



Luxshare Precision Industry Co., Ltd.

Annual Report 2021

2022-033

April 2022

This document is a translated version of the Chinese version Annual Report 2021 of Luxshare Precision Industry Co.,Ltd.(“《立讯精密 2021 年年度报告》”),and the published Annual Report 2021 of Luxshare Precision Industry Co.,Ltd.in the Chinese version shall prevail. The complete published Chinese Annual Report 2021 of Luxshare Precision Industry Co.,Ltd. may be obtained at www.cninfo.com.cn.

Section I Important Note, Table of Contents and Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and executives of the Company hereby warrant that the information contained in this 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.

Definitions

Terms		Definition
We/us, the Company or Luxshare-ICT	means	Luxshare Precision Industry Co., Ltd.
Luxshare Limited	means	Luxshare Limited, founder and controlling shareholder of Luxshare-ICT.
ICT-Lanto	means	ICT-Lanto Limited.
Luxshare Precision	means	Luxshare Precision Limited.
Luxshare Jiangsu	means	Luxshare Precision Industry (Jiangsu) Co., Ltd.
Luxshare Shanxi	means	Shanxi Luxshare Precision Industry Co., Ltd.
Luxshare Dongguan	means	Dongguan Luxshare Precision Industry Co., Ltd.
Luxshare Suzhou	means	Luxshare Precision Industry (Suzhou) Co., Ltd.
Luxshare Chuzhou	means	Luxshare Precision Industry (Chuzhou) Co., Ltd.
Luxshare Kunshan	means	Kunshan Luxshare Precision Industry Co., Ltd.
Luxshare Baoding	means	Luxshare Precision Industry (Baoding) Co., Ltd.
Luxshare Xuancheng	means	Xuancheng Luxshare Precision Industry Co., Ltd.
Luxshare Yancheng	means	Yancheng Luxshare Precision Industry Co., Ltd.
Luxshare Enshi	means	Luxshare Precision Industry (Enshi) Co., Ltd.
Luxshare Vietnam	means	Luxshare-ICT (Vietnam) Limited.
Luxshare Van Trung	means	Luxshare-ICT (Van Trung) Company Limited.
Luxshare Nghe An	means	Luxshare-ICT (Nghe An) Limited.
Luxshare Electroacoustic	means	Shenzhen Luxshare Electroacoustic Technology Co., Ltd.
Luxshare Smart Manufacturing	means	Luxshare Smart Manufacturing (Zhejiang) Co., Ltd.
Luxshare-Merry	means	Guangdong Luxshare-Merry Electronics Co., Ltd.
ASAP Jiangxi	means	ASAP Technology (Jiangxi) Co., Ltd.
Xiexun Jiangxi	means	Xiexun Electronic (Ji'an) Co., Ltd.
Smart Manufacturing Jiangxi	means	Jiangxi Luxshare Smart Manufacturing Co., Ltd.
Lanto Bozhou	means	Bozhou Lanto Electronic Limited.
Xuntao Bozhou	means	Bozhou Xuntao Electronic Limited.
Meite Suzhou	means	Meite Technology (Suzhou) Co., Ltd.
Huzhou Jiuding	means	Huzhou Jiuding Electronic Co., Ltd.
Lanto Kunshan	means	Lanto Electronic Limited.
Kunshan RF	means	Kunshan Luxshare Radio Frequency Technology Co., Ltd.
Liding Dongguan	means	Liding Electronic Technology (Dongguan) Co., Ltd.
Rikai Yancheng	means	Rikai Precision Technology (Yancheng) Co., Ltd.
Xiexun Wan'an	means	Wan'an Xiexun Electronic Co., Ltd.
Smart Manufacturing Changshu	means	Changshu Luxshare Smart Manufacturing Co., Ltd.
Fujian JK	means	Fujian JK Wiring Systems Co., Ltd.
Xingning Electronics	means	Xingning Luxshare Electronics Co., Ltd.
Luxsan Kunshan	means	Luxsan Technology (Kunshan) Co., Ltd.
BCS Suzhou	means	BCS Automotive Interface Solutions (Suzhou) Co., Ltd.
SpeedTech	means	SpeedTech Corp.

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	立讯精密工业股份有限公司		
Chinese short name	立讯精密		
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		
Postal code of registered address	518104		
History of changes in registered address	N/A		
Office address	No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong		
Postal code of office address	523642		
Company website	www.luxshare-ict.com		
Email	Public@luxshare-ict.com		

II. Contact person and contact information

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

III. Media for information disclosure and place for keeping annual report

Website of the stock exchange disclosing the Company's annual report	<i>Securities Times</i>
Media and website disclosing the Company's annual report	www.cninfo.com.cn
Place for keeping annual report	Securities Affairs Office of the Company

IV. Changes in registration particulars

Change in organization code	Unified social credit code: 91440300760482233Q
Changes in main business since the listing	No

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 rd 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 the listed company 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	December 31, 2019
Total assets (RMB)	120,572,098,167.88	70,012,753,551.75	72.21%	49,377,910,671.23
Net assets attributable to shareholders of the listed company (RMB)	35,288,554,748.72	28,101,816,234.56	25.57%	20,296,618,968.52

Whether the lower of the net profit before and after deduction of extraordinary gain or loss in the past three accounting years has

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 before and after deduction of extraordinary gain or loss is negative?

Yes No

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

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

Applicable N/A

There was no difference in net profit and net assets disclosed in the financial statements for the reporting period prepared according to the international accounting standards and the Chinese accounting standards.

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

Applicable N/A

There was no difference in net profit and net assets disclosed in the financial statements for the reporting period prepared according to the foreign accounting standards and the Chinese accounting standards.

VIII. Main quarterly financial indicators

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	21,019,011,536.13	27,127,972,915.37	32,865,598,826.82	72,933,514,512.08
Net profit attributable to shareholders of the listed company	1,349,512,048.43	1,739,717,980.42	1,600,431,354.99	2,380,859,002.73
Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss	1,167,112,633.01	1,355,153,041.64	1,471,991,374.50	2,021,340,170.98
Net cash flows from operating activities	663,348,870.24	1,524,553,521.56	5,419,705,921.15	-322,841,395.95

Whether there's any significant difference between the financial indicators set forth above or aggregate amounts thereof and the corresponding financial indicators contained in any quarterly or semi-annual report already disclosed?

Yes No

IX. Items and amounts of extraordinary gains or losses

Applicable N/A

In RMB

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	1,054,923,166.44	1,136,560,901.72	277,846,535.49	--

Other items of gain or loss within the meaning of extraordinary gains or losses:

Applicable N/A

We do not have any other item of gain or loss within the meaning of extraordinary gains or losses.

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

Applicable N/A

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

Section III Management's Discussion and Analysis

I. Situations of our industry in the reporting period

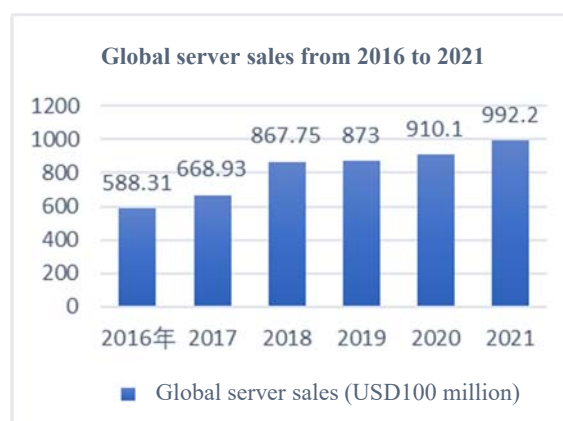
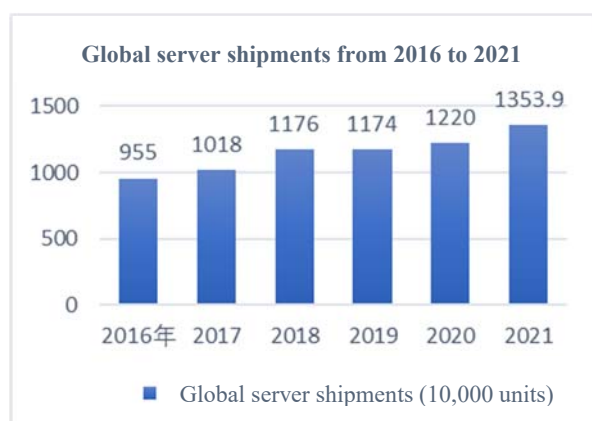
During the reporting period, we are engaged in the research and development (R&D), manufacturing and sale of products in the fields of consumer electronics, communication, automotive electronics and healthcare, among others. Our products and businesses are diversified and vertically integrated, and cover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

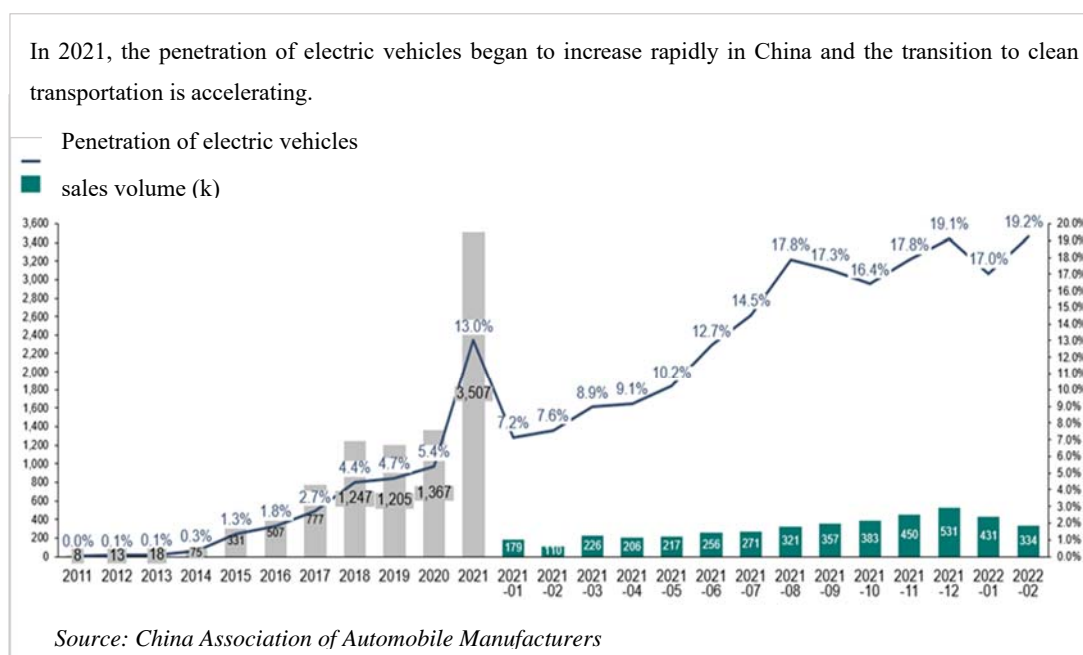
In the field of communication and data center, the series of technical innovation and emerging of new technologies promote the evolution from traditional IT infrastructure to data infrastructure, and along with the continuous development of the Internet, e-commerce, video, cloud computing and other Internet vertical industries have been rapidly springing up, and the global data center market has come into multiple periods of rapid growth. According to IDC, the shipments and sales of the global server market reached 13,539,000 units and USD99.22 billion in 2021, representing an increase of 6.9% and 6.4% respectively. The global Internet data center market size grew at a CAGR of more than 10% from 2012 to 2021.



The ever increasing demands for new data centers by IT, telecommunication, banking, financial, service and investment (BFSI), e-government and smart city projects, and wide application of AI and IoT technologies in the future will further promote growth of the communication and data center market size. According to IDC, the global server market size is expected to reach USD126.5 billion in 2027.

