshan) Co., Ltd.	37,710,113.75	
	Luxsan Technology (Kunshan) Co., Ltd.	398,415.58	
	Riyimao Industrial Co., Ltd.	8,597,415.91	3,195,766.80
	Zhuhai Kinwong Flexible Circuit Co., Ltd.	5,143.81	
	Merry & Luxshare Vietnam Co., Ltd	1,015,850.48	
	LUXSAN TECHNOLOGY LIMITED	23,227,385.80	
Other payables			
	Assem Technology Co., Ltd.	2,537.96	

## 7. Commitment of related parties

## 8. Others

## XIII. Share-based payment

### 1. General situation of share-based payment

Applicable N/A

In RMB

Total amount of the Company's equity instruments granted in the current period	52,092,000.00
Total amount of the Company's equity instruments exercised in the current period	53,480,164.00
Total amount of the Company's equity instruments invalid in the current period	16,851,105.02
The range of exercise prices of Company's outstanding stock options at the end of the period and the remaining term of the contract	See the following
The range of exercise prices of other equity instruments issued by the Company at the end of the period and the remaining term of the contract	See the following

Other descriptions

The range of exercise prices of Company's outstanding stock options at the end of the period and the remaining term of the contract: (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 Fifth Meeting of the Fourth Session of the Board of Directors of the Company. Accordingly, the Company granted 97.50 million of stock options to 1,899 eligible grantees at the exercise price of RMB17.58 per share. After 12 months from the date on which the registration of grants was completed, grantees meeting the exercise conditions would exercise the options in five periods,

Method of determining the fair value of equity instruments on the grant date	Black-Scholes model
Basis for determining the number of exercisable equity instruments	The determination is made by the Company according to the 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	937,782,848.94
Total amount of share-based payment settled in equity recognized in the current period	237,932,583.86

#### Other descriptions

(1) On September 25, 2018, the Company held the Fifth Meeting of the Fourth Session of the Board of Directors and the Fifth Meeting of the Fourth Session of the Board of Supervisors, deliberating and approving 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 Thirteenth Meeting of the Fourth Session of the Board of Directors and the Thirteenth Meeting of

*Price under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options of the Stock Option Incentive Plan in 2019*

*Stock Option Incentive Plan.* After the adjustment, the number of grantees subject to the stock option incentive plan was changed from 258 to 250, and the quantity of stock options granted was changed from 21,113,740 to 20,657,454.

On July 2, 2021, the Company held the Second Meeting of the Fifth Session of the Board of Directors and the Second Meeting of the Fifth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options of the Stock Option Incentive Plan in 2019*, as well as the *Proposal on Satisfying the Exercise Conditions for the Second Exercise Period of the 2019 Stock Option Incentive Plan*. After the adjustment, the number of initial grantees subject to the stock option incentive plan was changed from 340 to 332, the quantity of stock options initially granted was changed from 65,977,698 to 65,232,789, and the exercise price of stock options that was initially granted and reserved for grantees was changed from RMB 13.70 per share to RMB 13.59 per share.

(3) On December 3, 2021, the Company held the Sixth Meeting of the Fifth Session of the Board of Directors, deliberating and approving the *Proposal on Granting Stock Options to Grantees under the 2021 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.*, whereby it was determined that 52,419,000 stock options would be granted.

## 2. Contingencies

### (1) Significant contingencies on the balance sheet date

The Company has no significant contingencies to be disclosed.(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. Events after the balance sheet date

### 1. Significant non-adjusting items

In RMB

Item	Content	Effectuated quantum on financial position and operating results	Reasons why the effectuated quantum cannot be estimated

### 2. Profit distribution

In RMB

Profits or dividends planned to distribute	779,273,162.47
Profits or dividends approved to distribute	779,273,162.47

### 3. Sales return

### 4. Description on events after the balance sheet date

(I) Significant non-adjusting items

1. According to the resolution of the Seventh Meeting of the Fifth Session of the Board of Directors, the Company intends to raiser

channel for Luxshare Precision's core automotive parts business, committed to achieving the Company's medium- and long-term goal of becoming the Tier 1 leader in the field of automotive parts.