(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 coverage of Internet of Vehicles (IoV) functions, and some major carmakers have begun to sell new vehicles powered by V2X technology. Chinese consumers are more willing to accept smart electric vehicles, and medium- and high-end smart electric vehicles occupy increasingly greater shares on the business and consumer markets. Traditional smart mobile phone players begin to enter the smart electric vehicle sector; on the other hand, electric vehicle manufacturers begin to produce smart mobile phones. Along with the popularization of “intelligentization”, vehicles will become large-sized mobile smart and computing terminals. In the next stage, carmakers need to build ecosystems to break through the tight encirclement, connect vehicles with consumer electronics, create more consumption scenarios, and realize full coverage of “human-vehicle-home” scenarios.

(IV) Our position in the industry

During the reporting period, we ranked first on the 34th list of top 100 electronic component manufacturers of China (2021) published by the China Electronic Components Association, and were awarded the honorable titles of “Top 500 Private Enterprises Of China”, “Top 500 Private Manufacturers Of China”, and “2021 Model of China’s Digital Economic Industry”, among others.

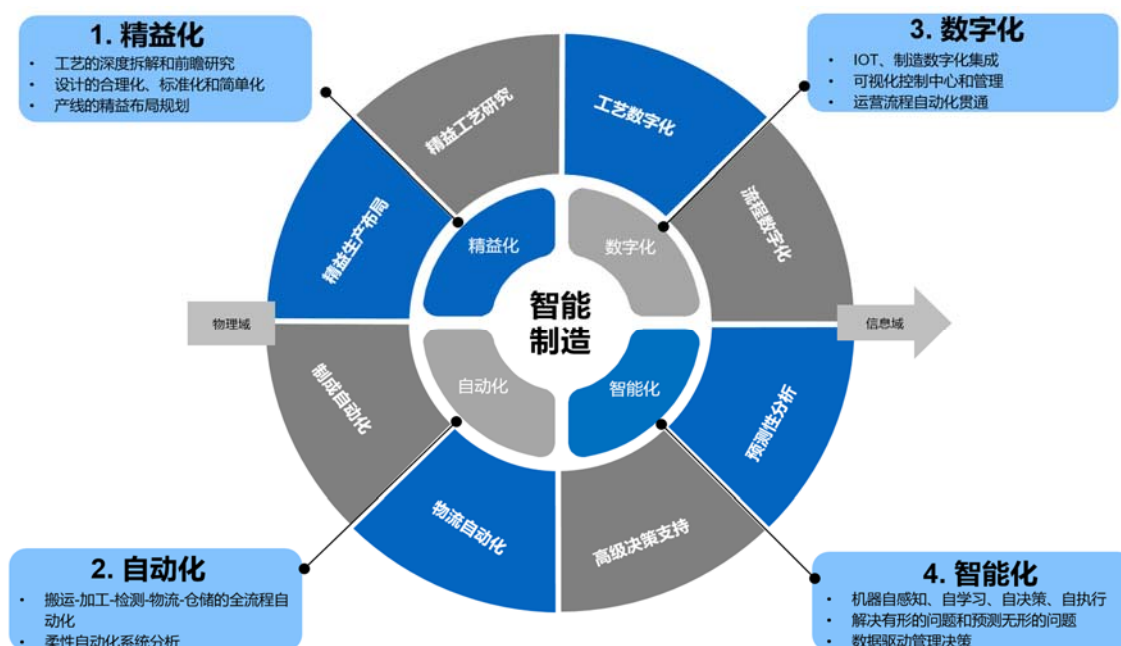
II. Our main business in the reporting period

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 foundation for our core competencies. Therefore, we attach great importance to the continuous exploration of automatic and smart manufacturing technologies. Our core team's spirit of in-depth exploration of processes and determination to accomplish all tasks assigned guarantee the success in the development and design of automation technologies. According to the requirements for appearance, size, functions and reliability of products, we disassemble and study all manufacturing processes, and make efforts to solve process challenges with reference to our past experience and advanced technologies available on the market. With the goal of zero loss and zero defect, we strive to realize the reasonableness, standardization and automation of designs in terms of yield rate, efficiency, cost, etc.

After the completion of process study, we realize process design through automation, including automation of work stations, handling and positioning, testing, warehousing, logistics and production processes. Standardization is the prerequisite for automation, because standardized products cannot be made without the use of standardized equipment and processes. With respect to the products that have a low demand and change frequently, we mainly use man-machine flexible automation technologies. In the design of automatic equipment, we make plans for MES system, IoT access and key work station information flows needing to be controlled simultaneously, and build a model of digital factory on that basis. Thereafter, we convert all problems and phenomenon into data, and then process and judge the data systematically, and present the same in the form of visual reports, to realize whole-process traceability of products, materials, people, equipment, fixtures, process technology and quality information, among others, implement close-end control, and ensure the effective realization of automation. On that basis, we introduce digital models, use modeling approaches to connect production with data flows, and through the use of big data, cloud computing, AI, digital twin and other technologies, deeply explore the information and trends behind data, seek benefits from data, and finally realize intelligentization, and self-judgment, self decision-making, self-adjustment and self-execution by machines, so that the machines are able to solve tangible problems and predict intangible problems on their own, thereby achieving the long-term goal of smart manufacturing.





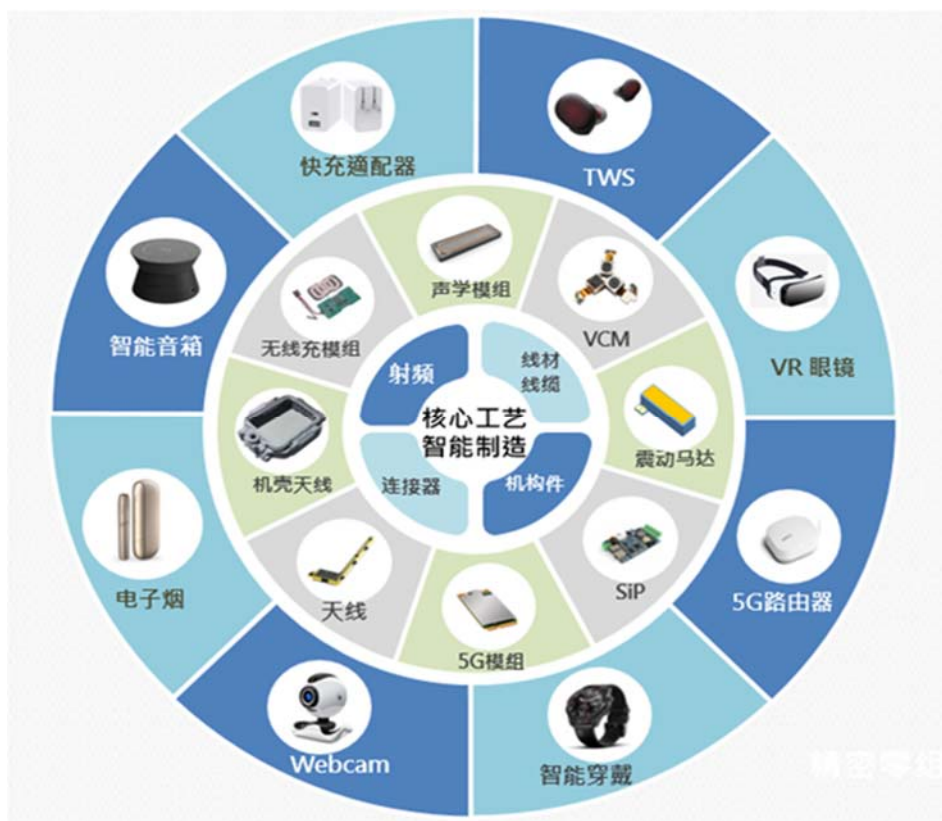
1.精益化		3.数字化		
<ul style="list-style-type: none"> ● 工艺的深度拆解和前瞻研究 ● 设计的合理化、标准化和简单化 ● 产线的精益布局规划 		<ul style="list-style-type: none"> ● IOT、制造数字化集成 ● 可视化控制中心和管理 ● 运营流程自动化贯通 		
1. Leanness		3. Digitalization		
<ul style="list-style-type: none"> ● In-depth disassembly of and forward-looking research on processes ● Reasonableness, standardization and simplification of design ● Lean layout of production lines 		<ul style="list-style-type: none"> ● Digital integration of IoT and manufacturing ● Visual control center and management ● Automation of the whole operation process 		
2.自动化		4.智能化		
<ul style="list-style-type: none"> ● 搬运-加工-检测-物流-仓储的全流程自动化 ● 柔性自动化系统分析 		<ul style="list-style-type: none"> ● 机器自感知、自学习、自决策、自执行 ● 解决有形的问题和预测无形的问题 ● 数据驱动管理决策 		
2. Automation		4. Intelligentization		
<ul style="list-style-type: none"> ● Whole-process automation of handling, processing, testing, logistics and warehousing ● Analysis of flexible automation system 		<ul style="list-style-type: none"> ● Self-sensing, self-learning, self decision-making and self-execution of machines ● Solve tangible problems and predict intangible problems ● Data-driven management decision-making 		
物理域	精益生产布局	精益工艺研究	工艺数字化	流程数字化
Physical field	Lean production layout	Lean process study	Technological digitalization	Process digitalization
精益化	数字化	智能制造	信息域	制成自动化
Leanness	Digitalization	Smart manufacturing	Information field	Manufacturing automation
自动化	智能化	预测性分析	物流自动化	高级决策支持
Automation	Intelligentization	Predictive analysis	Logistics automation	Advanced decision-making support

(I) Consumer electronics business

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.

We have been engaged in the field of consumer electronics for years, while satisfying the customers' demands, made continuous breakthroughs to build the strong capability to provide customers with comprehensive solutions. We have the advantages in intelligentization, digitalization and globalization on the vast consumer electronics market. We make dynamic adjustments continuously, and clearly understand the existing market and the incremental market. With respect to the existing market, such as the business relating to PC and smart mobile phones, we have mature technical capabilities, capital equipment and customer resources. As the most trusted partner of our customers, we are not only able to, in conjunction with our premium customers, achieve self-worth in the field of premium products and the existing products we are good at, but also in the upgrading of products and technologies, leverage our mature resources, grasp the opportunities to enter the market of higher-level products at optimal cost, and maximize the rewards. With respect to the incremental market, such as health & wellness, metaverse and other applications, we believe that the premium customers on the existing market will continue to take the lead. By leveraging our good reputation and solid partnership with our customers built by us over the years, our management will continue to keep abreast of the market, analyze and accurately grasp the situations of technology development of the industry from the perspectives of consumers, brand customers and supply chain, continuously improve product attractions required by the incremental market, and make all-round deployments from components, modules to system.

Though we face many external challenges, such as disengagement between China and the United States and geopolitics, we have high hopes for and are confident about the future development of our consumer electronics business. In the past ten years, through continuous upper-level industry guidance, development of designated customers, improvement of the quality and development of high-quality supply chain, and with the long-term and strong support and investments in different areas, China has gradually built the most complete and systemic consumer electronics supply chain in the world, and takes the lead in in-depth deployment, talent pool, policy support and other issues in respect of supply chain on all market segments. In view of our strong head start advantage and the competitive situation on the consumer electronics market, we keep improving and enhancing all kinds of capabilities, and on the basis of our global deployment completed over the years and our stable strategic focus, develop incremental businesses at home and abroad according to the development requirements of customers. The present and foreseeable situations show that the strong will be always strong. Our strategic goals conform to those of our customers.



智能音箱	快充适配器	VR眼镜	5G路由器	智能穿戴	机壳天线
Smart speaker	Rapid charging adapter	VR eyeglasses	5G router	Smart wearable	Casing antenan
电子烟	无线充模组	声学模组	震动马达	5G模组	天线
Electronic cigarette	Wireless charging module	Acoustic module	Vibration motor	5G module	Antenna
	射频	线材线缆	机构件	连接器	核心工艺 智能制造
	Radio frequency	Wire and cable	Mechanical components	Connector	Core technology Smart manufacturing

(II) Communication business

Driven by 5G, big data and edge computing technologies, the ICT industry puts forward higher requirements for data transmission, hardware equipment shows a tendency towards gradual opening of interfaces and high integration of functions, and interconnect components show a tendency towards high speed, high density, high reliability and low loss. On the basis of the application scenarios of our products in the field of data and communication, and centering on the application and development trend of data center, we have gradually enriched our product offerings, and on the basis of electric connection (high-speed electric connectors and cables), optical connection (AOC and optical modules), radio frequency (RF) communication (base station antennas, base station filters, tower mounted amplifiers, duplexer, combiners, RRUs, AAUs and small base stations), and other existing products, have developed thermal management (heat pipes, VC, axial fans, cold plates and water cooling radiators), industrial connection and other products, further increasing our product coverage. In 2022, we will develop server and other complete unit assembly business, center on the “complete unit + core components” double development strategy, and strive to grow into a comprehensive solution provider offering all kinds of products in the field of data and communication.



电连接产品线	服务器	交换机	整机组装产品线
Electric connection products	Server	Switch	Complete unit assemblies
光连接产品线	综合布线	基础设施	热管理产品线
Optical connection products	Cabling system	Infrastructure	Thermal management products
汇聚交换机	接入交换机	数据中心机架群	机架内服务器群
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, and provide strong technical support for communication interconnect products in different forms. With respect to system-level products, through disassembly of modules and components contained in the products, and single-point manufacturing processes and technologies, we are able to realize highly or wholly automated, efficient and high-quality production and manufacturing of large and small batches of products.



基础设施	服务器	综合布线	浸没机柜
Infrastructure	Server	Cabling system	Immersion cabinet
精密模组	高速连接器	高速线缆	线缆模组
Precision module	High-speed connector	High-speed cable	Cable module
滤波器	热管理	核心零部件	高速裸线开发

Filter	Thermal management	Core components	Development of high-speed bare wire
精密冲压和注塑	射频	散热部件	
Precision stamping and injection molding	Radio frequency	Radiator	
基础制造能力	压铸	机加	钣金
Basic manufacturing capability	Die casting	Tooling	Sheet metal
冲压	注塑	表面处理	基础服务平台
Stamping	Injection molding	Surface treatment	Basic service platform
本地工程服务中心	全球化采购	自动化设备开发	零件中心
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 opportunities in the domestic communication industry. We believe that we will get more and better business opportunities than traditional communication product manufacturers, as we will apply our rich experience accumulated in the consumer electronics precision manufacturing industry to the new communication industry.

(III) Automotive business

In view of the development of electric vehicles, we have made long-term plans for automotive business, and included wire harness, connection system, new energy, smart interconnect, smart cabin and smart manufacturing in our product offerings.

Leverage the superior resources of the Group, enrich product offerings, and create driving force for the growth of automotive tier-1 business



线束	整车线束	特种线束	充电枪
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Wire harness	Vehicle wire harness	Special wire harness	Charging gun
连接器	低压连接器	高压连接器	高速连接器
Connector	Low-voltage connector	High-voltage connector	High-speed connector
新能源	逆变器	智能网联	路测单元
New energy	Inverter	Smart interconnect	Road-side unit
车载通讯单元	智能天线	智能驾舱	多媒体仪表
Telematics control unit	Smart antenna	Smart cabin	Multi-media instrument panel
信息娱乐系统	域控制器	无线充电	电源网络隔离器
Infotainment system	Domain controller	Wireless charging	Power and network isolator
智能制造	嵌件注塑		
Smart manufacturing	Insert molding		

Wire harness is an essential system-level component for a vehicle, is flexible, important and widely used, covers all configurations of a vehicle, and provides reliable power supply, signals and data to all electric appliances, so they serve as “arteries” of the “neural network” of a vehicle. According to Markets and Markets, the global automotive wire harness market size was expected to reach USD47 billion in 2021. Through vertical integration, we have grown into a comprehensive supplier specialized in the design, validation and manufacturing of low-voltage and high-voltage vehicle wire harnesses, special wire harnesses, charging guns and other products. We stick to the customer oriented service concept, and satisfy the customers’ demands with our efficient customized design and development, production facilities located in the neighborhood of our customers, and our strong precision manufacturing capabilities accumulated over the years. In addition to traditional carmakers, we have developed some major emerging customers.

Automotive is one of the largest markets for connectors. Automotive connectors account for 22% in the global connector industry, where smart electric vehicles are the largest growth driver. According to Bishop & Associates, the global automotive connector market size was USD15.210 billion in 2019, and is expected to reach USD19.452 billion in 2025. We have designed and developed all kinds of connectors required on vehicles, including low-voltage connectors, high-voltage connectors, high-speed connectors and customized connection systems, among others. We exploit the existing customer market through our wire harness business, and enhance the synergistic effect with our existing consumer electronic and business-type products, to promote growth of business. Our proprietary gigabit Ethernet connector adopts a wholly shielded double cable connection structure, and can be widely used on infotainment systems, ADASs, domain controllers and other products.

In order to satisfy the demands of the smart electric vehicle market, we launched key components of the power system of electric vehicles, including battery disconnect unit (BDU), power distribution unit (PDU) and inverters. In 2021, the global automotive PDU market size was USD7 billion, and the inverter market size was USD3 billion. PDU is designed to distribute and manage electric power in the high-voltage system of new energy vehicles, and can integrate MBS master control, charging module, DC module, PTC control module and other functions. BDU is specially designed for installation inside battery packs and is a kind of distribution box. Inverter is a device that converts direct current in batteries into three-phase alternating current required by electric motors, and a core component of new energy vehicles. The power output and battery life of electric motors directly depend on the performance of inverters.

The IoV relies on the new-generation information communication technology, receives information from and transmits information to moving vehicles, and can play an important role in vehicle safety, traffic control, information service, smart city and intelligent transportation. At present, IoV applications are key projects of government and OEMs, and require coordination among multiple devices, such as road-side unit (RSU) which collects environment, traffic condition, traffic sign and other information and sends the same to vehicles, telematics control unit (TCU) which effects two-way communication between vehicles and external networks, central gateway (CGW) which connects all electronic devices on a vehicle, and other products. We focus on the development of wireless communication and automotive electronic products, and currently offer RSUs, TCUs and CGWs.

According to Visteon, the global smart cabin market size was about USD44.7 billion in 2020, and is expected to reach USD73.8 billion in 2025. The penetration of smart cabin into new vehicles in China is expected to exceed 75% in 2025. At present, the basic configuration of a smart cabin on the market includes digital instrument panel, streaming rearview mirror, HUD, rear seat screen and IoV modules, among others, which can provide passengers with navigation, environmental monitoring, entertainment and other directly perceivable information, satisfy diversified human-machine interaction requirements, provide better ride experience and create more consumption scenarios. Our products include AR-HUD, infotainment system, cabin entertainment domain, LCD instrument panel, driver monitoring system, power isolation module, etc., and USB port and wireless charging module are relatively mature products. In the future, more consumer electronic functions will be applied in cabins, so we can fully leverage our technologies accumulated over the years in the field of consumer electronics.



We also provide customers with smart manufacturing services, including insert molding, PCBA and other product services, by leveraging our economy of scale and lean production.

In February 2022, we entered into a *Strategic Cooperation Framework Agreement* with Chery Holding Group, pursuant to which, we and Chery New Energy Automobile Co., Ltd. will establish a joint venture specialized in R&D and manufacturing of new energy vehicles in the form of ODM. This business platform will produce vehicles for brand customers, provide a frontier R&D and mass production platform and access to the overseas market for our core automotive component business, and help us develop our tier-1 business. We have been engaged in the field of consumer electronics for years, and accumulated a solid industrial base and strong ODM capability, and are familiar with ODM operation and management model. Chery has rich experience in the field of traditional vehicles, and solid technological base. Our superior products will have an opportunity to grow from 0 to 1 through this joint venture ODM platform and the incremental business provided by Chery, and we will leverage our advantages to take part in the competition, in order to have our tier-1 products pass validation by the brand customers.

Along with the wide application of consumer electronics products on vehicles, our technologies, experience and customer resources accumulated over the years in the field of consumer electronics will help our automotive business segment better grasp the trend, and develop more products and customers. We will keep pace with our premium customers at home and abroad, accurately grasp the development direction of technologies and the industry, and actively promote the technological upgrading of products and reduction of costs through technology, to continuously provide our customers with products and solutions that are competitive in both technology and business. Our medium-to-long term goal is to grow into a tier-1 manufacturer in the global automotive component industry in the next three to five years.

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) SAP system that connects all links in our internal operation, and connects customers through EDI system and suppliers through SRM system;
- (2) PLM system in respect of product R&D, that integrates product-related processes, designs software and simulation models, and scientifically manages product data in the entire life cycle from design, development, production, marketing, purchasing to after-sale services;
- (3) MES system in respect of production and manufacturing that integrates human, tooling, equipment, jigs, materials, customer demands and other factors, and uses AI and 5G technologies to implement optimal management of the whole process from receipt of customer demands to delivery of products;
- (4) WMS smart warehousing system that effectively deals with and manages our complicated inbound and outbound goods, improves the goods turnover and inventory turnover, greatly reduces overstock and occupation of funds, and make warehousing management more accurate, simple and efficient; and
- (5) Budget management and BI system in respect of financial and accounting operation that realizes efficient preparation of budgets and effective control, review and analysis, and manages and controls risks using big data.

We continuously optimize our management processes and production processes, implement customer oriented precise, scientific and intelligent management, and constantly strive to improve our production efficiency and product yield.

2. Advanced automatic process design and application

As a global leading provider of diversified component solutions, high-quality precision manufacturing has always been one of our core competencies. Since our listing, our precision manufacturing capability has developed from “automation with passive positioning” to “automation with active positioning” and finally to “full automatic and smart” super-precision modularized manufacturing today. In the automatic manufacturing of products, we connect product design with the design of automatic manufacturing process seamlessly, and on the basis of ensuring our process capability at key work stations takes the lead in the industry, have introduced AI visual robots to realize positioning, error detection and judgment in the production process of precision electronic components, active and mutual positioning between components and jigs in the assembly process, and AI-assisted inspection of appearance of component products. We widely use automated guided vehicles (AGVs) on production lines and warehouses, to give support to modern smart logistics and warehousing system. In addition, we use big data and AI technologies, in conjunction with our proprietary algorithms, to feed back real-time measuring and testing data, thereby ensuring the reliable quality assurance and full traceability of products, and enabling the automatic production lines to have the deep learning capability, to realize close-end control over the automation technology, which marks that we have formally entered into the stage of “smart precision

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 using scientific and effective quality management approaches, and integrated quality assurance into the whole process from design, manufacturing, inspection, packaging to transportation of products. We have a full set of advanced NPI (new product introduction) management process, and control quality from the development and design of products, to lay a solid basis for successful mass production of products. In the each stage of development of a new product, such as POC (proof of concept), Proto (model verification), EVT (engineering verification test), DVT (design verification test), PVT (process verification test) and MP (mass production), etc., we take the highest requirement for mass production that each stage should satisfy as the criteria for approval of entry into the next stage. We attach great importance to quality precautions, and implement design quality controls focusing on quality, cost, manufacturing and automation, to shorten the period from engineering development to mass production. Due to our excellent quality assurance capability, we have received praise from our customers continuously, and enhanced customer adhesion.