4. In order to further improve its strategic layout, the Company intended to acquire 204,930,000 shares (representing approximately 11.09%, "Underlying Share 1") of Time Interconnect Technology Limited (a company listed on the main board of the Hong Kong Stock Exchange with a stock code of 01729.HK, "Time Interconnect Technology" or "Underlying Company") held by Datatech Investment Inc. ("Seller 1") and 1,175,070,000 shares (representing approximately 63.58% , "Underlying Share 2", and collectively referred to as "UnderlyM .

		statements of the comparison period	
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**(2) Prospective Application**

Accounting error corrected	Approval procedure	Reasons for adopting method of prospective application
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**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	Income	Costs	Total profits	Income tax expenses	Net profits	Profits from termination of operation attributable to the owners of the parent company
Other descriptions						

Other descriptions

**6. Segment information****(1) Determination basis and accounting policy of reporting segment****(2) Financial information of reporting segment**

In RMB

Item		Inter-segment offset	Total

Company has not disclosed the

that have decision-making

statements

table

Provision		Opening balance		
Provision proportion		Amount	Provision proportion	
100.00 %		241,403.36	100.00 %	
0.22 %		4,846,817.94	0.07 %	6,924
0.47 %		4,846,817.94	0.47 %	1,016
	1,549,227,098.61		85.23 %	5,904,849,850.62



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Total	2,908,290,994.37
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**(2) Bad-debt provision made,**

Entity 5	81,685,003.81	2.81 %	40,842.50
Total	2,208,032,436.46	75.93 %	-- ds i.



		credit impaired)	unimpaired)	
Balance as at January 1, 2021	1,079,681.16			1,079,681.16
Balance as at January 1, 2021 in the current period	—	—	—	—
Reversal	203,621.51			203,621.51
Balance as at December 31, 2021	876,059.65			876,059.65

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

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including 1 year)	424,384,561.30
Total	

					related-party transactions
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Descriptions 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	250 ,000,000.00	Undue	58.91 %	
Entity 2	Equity transfer funds	142 ,500,000.00	Undue	33.58 %	712 ,500.00
Entity 3	Security deposit	26 ,800,000.00	Undue	6.32 %	134 ,000.00
Entity 4	Security deposit	4 ,216,931.94	Undue	0.99 %	21 ,084.66
Entity 5	Security deposit	412 ,839.90	Undue	0.10 %	2 ,064.20
Total	--	423 ,929,771.84	--	99.90 %	869 ,648.86

### 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
None				

### 7 ) Other receivables derecognized due to transfer of financial assets

None

### 8 ) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

None

Other descriptions:

## 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	21,141,692,140.29	28,560,179.80	21,113,131,960.49	13,406,253,703.42	28,560,179.80	13,377,693,523.62
Investment in joint ventures and associates	255,849,450.14	34,372,608.46	221,476,841.68	260,260,811.77	34,372,608.46	225,888,203.31
Total	21,397,541,590.43	62,932,788.26	21,334,608,802.17	13,666,514,515.19	62,932,788.26	13,603,581,726.93

**(1) Investment in subsidiaries**

In RMB

Investee	
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Industry Co., Ltd.							
Kunshan Luxshare Precision Industry Co., Ltd.	522,944,914.67		6,292,670.44			516,652,244.23	
Wan'an Xiexun Electronic Co., Ltd.	40,248,495.19	56,183.42				40,304,678.61	
Fujian JK Wiring Systems Co., Ltd..	97,098,001.20		248,878.44			96,849,122.76	
Ji'an Jizhou district Luxshare Electronic Co., Ltd.	8,050,100.95		8,050,100.95				
Xingning Luxshare Technology Co., Ltd.	215,943.92	159,965.41	26,003.07			349,906.26	
Luxshare Precision Industry (Chuzhou), Ltd.	768,384,558.86	2,781,915.36				771,166,474.22	
SuK Kunststofftechnik GmbH	33,746,516.14					33,746,516.14	
Fengshun Luxshare Precision Industry Co., Ltd.	10,114,690.87	25,930.81				10,140,621.68	
Shenzhen Luxshare Acoustics Technology Ltd.	3,924,994.27	2,171,669.55				6,096,663.82	28,560,179.80
Dongguan Luxshare Precision	1,023,997,667.53	6,344,897.56				1,030,342,565.09	