(II) Forward-looking strategic deployment

Our management keeps abreast of market trends and developments of the industry, through industrial researches and internal seminars, reviews our development situations, makes in-depth analysis of the boundaries of our business and capabilities, enhances the implementation of the “three five-year” strategic plan, and continuously explores the ways of diversified innovations and development. Our development towards new products and new areas is based on multi-dimensional analysis of industrial development, customer demands, competitors, the value we can provide, the space we can play, profitability, return on investment and other aspects of the industries, customers and end users, and detailed sand table exercise by our core management.

1. Vertically integrated one-stop service capability

We focus on providing the market with perfect comprehensive solutions covering the entire industry chain. We provide full coverage products from core components, modules to system-level assembly. We have proprietary key process capabilities, including design and processing of molds/jigs, bare copper wire drawing, plastic particle molding, stamping/press forging, precision implant molding, surface treatment, SMT, SiP and system-level assembly testing. In addition, we have a number of national CNAS certification labs responsible for preliminary development validation, in-process quality inspection and failure analysis. Therefore, we have vertically integrated production capabilities for core components, modules to system-level assembly that are relatively complete, and have realized close-end management from key materials, parts, modules, core technologies to data of all stages, in respect of all core acoustic, optical and electric module products, such as acoustic modules, vibration motors, voice coil motors, antenna modules, wireless charging modules, and all kinds of terminal products, such as accessory system, IoT equipment, acoustic wearable devices, smart wearable devices and smart mobile phones. With our understanding of the market demands over the years, we are able to provide comprehensive one-stop professional services from product proposal, design, validation to mass production, and even to logistic cooperation, after-sale quality tracking and warranty, thus further enhancing our competitive advantage in rapid response to demands of customers, timely and efficient engineering cooperation and cost control with quality guaranteed.

2. Industrial synergistic effect

In order to provide the customers with greater and better values, in addition to our vertically integrated one-stop service capability, we manage and integrate purchasing, R&D and manufacturing activities of consumer electronics, communication, automotive, healthcare and other business segments in a centralized manner, to minimize the use of resources, accelerate trans-sector technological convergence, improve production efficiency and product yield, seek synergistic effect, reduce overall costs for customers, and ensure our return on investment.

3. Global service deployment

Economic globalization is the profound background and fundamental trend of the development and evolution of global economy in the 21st 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 with complete and perfect comprehensive solutions, taking into comprehensive consideration response speed, engineering cooperation, service quality, flexible delivery, cost control and other factors. Our leading technologies and excellent quality assurance capability have helped us build a good brand image and reputation in the industry, and brought high-quality customers to us. After years of cultivation, we have established stable cooperation relationships with a lot of global leading brands and manufacturers in the fields of consumer electronics, communication and automotive. Over the years, we have kept pace with the strategic steps made by our major customers, cautiously assessed the development trends of the industry from the perspective of brand customers and end consumers, and made forward-looking deployments to occupy the new markets and new channels, to ensure that we maintain the lead. We think what customers think and are eager to help the customers in need. Under the guidance of the service philosophy of “customer first”, in addition to fulfilling the tasks assigned by the customers, we have also continuously identified the pain points of the customers in their applications, fully leveraged our resource and platform advantages, and taken the initiative to provide the customers with optimization proposals and suggestions, to highlight our competencies. Our commitment to fulfill all missions has been generally recognized in the industry.

2. Spirit of workmanship that constantly strives for perfection

We are unable to make continuous improvement in smart manufacturing, product R&D, internal management, social responsibility and other areas without our employees’ striving for perfection at work and accomplishment of each task in such manner that is higher than the customer standard, stricter than the industrial standard and more excellent than what has been done yesterday. That is the key internal driving force behind continuous recognition of us by the customers and our rapid development. In the future, we will remain true to our original aspiration, not only carry on the spirit of workmanship that constantly strives for perfection in our traditional superior fields, but also foster such spirit in our new teams and new business segments, strive to accomplish the strategic goals in the “three five-year” plan period with the spirit of enterprise, and achieve a win-win situation with our customers, shareholders and employees.

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

The core competencies of a company will be ultimately reflected in the soft power arising from in-depth integration and mutual nourishment of talents and corporate culture. Core talents are the basis for the sustainable development of a company and the cornerstone for cultivating the talents required by a company. We have adhered to the strategy of invigorating the business through talents, and continuously improved our talent echelon building system and talent pool mechanism. We vigorously recruit outstanding talents required in our development who recognize and conform to the distinctive characteristics of our corporate culture, to continuously augment our team of core talents. On the other hand, we continuously improve our talent training system and talent selection system. Along with the growth of our business, we continuously put forward new and reasonable requirements for our employees, encourage them to make self break-through in the boundary of their capabilities, and continuously improve their personal competencies and management capabilities, to contribute new energy to our development. Under the nurture of our corporate culture of being pragmatic and enterprising, constantly striving for perfection, and fulfilling the missions, we provide the key employees with a vast space to exercise their talents, and effectively stimulate their sense of mission, sense of achievement and sense of collective honor. At present, we have recruited outstanding talents in materials, automation, electronic information, molds, business

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 faced more risks and challenges in our development, for example, the repeated outbreaks of COVID-19 at home and abroad causing interruption of the upstream supply chain and blockade of logistic routes, shortage of chips and materials throughout the world, sharp rise of the prices of staple commodities and logistic and transportation costs, and delay in the mass production and delivery of certain new products.

In addition, the learning curve of some new products/businesses during rapid growth and the regular cycle of some existing products affected our financial indicators to a certain extent. During the reporting period, we invested in and controlled Rikai Precision Technology (Yancheng) Co., Ltd. (“Rikai Yancheng”). Since 2021, due to great demands from customers for the precision display structure module products for mobile phones in the coming years, the scale of operation of Rikai Yancheng increased rapidly. However, the huge investment in the preliminary development and automation optimization in respect of the precision display structure module products for mobile phones and large proportion of raw materials to the total cost of such products greatly affected the overall product margin of Rikai Yancheng, and in turn affected the consolidated gross margin of Luxshare-ICT. In addition, after experiencing the strong demands from industries/market and consumers for smart wearable acoustic products, the shipments of our smart wearable acoustic products dropped sharply in 2021, which had a periodic effect on the operating revenue and net profit of this business. The development of this business is expected to become stable in 2022. We will continue to leverage our core competencies, give full play to our value as an important partner of our key customers, and promote the steady and high-quality development of this business.

Facing the market competitions and internal and external pressures and challenges, we work hard to overcome the difficulties, focus on the formulation and implementation of the “three five-year” strategic plan, and further enhance short-, medium- and long-term forward-looking deployments taking into account the new situations and new opportunities. During the reporting period, we fully leveraged our advantages in smart, digital and modular high-end manufacturing and flexible management, further consolidated the foundation of the big precision and smart manufacturing platform, intensively implemented vertically integrated allocation of resources, and effective coordination of all product lines and business segments, improved the efficiency of internal organization, and made praise-worthy achievements in both existing and new businesses.

(1) Consumer electronics business

During the reporting period, we stuck to the strategy of diversified vertical integration and production penetration in the field of consumer electronics. In 2021, with respect to smart wearable healthcare products, as an important member of our family of system-level products, though the delivery of certain products was delayed due to the epidemic situation at home and abroad and shortage of materials, our excellent performance in product development, automatic production process, premium quality, flexible delivery and other areas was well recognized by our key customers, laying a solid foundation for the provision by us of in-depth and diversified services, such as system assembly and different kinds of core components, in respect of this product line. With respect to SiP products, despite the effect of overseas epidemic situation, our performance was generally mature and realized full coverage of smart wearable healthcare products. On the basis of thorough assessment of return on investment, utilization rate and other operating

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 quality and rapidly evolving demands. Our integrated smart development and production platform covering the whole process make full preparation for large-scale replication and group/global operation in the days to come.

With respect to the vast consumer electronics market, we keep our eyes open, and wash grains of gold out of the sand. In the recent years, by leveraging our strong core competencies and the demonstration effect of big customers, through our premium services to many global well-known brand customers, we have made excellent achievements in smart terminal, smart life, computer accessory and other solutions, and accumulated strength for the diversified development of our consumer electronics business at the customer and product sides. Our products include acoustic, optical and electric modules, smart accessory system, acoustic system, IoT equipment, wearable devices, etc. Through in-depth market/customer researches, we have established executable development plans and growth objectives, and our cooperation with global customers having great potentialities has been upgraded from simple cooperation in components and modules to integrated and all-round cooperation in complete unit system solutions. At present, we are carrying out business as planned, with the support and recognition of the market and customers as what they did in the past. In view of the relatively fragmented market, we will further focus on resources and make thorough assessments in the future, and strive to develop related business into important drivers of our sustainable growth in the next five to ten years.

(2) Automotive business

In 2021, despite the weak market demand and chip shortage caused by the epidemic situation at home and abroad, the overall development of our automotive business generally meets the expectations of our management. Along with the continuous development of "electrification", "intelligentization" and "interconnection" of vehicles, and trans-sector application of consumer electronic products and technologies on vehicles, we actively grasp market opportunities, and fully leverage our technologies and customer resources accumulated over the years in the fields of consumer electronics and communication, in order to ensure that our existing automotive business catches the trend more accurately, and to develop product lines and strategic customers in a more intensive and focused manner. At present, our main products cover automotive wire harnesses (vehicle wire harnesses, special wire harnesses, charging guns, etc.), connectors (high-voltage, low-voltage and high-speed connectors, Busbar, etc.), smart new energy (PDUs, BDUs, inverters, energy storage, etc.), smart interconnect (RSUs, TCUs, etc.), and smart cabin/control (domain controllers, infotainment system and multi-media instrument panels). We will, guided by the trend of technology development and strategy to focus on/enable customers, continuously provide our customers with products and solutions that are competitive in the world in both technical and commercial metrics, by leveraging our manufacturing facilities and product R&D centers distributed around the country, and the synergistic effect of domestic and overseas resources.

(3) Communication business

During the reporting period, our supercomputing center business grew rapidly, as a result of our continuous technology development in the field of communication. However, the unreasonable interference by foreign entities of the same trade in the context of China-US trade friction affected the continued development of our communication business in North America. On the basis of further improving our capabilities in respect of existing high/low-frequency electric connector, optical connector and RF communication products, during the reporting period, we focused on the development of thermal system management, industrial connector and other new products and new businesses, further enhanced vertical integration of industries, trans-sector technological convergence, and increased coverage of product lines, with a view to growing into a comprehensive data and communication solution

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%	64.56%
Other connectors and other business	4,039,354,643.37	2.62%	2,052,285,776.74	2.22%	96.82%
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%	96.82%
By region					
Domestic market	10,493,247,599.10	6.82%	7,454,978,348.07	8.06%	40.75%
Overseas market	143,452,850,191.30	93.18%	85,046,280,863.47	91.94%	68.68%
By sales mode					
Direct sales	153,946,097,790.40	100.00%	92,501,259,211.54	100.00%	66.43%

(2) Segments, products or regions representing more than 10% of operating revenue or profit

√ Applicable □ N/A

In RMB

	Operating revenue	Operating cost	Gross margin	Y/Y % Change in operating revenue	Y/Y % Change in operating cost	Y/Y % Change in gross margin
By segment						
Consumer electronics	134,637,995,600.46	119,338,834,375.15	11.36%	64.56%	77.54%	-6.48%
By product						
Consumer electronics	134,637,995,600.46	119,338,834,375.15	11.36%	64.56%	77.54%	-6.48%
By region						
Domestic market	10,493,247,599.10	8,421,880,523.04	19.74%	40.75%	44.47%	-2.06%
Overseas market	143,452,850,191.30	126,626,455,769.84	11.73%	68.68%	81.05%	-6.03%
By sales mode						

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?

Yes No

Segment	Item	Unit	2021	2020	Y/Y % Change
Computer interconnect products and precision components	Sales volume	KPCS	692,107	510,910	35.47%
	Output	KPCS	735,779	537,997	36.76%
	Inventories	KPCS	43,672	27,087	61.23%
Automotive interconnect products and precision components	Sales volume	1,000 sets	233,339	172,912	34.95%
	Output	1,000 sets	256,542	184,502	39.05%
	Inventories	1,000 sets	23,203	11,590	100.20%
Communication interconnect products and precision components	Sales volume	KPCS	380,329	470,565	-19.18%
	Output	KPCS	413,793	514,389	-19.56%
	Inventories	KPCS	33,465	43,824	-23.64%
Consumer electronics	Sales volume	KPCS	3,495,842	3,299,993	5.93%
	Output	KPCS	3,773,559	3,661,402	3.06%
	Inventories	KPCS	277,717	361,409	-23.16%
Other connectors and other business	Sales volume	KPCS	467,754	312,258	49.80%
	Output	KPCS	508,283	348,814	45.72%
	Inventories	KPCS	40,529	36,556	10.87%

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

Applicable N/A

During the reporting period, our output and sales volume increased as a result of increase in sales.

(4) Performance of material sales contracts and material purchase contracts by the Company as of the end of the reporting period

Applicable N/A

(5) Components of operating cost

Classification of segments

In RMB

Segment	Item	2021		2020		Y/Y % Change
		Amount	% of operating cost	Amount	% of operating cost	
Computer interconnect products and precision components		6,296,204,929.34	4.66%	2,765,866,774.16	3.65%	127.64%
Automotive interconnect products and precision components		3,475,111,291.70	2.57%	2,374,148,439.75	3.13%	46.37%
Communication interconnect products and precision components		2,700,268,416.55	2.00%	1,818,503,189.96	2.40%	48.49%
Consumer electronics		119,338,834,375.15	88.37%	67,217,502,600.73	88.71%	77.54%
Other connectors and other business		3,237,917,280.14	2.40%	1,593,986,044.98	2.10%	103.13%

Analysis

None

(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:

Aggregate sales revenue from top 5 customers (RMB)	128,399,408,091.77
Proportion of aggregate sales revenue from top 5 customers to annual sales revenue	83.41%
Proportion of aggregate sales revenue from related parties among top 5 customers to annual sales revenue	0.00%

Particulars of top 5 customers:

No.	Name of customer	Sales revenue (RMB)	% of annual sales revenue
1	Customer 1	114,055,710,068.00	74.09%
2	Customer 2	5,033,592,065.75	3.27%
3	Customer 3	3,621,465,625.47	2.35%
4	Customer 4	3,188,059,176.36	2.07%
5	Customer 5	2,500,581,156.19	1.62%
Total	--	128,399,408,091.77	83.41%

Other information of major customers:

 Applicable N/A

Major suppliers of the Company:

Aggregate purchase amount from top 5 suppliers (RMB)	75,982,606,355.38
Proportion of aggregate purchase amount from top 5 suppliers to annual purchase cost	57.96%
Proportion of aggregate purchase amount from related parties among top 5 suppliers to annual purchase cost	0.00%

Particulars of top 5 suppliers:

No.	Name of supplier	Purchase amount (RMB)	% of annual purchase cost
1	Supplier 1	68,529,282,195.97	52.28%
2	Supplier 2	2,220,179,015.43	1.69%
3	Supplier 3	1,986,097,524.70	1.52%
4	Supplier 4	1,718,167,435.10	1.31%

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

Other information of major suppliers:

Applicable N/A

3. Expenses

In RMB

	2021	2020	Y/Y % Change	Reason of material changes
Sales expenses	789,908,163.80	477,047,875.58	65.58%	Primarily due to increase in the scope of consolidation and business growth
General expenses	3,741,908,783.50	2,463,953,208.63	51.87%	Primarily due to increase in the scope of consolidation and business growth
Financial expenses	554,665,874.05	904,828,142.89	-38.70%	Primarily due to fluctuations in foreign exchange rates
R&D expenses	6,642,300,402.74	5,744,805,136.33	15.62%	Primarily due to increase in the scope of consolidation and R&D investments
Income tax expenses	322,238,643.64	644,764,928.70	-50.02%	Primarily due to increase in pre-tax deduction of differences in the exercise price of incentive shares, and additional deduction of R&D expenses

4. R&D investments

Applicable N/A

Description of major R&D project	Purpose	Progress	Objectives	Expected effect on the future development of Company
Project relating to acoustic products	To develop new functions and new processes of TWS earphones, headphones and other acoustic products, develop new products, and continuously improve production efficiency.	In progress	To optimize the functions of the relevant products and realize stable mass production with high quality.	Our R&D and manufacturing capabilities in respect of acoustic products will be improved, R&D cycle of new products will be shortened, and our competencies will be enhanced.
Project relating to smart wearable products	To develop new functions of smart wearable products and improve the production process.	Partially completed	To improve the functions, automation level of production lines, production efficiency and product yield of the relevant products.	While getting recognition from customers, the results of our smart wearable business will be increased and our competencies will be enhanced.
Millimeter wave dielectric antenna	To develop new products and new	Completed	To make breakthroughs in the use on traditional	Our advantage in the vertical integration of

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 indicators and cooperate with the customers in the relevant tests, mass production and deliveries.	Our advantage in the vertical integration of components will be enhanced and market share of the relevant product lines will be increased.
SIP system level double side packaging project	To develop new technologies and new processes, and improve production efficiency.	In progress	To upgrade our traditional SiP module packaging technology, fully fill the bottom space of chips, reduce the residue stress after packaging, ensure the reliability of package products, and improve the technical capabilities of product packaging.	Our advantage in the vertical integration of components will be enhanced and market share of the relevant product lines will be increased.
Project relating to optical module products	To develop 400G high-speed optical modules and preliminary develop next-generation optical modules.	In progress	To expand the application scenarios and market for high-speed optical modules, develop product series, enrich high-speed product lines and realize mass production of the relevant products.	Our advantage in the vertical integration of components will be enhanced and market share of the relevant product lines will be increased.
Project relating to high-speed cables	To develop transmission cable assemblies that provide high-speed signals for super data centers and 5G services.	In progress	To develop proprietary interfaces for servers, switches, high-performance computers and other products, and increase the speed.	Our technical advantage in the communication and data center cable products will be enhanced and market share will be increased.
Project relating to automotive wire	To develop, improve and upgrade vehicle	Partially completed	To improve our technical capability to	Our product lines and market share in the

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.
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 gigabit Ethernet connector adopts a wholly shielded double cable connection structure, and has been widely used on infotainment systems, ADASs, domain controllers and other products.	Our product lines and market share in the field of automotive will be further increased.
Project relating to power system of electric vehicles	To develop high-voltage high-current battery disconnect control module, new-generation on-board bidirectional DC power supply and other power system products for electric vehicles.	Partially completed	To improve our manufacturing capability and production efficiency. The process development, trial production and PPAP certification in respect of our new-generation on-board bidirectional DC power supply have been completed.	Our product lines and market share in the field of automotive will be further increased.
Project relating to automotive smart interconnect products	To develop RSU, TCU and other automotive interconnect products.	Partially completed	Our IoV smart RSU has realized remote coverage, short communication delay, high success rate of message sending and other functions.	Our product lines and market share in the field of automotive will be further increased.
Multi-cavity automatic sorting robot project	The robot will change the operation mode of manual cavity-by-cavity plate feeding on the	Completed	To replace manual handling, identification, plate feeding and other labor intensive	Through automation upgrading of production lines, our 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&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%

Analysis of the cause and effect of significant change in the composition of R&D personnel:

Applicable N/A

Analysis of significant change in the proportion of R&D expenses to operating revenue compared with 2019:

Applicable N/A

Analysis and reasonableness of significant change in the proportion of R&D expenses capitalized:

Applicable N/A

5. Cash flows

In RMB

Item	2021	2020	Y/Y % Change
Cash provided by operating activities	152,974,773,173.48	101,344,544,382.43	50.95%
Cash used in operating activities	145,690,006,256.48	94,471,332,896.38	54.22%
Net cash flows from operating activities	7,284,766,917.00	6,873,211,486.05	5.99%
Cash provided by investment activities	59,103,742,247.41	56,134,501,620.87	5.29%
Cash used in investment activities	67,483,404,233.19	65,282,235,798.95	3.37%
Net cash flows from investment activities	-8,379,661,985.78	-9,147,734,178.08	-8.40%
Cash provided by financing activities	42,545,854,141.42	31,843,182,893.74	33.61%
Cash used in financing activities	42,935,782,234.50	25,056,689,251.71	71.35%
Net cash flows from financing activities	-389,928,093.08	6,786,493,642.03	-105.75%
Net increase in cash and cash equivalents	-1,543,267,723.26	4,317,464,527.08	-135.74%

Analysis of main causes of material changes in the related data:

Applicable N/A

- The cash provided by operating activities was RMB152,974,773,200, an increase of 50.95% year on year, primarily due to an increase in sales, sales revenue collected and tax rebates received.
- The cash used in operating activities was RMB145,690,006,300, an increase of 54.22% year on year, primarily due to an increase in the raw materials purchased and employee benefits paid.
- The net cash flows from financing activities was -RMB389,928,100, a decrease of 105.75% year on year, primarily due to repayment of short-term borrowings, loans and interest during the reporting period.

Analysis of significant difference between net cash flows from operating activities during the reporting period and net profit in current year:

Applicable N/A

V. Analysis of non-main business

Applicable N/A

In RMB

	Amount	% of total profit	Reason	Whether or not sustainable
Investment income	689,386,649.74	8.47%	Income from investments and wealth management products classified as financial assets at fair value through profit or loss	No
Gain or loss on changes in fair value	-115,737,751.66	-1.42%	Investment income on financial assets at fair value through profit or loss	No
Impairment loss on assets	-162,790,335.12	-2.00%	Allowance for impairment of inventories and fixed assets	No
Non-operating income	21,096,536.60	0.26%	Revenue from retirement of assets	No
Non-operating expenses	45,672,434.05	0.56%	Loss on disposal of fixed assets	No
Gain on disposal of assets	-45,266,592.65	-0.56%	Disposal of production equipment	No
Other gains	853,542,165.37	10.48%	Government grants	No
Credit loss	-26,875,504.69	-0.33%	Impairment loss on accounts receivable and other receivables	No

VI. Analysis of assets and liabilities

1. Material changes in components of assets

In RMB

	December 31, 2021		January 1, 2021		Y/Y % Change	Reason of material change
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	14,204,618,186.43	11.78%	10,528,245,765.93	15.01%	-3.23%	
Accounts receivable	31,623,185,946.25	26.23%	13,839,155,340.47	19.73%	6.50%	Business growth (including increase in the scope of consolidation)
Contract assets		0.00%		0.00%	0.00%	
Inventories	20,900,755,733.15	17.33%	13,211,009,381.15	18.83%	-1.50%	Increase in inventory storage level along with increase in our scale of operation (including increase in the scope of consolidation)
Investment properties	59,000,690.72	0.05%	47,592,110.24	0.07%	-0.02%	
Long-term equity investment	1,125,605,226.03	0.93%	1,208,540,333.29	1.72%	-0.79%	
Fixed assets	34,113,259,322.43	28.29%	19,761,012,854.95	28.17%	0.12%	Increase in investment in factory buildings, dormitories and equipment (including increase in the scope of consolidation)
Construction in progress	3,685,336,499.02	3.06%	1,596,064,894.58	2.27%	0.79%	Factory building, dormitory and workshop renovation projects in progress and equipment that has not yet been accepted (including increase in the scope of consolidation)
Right of use assets	425,011,542.28	0.35%	149,189,002.32	0.21%	0.14%	Adoption by us of the new lease accounting standard since January 1, 2021
Short-term borrowings	11,919,635,337.99	9.89%	7,577,068,798.49	10.80%	-0.91%	Replenishment of working capital (including increase in the scope of consolidation)
Contract liabilities	268,506,246.98	0.22%	152,512,971.36	0.22%	0.00%	Advances from clients