Industry Co., Ltd.							
Luxshare Automation (Jiangsu) Ltd.	41,355,980.68	4,618,875.45				45,974,856.13	
Shenzhen Luxshare Standard Co., Ltd.	21,000,000.00					21,000,000.00	
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	1,059,279,991.07	17,628,302.21				1,076,908,293.28	
Donguan Xuntao Electronic Co., Ltd.	-9,372,824.16		1,561,501.83			-10,934,325.99	
Luxshare Electronic Technology (Kunshan) Co., Ltd.	2,246,910,803.19	10,915,609.05				2,257,826,412.24	
Luxshare Precision Components (Kunshan) Co., Ltd.	101,391,220.04	9,589.24				101,400,809.28	
Luxshare Precision Industry (Enshi) Co., Ltd.	100,975,752.97	1,129,878.28				102,105,631.25	
Yongxin County Boshuo Electronic Co., Ltd.	613,382.62	237,729.23				851,111.85	
LUXSHARE-ICT	2,233,928.58	144,092.12				2,378,020.70	
Taiwan Luxshare Precision	103,613,239.93	16,879,201.47				120,492,441.40	



Luxshare& Merry Electronic Co., Ltd.							
Bozhou Lanto Electronic Limited	3,923,321.03	1,049,509.09				4,972,830.12	
Kunshan Luxshare Precision Mould Co., Ltd.	2,052,314.71		760,535.58			1,291,779.13	
Huzhou Jiuding Electronic Co., Ltd.	944,286.31	272,586.50				1,216,872.81	
Xinyu Xiexun Electronic Co., Ltd.	7,286,518.99	3,194,304.92				10,480,823.91	
Luxshare Precision Industry (Xi'an) Co., Ltd.							
Luxshare Precision Industry (Suzhou) Co., Ltd.	130,000,000.00					130,000,000.00	
Luxshare iTech (Zhejiang) Co., LTD.	747,520,596.65	31,285,660.54				778,806,257.19	
Bozhou Xuntao Electronic Limited	169,968.40	55,445.18				225,413.58	
Dongguan Luxshare Technology Co., Ltd.	883,685,555.85	6,809,458.10				890,495,013.95	
Xuancheng Luxshare Precision Industry Co., Ltd.	3,411,822.28	13,619,684.02				17,031,506.30	

Beijing Luxshare Acoustic Technology Co., Ltd.	3,563,643.54	1,662,117.89				5,225,761.43	
Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd.	716,342,959.97	693,171,284.76				1,409,514,244.73	
Xingning Luxshare Electronic Co., Ltd.	143,840.32	38,896.21				182,736.53	
SpeedTech Corp.	906,496.72	617,360.96				1,523,857.68	
Luxshare Technologies Limited	1,872,619.53	-292,938.95				1,579,680.58	
Luxshare Smart Technology (Rugao) Co., Ltd.	12,000,000.00	88,000,000.00	100,000,000.00				
Changshu Luxshare Industrial Investment Management Co., Ltd.	30,000,000.00	80,210,000.00				110,210,000.00	
Kunshan Luxshare Enterprise Management Development Co., Ltd.		200,000,000.00				200,000,000.00	
Luxshare Precision Industry (Jiangsu) Co., Ltd.		95,071.11				95,071.11	