Long-term loans	5,025,096,193.09	4.17%	1,495,199,238.41	2.13%	2.04%	Increase in loans to satisfy the requirements of new projects (including increase in the scope of consolidation)
Lease liabilities	315,093,483.55	0.26%	144,462,685.91	0.21%	0.05%	Adoption by us of the new lease accounting standard since January 1, 2021
Financial assets held for trading	2,107,118,105.04	1.75%	3,160,064,470.41	4.50%	-2.75%	Forward exchange facilities, wealth management and other investments
Advances to suppliers	406,016,492.61	0.34%	179,160,621.29	0.26%	0.08%	Prepayments for materials and customs deposits (including increase in the scope of consolidation)
Other receivables	598,456,702.88	0.50%	407,990,780.79	0.58%	-0.08%	Share transfer prices, export rebates and deposits, and insurance indemnities receivable
Other current assets	2,161,055,820.73	1.79%	1,804,485,645.49	2.57%	-0.78%	Input tax credits and prepaid and refundable income tax
Long-term deferred expenses	733,015,722.42	0.61%	488,087,044.97	0.70%	-0.09%	Factory building and workshop renovation expenses (including increase in the scope of consolidation)
Deferred tax assets	891,215,468.53	0.74%	355,834,434.21	0.51%	0.23%	Share-based payments, unrealized profit on internal asset transactions, government grants, deductible losses before tax and other timing differences
Other non-current assets	1,904,305,181.49	1.58%	1,223,199,642.61	1.74%	-0.16%	Prepayments for equipment, engineering projects and land (including increase in the scope of consolidation)
Notes payable	234,500,590.93	0.19%	128,572,111.54	0.18%	0.01%	Increase in note transactions
Accounts payable	45,416,165,667.67	37.67%	23,051,557,603.83	32.86%	4.81%	Increase in raw materials purchased in order to fulfill orders along with our business growth (including increase in the scope of consolidation)
Other payables	382,391,106.17	0.32%	146,162,097.14	0.21%	0.11%	Accrued expenses and security deposits payable
Other current liabilities	3,623,423,072.87	3.01%	623,257,555.89	0.89%	2.12%	Short-term bonds and inter-company trade account payable (including increase in the scope of consolidation)
Deferred income	538,556,944.18	0.45%	425,345,982.64	0.61%	-0.16%	Government grants relating to capital
Deferred tax liabilities	1,272,092,467.86	1.06%	966,092,212.95	1.38%	-0.32%	Accelerated depreciation of fixed assets and temporary difference arising from increase in appraised value of business combinations not under common control

Analysis of high proportion of overseas assets:

□ Applicable √ N/A

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			19,182,537,140.74	20,119,745,754.45		1,991,199,461.99
2. Derivative financial assets	305,388,419.95	-189,469,776.90						115,918,643.05
3. Investment in other equity instruments	138,074,571.56		96,140,150.00				1,761,426.86	235,976,148.42
Subtotal of financial assets	3,298,139,041.97	-115,737,751.66	96,140,150.00		19,182,537,140.74	20,119,745,754.45	1,761,426.86	2,343,094,253.46
Investment in equity instruments					5,700,000.00			5,700,000.00
Total	3,298,139,041.97	-115,737,751.66	96,140,150.00		19,188,237,140.74	20,119,745,754.45	1,761,426.86	2,348,794,253.46
Financial liabilities	0.00	41,436.00						41,436.00

Other changes:

Other changes are the principal of other equity instruments included due to increase in the scope of consolidation.

Whether there's any material change in the measurement properties of main assets of the Company during the reporting period?

□ Yes √ No

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

On September 30, 2021, the 4th meeting of the 5th Board of Directors considered and adopted the Proposal for Applying for an Acquisition Loan from the Banks and Pledging the Shares of the Subsidiary, pursuant to which, we intended to apply to four banks for a syndicated acquisition loan of up to RMB3.4 billion, for a term of five years, which would be mainly used to replace our capital contribution already made to Rikai Yancheng. We pledged 48.013% shares of Rikai Yancheng as security for such acquisition loan for a term of five years. The relevant information was disclosed in our Announcement on Applying for an Acquisition Loan from the Banks and Pledging the Shares of the Subsidiary (No. 2021-080). During the reporting period, we completed the procedures relating to the pledge of the shares of Rikai Yancheng for a term of five years. See "Section X Financial Report – VII. Notes to Items in Consolidated Financial Statements – 81. Assets with restricted ownership or right of use".

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 \geq 0.02mm), precision cavity molds (precision \geq 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 services in respect of the aforesaid products and related components. Business not subject to licensing: manufacturing of computer software, hardware and peripherals.													
Total	--	--	6,000,000,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

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

Applicable N/A

4. Investment in financial assets

(1) Investment in securities

Applicable N/A

In RMB

Type of security	Security code	Short name	Initial investment cost	Method of measurement	Beginning carrying amount	Gain or loss on changes in fair value in the reporting period	Aggregate changes in fair value recorded in equity	Amount acquired in the reporting period	Amount sold in the reporting period	Gain or loss in the reporting period	Ending carrying amount	Accounting item	Source of funds
Stock listed on domestic or overseas market	603595	Tony Electronic	22,500,000.00	Fair value	114,221,319.04	96,057,510.08	162,951,644.67	0.00	0.00	96,057,510.08	210,278,829.12	Investment in other equity instruments	Self-owned funds
Total			22,500,000.00	--	114,221,319.04	96,057,510.08	162,951,644.67	0.00	0.00	96,057,510.08	210,278,829.12	--	--
Disclosure date of the announcement of the Board of Directors approving the investment in securities													
Disclosure date of the announcement of the shareholders' meeting approving the investment in													

securities (if any)	
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(2) Investment in derivatives

√ Applicable □ N/A

In RMB0'000

Counterparty	Affiliation	Whether or not a related-party transaction	Type of derivative	Initial investment cost	Date of commencement	Date of termination	Beginning balance	Amount acquired in the reporting period	Amount sold in the reporting period	Allowance for impairment loss (if any)	Ending balance	% of ending balance to the net asset as at the end of the reporting period	Actual gain or loss in the reporting period
Bank	Non-affiliate	No	Forward	48,545.26			48,545.26	534,737.11	578,098.28		5,184.08	0.15%	19,739.28
Bank	Non-affiliate	No	Option	463,920.39			463,920.39	1,659,594.71	1,725,671.42		397,843.68	11.27%	49,352.43
Total				512,465.65	--	--	512,465.65	2,194,331.82	2,303,769.7		403,027.76	11.42%	69,091.71
Source of funds				Self-owned funds									
Whether or not involved in any litigation				N/A									
Disclosure date of the announcement of the Board of Directors approving the investment in derivatives (if any)				January 23, 2021									
Disclosure date of the announcement of the shareholders' meeting approving the investment in derivatives (if any)													
Analysis of risks associated with the derivatives held in the reporting period (including without limitation market risk, liquidity risk, credit risk, operational risk and legal risk) and related risk control measures				<ol style="list-style-type: none"> We conduct foreign exchange derivative transactions for the purpose of fixing costs, and avoiding and preventing foreign exchange and interest rate risks, and prohibit any speculation. We have established strict business management policy regarding financial derivative transactions, which contain explicit provisions on the principle of operation, approving power, internal operating process, information segregation measures, internal risk controls, information disclosure and other issues relating to financial derivative transactions, to control the risks associated with such transactions. We carefully examine the terms of contracts entered into with the relevant banks, and strictly implement the risk management policy to prevent legal risks. Our Finance Department continuously follows up on the changes in the market price or fair value of the relevant foreign exchange derivatives, promptly assesses the changes in risk exposures of such foreign exchange derivatives, reports to the management on a regular basis, promptly reports the abnormal situations discovered, calls attention to the relevant risks, and takes the appropriate emergency measures. In order to prevent any delay in the delivery of forward exchange contracts, we attach great importance to the management of accounts receivable, and have established safety management measures to prevent any delay in the payment of accounts receivable. Our Internal Audit Department is responsible for supervising and auditing the decision-making, management, execution and other issues in respect of foreign exchange derivative transactions. 									
Changes in the market price or fair value of the derivatives held in the reporting period (in the analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed)				Change in the fair value of a foreign exchange derivative is the difference between its fair market price in the month in which the delivery date determined by the Company falls and its contract price.									

Whether there's any material change in the accounting policies and accounting principles for the measurement of derivatives in the reporting period as compared with the preceding reporting period	No material change
Special opinion issued by the independent directors regarding the Company's investment in derivatives and related risk control measures	The Company conducts foreign exchange derivative transactions for the purpose of avoiding foreign exchange risk arising from fluctuations in the foreign exchange rates of RMB, and effectively controlling the uncertainties of costs caused by foreign exchange risk. The Company has established the Business Management Policy Regarding Financial Derivative Transactions, to enhance risk management and control over foreign exchange derivative transactions. In addition, the Company only provides self-owned funds, rather than any offering proceeds, as deposit for derivative transactions. The review, voting and other procedures relating to such transactions have complied with the Company Law, the AOA and other applicable regulations.

5. Use of offering proceeds

√Applicable N/A

(1) Description of use of offering proceeds

√Applicable N/A

In RMB0'000

Year of offering	Method of offering	Total offering proceeds	Total amount of offering proceeds used in the reporting period	Aggregate amount of offering proceeds that has been used	Total amount of offering proceeds whose purpose was changed in the reporting period	Aggregate amount of offering proceeds whose purpose has been changed	Percentage of offering proceeds whose purpose has been changed	Total amount of unused offering proceeds	Purpose and whereabouts of unused offering proceeds	Total amount of offering proceeds that has remained unused for more than two years
2020	Public offering of convertible corporate bonds	300,000	24,478.69	298,881.41	0	0	0.00%	0	N/A	0
Total	--	300,000	24,478.69	298,881.41	0	0	0.00%	0	--	0

Description of use of offering proceeds

Pursuant to the Reply on Approval of Public Offering of Convertible Corporate Bonds by Luxshare Precision Industry Co., Ltd. from the China Securities Regulatory Commission (CSRC), we publicly issued 30,000,000 convertible corporate bonds of par value of RMB100.00 each, and raised RMB3,000,000,000.00 in total. After deduction of the underwriter fee and sponsor fee of RMB14,400,000.00 (inclusive of tax) paid to our underwriter, CITIC Securities Co., Ltd., the total subscription amount received was RMB2,985,600,000.00, and after deduction of legal fee, audit and capital verification fee, credit rating fee, information disclosure and other charges, the net proceeds from this offering were RMB2,984,743,424.52.

In 2020, we used the offering proceeds of RMB2,744,027,590.66, of which, RMB2,744,027,273.53 was invested in the relevant fund-raising investment projects (RMB2,001,653,153.13 was used to replace to the amount pre-invested), and RMB317.13 was used to pay the relevant account management fee, service charge and other charges.

In 2021, we used the offering proceeds of RMB 244,786,916.51, of which, RMB244,786,780.12 was invested in the relevant fund-raising investment projects, and RMB136.39 was used to pay the relevant account management fee, service charge and other charges. The interest generated by the offering proceeds in 2021 is RMB657,387.96. As of December 31, 2021, the balance of the account of offering proceeds was RMB0.00, and the special account for depositing the offering proceeds was cancelled.

(2) Committed fund-raising investment projects

√Applicable N/A

In RMB0'000

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	No	110,000	110,000	24,249.84	110,145.15	100.13%	March 1, 2021	84,759.2	N/A	No
Smart wearable equipment components production line upgrading and expansion project	No	60,000	60,000	25.23	60,031.76	100.05%	May 1, 2021	33,952.62	Yes	No
New smart wearable equipment project with an annual production capacity of 4 million sets	No	60,000	60,000	0.04	60,026.58	100.04%	August 1, 2020	12,682.33	Yes	No
Replenishment of working capital	No	70,000	70,000	203.56	68,677.91	98.11%			N/A	No
Subtotal	-	300,000	300,000	24,478.67	298,881.4	--	-	131,394.15	-	-
Use of over-raised funds										
N/A										
Total	-	300,000	300,000	24,478.67	298,881.4	--	--	131,394.15	-	-
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project by project basis)	The smart wearable equipment components production line upgrading and expansion project failed to produce the desired result, primarily due to shortage of critical raw materials, resulting in a decrease in the operating results. We actively stocked up with the relevant raw materials, so the profit of the project reached 96.62% of the predicted profit in 2021, and 99.14% of the predicted profit in aggregate.									
Reason of significant change in the feasibility of the project	None									
Amount and use of over-raised funds and progress of use thereof	N/A									
Change in the place of the fund-raising investment project	N/A									
Adjustment of the method of implementation of the fund-raising investment project	N/A									
Funds already invested in the fund-raising investment project	Applicable									
	We have already invested RMB2,001,653,153.13 of self-raised funds in the projects for which the public offering of convertible corporate bonds was made in 2020 prior to the completion thereof, as verified by BDO China Shu Lun Pan Certified Public Accountants LLP in its Report Xin Kuai Shi Bao Zi [2020] No. ZB11783 dated December 1, 2020.									

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

Technology (Yancheng) Co., Ltd.		services in respect of computer accessories; design, R&D and production of precision stamping molds (precision $\geq 0.02\text{mm}$), precision cavity molds (precision $\geq 0.05\text{mm}$), 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 design, graphic design, etc.); lease of own idle equipment; wholesale, commission agency (except auction), import, export and supporting services in respect of the aforesaid products and related components. Business not subject to licensing: manufacturing of computer software, hardware and peripherals.						
Lanto Electronic Limited	Subsidiary	Computer peripherals, connection lines and connectors; new-type electronic components (electronic devices), instruments and accessories for communication and IT purpose, plastic, rubber and hardware products; research, development, production and sale of special electronic equipment, testing instruments, tools, molds, remote control dynamic models and related supplies and components; production and sale of power supply units and wireless transmission products; development of software; import and export of goods and technology (except any business that is subject to licensing, restricted or prohibited pursuant to the applicable laws and administrative regulations) (any business subject to approval according to law may only be operated with the approval of the competent authorities). Business not subject to licensing: manufacturing of automotive components and accessories; research and development of automotive components; wholesale of automotive components and accessories; sale of mechanical components and components; manufacturing of opto-electronic components; sale of opto-electronic components; research and development of special electronic materials; research and development of household appliances.	RMB2,320,000,000	18,989,845,478.63	7,396,344,211.40	24,850,269,766.84	1,530,454,712.74	1,374,091,215.23

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 era, the CAGR of the global smart mobile phone market is expected to reach 3.6% from 2020 to 2025. The application of new-generation communication technologies will further drive the market demands for mobile phones, give rise to competitions over diversified functions and upgraded performance on the existing market for mobile phones, and accelerate the upgrading of precision electronic components and assemblies, resulting in an increase in the market size of precision electronic components and assemblies, and product variety. The advancement of 5G and 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. Driven by the IoT ecosystem and market trends and call for green and environment friendly sustainable development, the terminal products having smart interconnect, health check, environment friendly and other functions will deeply affect people's habits and customs, and be widely accepted by consumers of all ages. 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. Our business development and industrial operation are expected to fully benefit from this trend.

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 the continuous development of the Internet, e-commerce, video, cloud computing and other Internet vertical industries have been rapidly springing up, and the global data center market has come into multiple periods of rapid growth. Driven by 5G, big data and edge computing technologies, the ICT industry puts forward higher requirements for data transmission, hardware equipment shows a tendency towards gradual opening of interfaces and high integration of functions, and interconnect components show a tendency towards high speed, high density, high reliability and low loss. In the technology evolution from 4G to 5G, base stations tend to have more ports and more wave numbers. Small size and weather resistance put forward increasingly high requirements for precision manufacturing. Compared with manufacturers of traditional communication products, we will leverage our rich experience in precision manufacturing of consumer electronic products in the new communication business, and are expected to get more and better business opportunities. The communication interconnect market is witnessing rapid upgrading of products, and enters an era of tremendous data. Along with the sharp increase in data volume, the demands for interconnect products for data processing will grow sharply.

The development of 5G communication technology, automotive wireless communication technology, AI and other new-generation information technologies and ever increasing demands of consumers for automotive safety and entertainment during ride, among others, will promote the continuous increase in the electrification level of vehicles, resulting in further extension of application scenarios for automotive electronics, and increase in penetration rate, which will be beneficial for the continuous and rapid development of the industry of automotive electronics. As the future development direction of vehicles, new energy vehicles enjoy the support of national policies, their market size grows steadily and the penetration of electric vehicles increases continuously. 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. The existence of a variety of players on the automotive market will promote the industry to make innovations, and bring more opportunities and challenges to component manufacturers. We have built a complete development framework covering components, modules, sub-systems and whole systems, and made complete deployments for core products.

2. Future growth strategy

On the basis of our core management's forward-looking plans in respect of market, products and customers, and through our employees' unremitting efforts to work conscientiously, fulfill all tasks and make innovations, we have made diversified, integrated and coordinated strategic deployments in the fields of consumer electronics, communication and automotive. In light of the new market situations, we clearly know that opportunities coexist with challenges, and will keep investing in the future, and give full play to our strong core competencies and advantages in various areas, to provide more core value for the industry and our customers.

In the next few years, the consumer electronics business will continue to occupy an important position in the Company. We will continue to implement and deepen the concept of vertical integration from components, modules to system, and strive to change the traditional supply ideas and approaches, restructure the supply chain and maximize the synergistic effect, to continue to improve our capability to create value for our customers and seek sustainable development. Meanwhile, with respect to certain core modules and processes, we will follow the strategic principle of "old products, new customers and new market", strive to extend and deepen the application of products, and increase their shares on different markets and among different customers, to further improve our ability to prevent operating risks. In light of the general economic development trend of enhancing internal and external circulations, and the general background that huge demands for consumer electronic products will be stimulated, the smart consumer electronic products that change life with technology will grow vigorously. Our products include smart wearable, smart home, smart display, etc. We have strong comprehensive capabilities in respect of core components and system assembly for complete units, and have made full preparations for new products/businesses. In the field of AR/VR/MR, we will make complete and in-depth product deployment, leverage our remarkable advantages in production process, lean production, automation and other areas, and strive to make good achievements in the new area. In the field of communication interconnect, by focusing on technology development and combining the efforts of enterprises, universities and research institutes, we are leading the way in certain market segments in the world. In the context of the "Eastern Data, Western Computing" project, we will actively exploit all-round and multi-level development opportunities. In the future, we will adhere to the strategic principle of integrating "application, development and early research", closely follow the market trends and frontier technologies, and strive to make all-round breakthroughs on more market segments. With respect to the radio frequency communication business, we will focus on the strategic plan of "core components + modules + system", make continuous investments in design and R&D, improve the capability to produce core components on our own, and improve our internal operation efficiency in lean production, supply chain management and other areas through transformation and upgrading towards digitalization. Facing the business opportunities brought by "electrification", "intelligentization" and "interconnection" of vehicles to Chinese automotive companies, we have established clear strategic objectives, that is, to focus on the tier-1 core component market. In the waves of electrification of automotive consumption, the stable supply pattern in the past will be broken, and comprehensive manufacturers that have rich experience in both the fields of consumer electronics and automotive will get more business opportunities. In the next few years, we will continue to apply our experience of precision manufacturing in the field of consumer electronics and communication and our capability to develop communication-level high speed transmission solutions to the automotive business, and give full play to our advantages. Meanwhile, we will continuously improve our tier-1

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, Busbar, etc.), new energy (PDUs, BDUs, inverters, energy storage, etc.), smart cabin (domain controllers, infotainment system, multi-media instrument panels, etc.), smart interconnect (RSUs, TCUs, etc.), and other products. Meanwhile, in reliance on the vehicle ODM platform jointly established with Chery that provides our core automotive component business with a frontier R&D, design and mass production platform and access to the overseas market, we will vigorously develop our tier-1 business. Our superior products will have an opportunity to grow from 0 to 1 through the incremental business provided by other brand customers of this ODM platform and Chery, and we will leverage our advantages to take part in the competition, to have our tier-1 products pass validation by the brand customers. Our medium-to-long term goal is to grow into a tier-1 manufacturer in the global automotive component industry in the next three to five years. With respect to the communication business, we always regard the technical capabilities as the foundation for our business development. We will drive the growth of electric connection, optical connection, RF communication, thermal management and other existing core component products by leveraging our technologies and strong precision manufacturing capability, and through vertical integration, make further deployments in the server and other whole unit assembly business, center on the “complete unit + core components” double development strategy, and strive to grow into a comprehensive solution provider offering all kinds of products in the field of data and communication. In 2022, while seeking business development, we will work harder to improve our operation and management capabilities, further enhance our platforms to ensure that they meet the development requirements of the relevant business segments, and incorporate digital management in all links in operation. With respect to organization management, cadre management and performance incentives, we will continue to explore the ways to upgrade and optimize the current management modes, through continuous improvement of mechanisms, effectively arouse the initiative of cadres, and pool the wisdom and efforts of everyone, to give full play to the organizational effectiveness.

4. Capital required for future development strategy and capital utilization plan

As of December 31, 2021, our equity-debt ratio was 62.03%. In 2022, our business is expected to maintain rapid growth, and the exploitation of new markets and entry of production of new projects require enormous capital. Therefore, we published the financing plan by private offering of shares in February 2022, in order to support our sustainable development in the diversified field of consumer electronics and automotive in the next few years. Along with the improvement of our position in the industry and stabilization of our relationship with customers, we have obtained certain competitive advantages. We will continue to strictly control capital expenditures in each project, regularly analyze and review the return on investment in each capital expenditure project, and continue to improve our management of accounts receivable, inventories and other areas, to maximize the efficiency of capital utilization. We will consider all available sources of financing at different periods according to the requirements of our development strategy, to create more value for our shareholders.

5. Future risks

(1) Risk of fluctuation of macro economy

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

(2) Risk of foreign exchange rate

At present, our revenue from the overseas market constitutes a large proportion in our total operating revenue, and our overseas

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 deployment of our production capacity, which will in turn put forward higher requirements for our operation and management capabilities and pool of outstanding talents. If our management level cannot satisfy the requirements of the rapid growth of our scale of operation, we may face certain management risks.

(4) Risk of relative concentration of customers

We attach great importance to maintaining long-term and stable cooperation relationships with our major customers. At present, our customers are relatively concentrated, most of whom are engaged in consumer electronics. Though they are first-class customers in the industry, have strong and leading competencies on the market, and have maintained years of stable cooperation relationship with us, if any major customer falls into serious difficulties in its operation, we may face certain operating risk.

In view of these risks, we will adopt sound risk management concept, establish effective risk management mechanisms, and continuously improve our risk management policies, to promote our sustainable healthy development.