Rida Intelligent Manufacture Technology (Rugao ) Co.,LTD.		4 ,564,728.72				4 ,564,728.72	
Rikai Computer Accessories Co., Ltd.		5 ,760,562,165 .73				5 ,760,562,165. 73	
Luxis Technology (Kunshan) Co., Ltd.		151 ,471,194.5 2				151 ,471,194.5 2	
Luxshare Electronic Technology (Enshi) Co., Ltd.		15 ,000,000.00				15 ,000,000.00	
Liding Electronic Technology (Dongguan) Co., Ltd.		55 ,590,269.64				55 ,590,269.64	
Luxshare Precision Technology(Xi' an) Co., Ltd.		1 ,000,000.00				1 ,000,000.00	
Luxis Precision Intelligent Manufacture (Kunshan) Co., Ltd.		161 ,382,181.3 0				161 ,382,181.3 0	
Luxshare Precision Technology(Nan jing) Co., Ltd.		400 ,000.00				400 ,000.00	
Luxshare Electronic (Shanghai) Co., Ltd.		340 ,902.08				340 ,902.08	
Ri Ming Computer		663 ,622.71				663 ,622.71	

Accessory (Shanghai) Co., Ltd.							
Ri Pei Computer Accessory (Shanghai) Co., Ltd.		1,302,245.97				1,302,245.97	
Sheng-Rui Electronic Technology (Shanghai) Limited		36,362.89				36,362.89	
Ri Shan Computer Accessory (Jiashan) Co., Ltd.		424,991.24				424,991.24	
LUXSHARE-IC T (VIETNAM) LIMITED		1,790,298.57				1,790,298.57	
Hangzhou Xuntao Technology Co., Ltd.		9,999,497.45				9,999,497.45	
Total	13,377,693.52 3.62	7,853,464.562 .49	118,026,125.6 2			21,113,131.96 0.49	28,560,179.80

**(2) Investment in joint ventures and associates**

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		

	06.55			18					24.37	
Zhuhai Kinwong Flexible Circuit Co., Ltd.	203,224,696.76			-4,016,979.45					199,207,717.31	34,372,608.46
Subtotal	225,888,203.31			-4,411,361.63					221,476,841.68	34,372,608.46
Total	225,888,203.31			-4,411,361.63					221,476,841.68	34,372,608.46

### 3 Other descriptions

### 4. Operating income and operating costs

In RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Principal business	9,174,890,300.12	8,531,671,602.47	11,464,276,490.11	10,754,493,607.05
Other business	105,254,622.90	33,510,191.72	100,827,039.16	26,703,475.62
Total	9,280,144,923.02	8,565,181,794.19	11,565,103,529.27	10,781,197,082.67

Income related to information:

In RMB

Contract classification	Segment 1	Segment 2		Total
By product types				
Including:				
By geographical areas of operations				
Including:				
By markets or customers				
Including:				
By contract types				
Including:				


performance obligations:

acts signed whose performance has not been commenced or  
 ended in , RMB is expected to be recognized in , and RMB is

In RMB

current period	Amount recognized in the prior period
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42,183,081.46 million M

## 6. Others

## XVIII. Supplementary information

## Breakdown of non-recurring profit and loss for the current period

Applicable N/A

In RMB

Item	Amount	Remarks
Profit or loss from disposal of non-current assets	-57,241,855.39	
Government grants recognized in the current profit or loss (except for the government grants which are closely related to the company's normal business operations and gained at a fixed amount or quantity according to national uniform standards)	853,542,165.37	
Gains from the excess of attributable fair value of identifiable net assets of the investee over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	16,559,223.33	The difference between the original book value and the fair value of long-term equity investment under cost method changed from equity method due to inclusion of subsidiaries into the scope of consolidation.
Profit or loss on assets under entrusted investment or management	95,298,693.93	
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 and liabilities, and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets	602,993,325.33	

Total	1,054,923,166.44	--
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Details of other profit and loss satisfying the definition of non-recurring profit and loss

Applicable N/A

The Company has no other items of profit and loss satisfying the definition of non-recurring profit and loss.

Description of classifying non-recurring profit and loss items enumerated in the Explanatory Announcement No.1 for Public Company Information Disclosures – Non-recurring Profits and Losses as recurring profit and loss items

Applicable N/A

**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)