XII. Investigation, research, communication, interview and other activities

√ Applicable □ N/A

Date	Place	Method of communication	Type of guest	Guest	Main topic of discussion and information provided	Particulars of the investigation and research activity available at
April 28, 2021	Company meeting room at No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong	Communication by telephone	Institution	Institutional investors	Explanation about our operating results in 2020	Refer to Luxshare-ICT (stock code: 002475) Information about Investigation and Research Activity (20210430) published on www.cninfo.com.cn on April 30, 2021
April 30, 2021	Company meeting room at No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong	Communication by telephone	Institution	Institutional investors	Introduction about our general situation and future development plans	Refer to the Record of Investor Relations Activity dated April 30, 2021 published on www.cninfo.com.cn on May 6, 2021
May 18, 2020	Company meeting room at No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong	Communication by telephone	Institution	Institutional investors	Introduction about our strategic deployments and related businesses	Refer to the Record of Investor Relations Activity dated May 18, 2021 published on www.cninfo.com.cn on May 19, 2021
August 25, 2020	Company meeting room at	Communication by telephone	Institution	Institutional investors	Introduction about our	Refer to the Record of Investor Relations

	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 www.cninfo.com.cn 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 independently. Our controlling shareholder is strict with itself and has not directly or indirectly interfered with our decision-making and business activities without the authorization of the shareholders' meeting, or occupied our funds for non-operating purpose.

(III) Directors and Board of Directors: We elect directors and engage independent directors in strict accordance with the relevant procedures set forth in the *Company Law* and the AOA. We now have seven directors, including three independent directors, who are experts in law, accounting and other areas. The number of members and composition of our Board of Directors comply with the requirements of the applicable laws and regulations and the AOA. Our Board of Directors has four committees, including Audit Committee, Strategy Committee, Nomination Committee and Compensation and Performance Appraisal Committee, each of which has a reasonable member structure, and provides scientific and professional opinions and references for the decision-making of the Board of Directors. Our Board of Directors has convened and held meetings, and implemented the resolutions of the shareholders' meeting in strict accordance with the AOA and the *Rules of Procedure of the Board of Directors*. All directors have performed their duties diligently, and seriously attended the meetings of the Board of Directors and shareholders, and safeguarded the legitimate rights and interests of the Company and the shareholders.

(IV) Supervisors and Board of Supervisors: Our Board of Supervisors has elected supervisors in strict accordance with the relevant procedures set forth in the *Company Law* and the AOA. We now have three supervisors, including one chairman. The number of members and composition of our Board of Supervisors comply with the requirements of the applicable laws and regulations and the AOA. Our Board of Supervisors has convened and held meetings in strict with the AOA and the *Rules of Procedure of the Board of Supervisors*. All supervisors have seriously performed their duties, effectively supervised and expressed independent opinions on our financial affairs and the legality and regulatory compliance of the performance of duties by our directors and executives in good faith and diligently, and safeguarded the legitimate rights and interests of the Company and the shareholders.

(V) Performance appraisal and incentive and restraint mechanisms: In order to establish sound incentive mechanisms, and enhance the concept of joint sustainable development of the Company and the management and key employees, we have implemented the share incentive plans to enhance the benefit sharing and restraint mechanisms between shareholders and key business personnel, maintain the stability of the management team and key business personnel, ensure the achievement of our development strategy and business objectives, and seek long-term stable development. The appointment of our executives is open and transparent, and complies with the applicable laws and regulations.

(VI) Stakeholders: We fully respect the legitimate rights and interests of stakeholders, and strive to coordinate and balance the interests of society, shareholders, the Company, employees and other stakeholders, and jointly promote our sustained and steady development.

(VII) Information disclosure and transparency: We have performed our information disclosure obligations truthfully, accurately, timely and completely in strict accordance with the applicable laws and regulations and our *Information Disclosure Management Measures*, and designated the Securities Times and www.cninfo.com.cn as the media for us to disclose information. We have kept

non-public information in strict confidence, seriously registered and reported the insiders pursuant to our *Insider Management Policy*, established the filing policy for insiders, and timely submitted the same to the competent regulatory authorities for the record in accordance with the relevant provisions. We also strictly regulate the reporting of our information to external information users. When receiving specific visitors, we receive them in strict accordance with the relevant requirements, require each of them to sign a Letter of Commitment, and timely disclose the relevant record of investigation and research activity on the e-interaction platform of the Shenzhen Stock Exchange. During the reporting period, we did not take advantage of any inside information to trade our shares. We have set up hotlines for investors and investor relations management section, and designated special persons responsible for timely communication with investors. In addition, we take the initiative to timely contact and communicate with, and report relevant matters to, the competent regulatory authorities, in order to accurately understand the relevant regulatory requirements for information disclosure and further improve the transparency and quality of our information disclosure. We have disclosed information in a true, accurate, complete and timely manner in strict accordance with the requirements for substance and form, to ensure that all shareholders have access to our information through different channels.

Is there any significant difference between the actual circumstance of corporate governance of the Company and the requirements of the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies?

Yes No

There isn't any significant difference between the actual circumstance of our corporate governance and the requirements of the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies.

II. The Company's independence of its controlling shareholder and actual controller in assets, personnel, finance, organization and operation

During the reporting period, we operated in strict compliance with the *Company Law* and the AOA, gradually improved our corporate governance structure, were independent of our controlling shareholder in assets, personnel, finance, organization and operation, had our own independent and complete business, were independent in management, and had independent R&D, production and sales systems. During the reporting period, our production and operation were stable, and we had sound internal bodies and were able to operate independently in compliance with the applicable regulations.

(I) Integrity of assets

We are a company limited by shares established through an overall change in organization form according to law, and have our own independent and complete assets. We have performed the relevant procedures for changes in assets and shareholding according to law. We have not provided any guarantee for the obligations of shareholders on the security of our assets or credit, or lent any loan or credit line granted to us to any shareholder. We have full control over all of our assets, and none of our assets or funds is occupied by our controlling shareholder to the detriment of our interest.

(II) Independence in personnel

Our directors, supervisors and executives have been legally appointed in accordance with the *Company Law*, the AOA and other applicable laws, rules and regulations. All of our executives (except independent directors) exclusively work in and receive remunerations from the Company, and do not hold any post (other than director and supervisor) concurrently in any affiliate of shareholders or any entity engaging in any business same as or similar to our business. We are independent in employees, manage their remunerations, social security and other affairs independently, and have sound personnel management policies and system in place.

(III) Independence in finance

We have independent financial accounting department and internal audit department, and independent accounting system and financial management policies in place that comply with the applicable regulations, and make financial decisions independently. Since our establishment, we have opened separate bank accounts, filed tax returns and paid taxes independently according to law, and executed external contracts independently, and had not shared any bank account or paid any tax in combination with any shareholder.

(IV) Independence in organization

We have established a sound governance structure composed of the shareholders' meeting, the Board of Directors and the Board of Supervisors, and independent and complete operation and management bodies that meet our development requirements and conform to our actual situations, each of which performs its powers and functions independently in accordance with the AOA and our internal management system. Since our establishment, our production, operation and offices have been totally independent of our shareholders.

(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	Proposal for Applying for Offering Super Short-term Commercial Papers and other 4 proposals were approved by vote, as disclosed in our Announcement No. 2021-090.

2. Extraordinary shareholders' meetings convened on the requisition of holders of preferred shares whose voting rights have been restituted

Applicable N/A

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	Beginning balance of shares held	No. of additional shares acquired in the reporting period	No. of shares disposed of in the reporting period	Changes in the number of shares held due to other reasons	Ending balance of shares held	Cause of increase or decrease in the number of shares held
WANG Laichun	Chairman of the Board of Directors & General Manager	Incumbent	Female	55	February 22, 2009	May 18, 2024						
WANG Laisheng	Vice Chairman of the Board of Directors	Incumbent	Male	58	February 22, 2009	May 18, 2024	6,970,267		1,742,567		5,227,700	Liquidation of shares to satisfy personal capital demands
WANG Tao	Director & Deputy General Manager	Incumbent	Male	37	May 21, 2021	May 18, 2024	0	96,022			96,022	Additional shares acquired as a result of exercise of incentive share options
LI Wei	Director and Deputy General Manager	Incumbent	Male	42	May 21, 2021	May 18, 2024						
ZHANG Ying	Independent director	Incumbent	Female	59	May 22, 2018	May 18, 2024						
LIU Zhonghua	Independent director	Incumbent	Male	57	May 18, 2021	May 18, 2024						
SONG Yuhong	Independent director	Incumbent	Female	51	May 18, 2021	May 18, 2024						
XIA Yanrong	Chairman of the Board of	Incumbent	Female	41	December 19, 2017	May 18, 2024						

	Supervisors											
MO Rongying	Supervisor	Incumbent	Female	42	May 22, 2018	May 18, 2024						
YI Peizan	Supervisor	Incumbent	Female	37	February 22, 2009	May 18, 2024						
HUANG Dawei	Board Secretary & Deputy General Manager	Incumbent	Male	50	May 25, 2018	May 21, 2024	439,390				439,390	
WU Tiansong	CFO	Incumbent	Male	52	April 15, 2019	May 21, 2024	365,034	300,809			665,843	Additional shares acquired as a result of exercise of incentive share options
LI Bin	Director & Deputy General Manager	Retired	Male	45	April 18, 2012	May 21, 2021	2,095,552	1,216,773			3,312,325	Additional shares acquired as a result of exercise of incentive share options
YE Yiling	Director & Deputy General Manager	Retired	Female	51	November 3, 2011	May 21, 2021	776,705	177,880			954,585	Additional shares acquired as a result of exercise of incentive share options
XU Huaibin	Independent director	Retired	Male	65	May 6, 2015	May 21, 2021						
LIN Yifei	Independent director	Retired	Male	47	May 6, 2015	May 21, 2021						
Total	--	--	--	--	--	--	10,646,948	1,791,484	1,742,567		10,695,865	--

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 1st, 2nd, 3rd, 4th and 5th 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 1st, 2nd, 3rd, 4th and 5th 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 4th and 5th 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 5th 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 4th and 5th Board of Supervisors.

Ms. MO Rongying, 42 years old, Chinese nationality, majoring in business administration, is now our supervisor. She was chief of the Planning Department at Thomson Multimedia (Dongguan) Co., Ltd., before joining us in June 2007 as chief of the Central Customs Affairs Department. Ms. MO Rongying is a member of our 4th and 5th Board of Supervisors.

Ms. YI Peizan, 37 years old, Chinese nationality, joined our Finance Department in 2004, is now our supervisor. Ms. YI Peizan is a member of our 1st, 2nd, 3rd, 4th and 5th Board of Supervisors.

(III) Executives

Ms. WANG Laichun, whose resume is set out in “Directors” above.

Mr. WANG Tao, whose resume is set out in “Directors” above.

Mr. LI Wei, whose resume is set out in “Directors” above.

Mr. HUANG Dawei, 50 years old, citizen of Chinese Taiwan, graduated from the National Tsing Hua University Institute of Industrial Engineering, Master of Industrial Engineering, is now our Deputy General Manager and Board Secretary. Mr. HUANG Dawei worked in a Fortune 500 company, responsible for market development and operation management, before joining Luxshare Electronic Kunshan as the legal representative, director and General Manager in June 2013. Mr. HUANG obtained a Qualification Certificate for Board Secretary from the Shenzhen Stock Exchange in October 2017, and meets the qualifications required in the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and other applicable laws and regulations and the AOA.

Mr. WU Tiansong, 52 years old, citizen of Chinese Taiwan, received a bachelor’s degree from the National Taiwan University of Science and Technology, is now chief of the Finance Department at Luxshare-ICT. Mr. WU Tiansong served as a senior auditor at the Audit Department of Deloitte Touche Tohmatsu Limited from August 1996 to August 1999, and worked in the Underwriting Department of Taiwan Yuanda Securities Corp., and served as the chief of the Accounting Director at Taiwan P-TWO Industries Inc. and Uniwill Computer Corp., and chief of the Finance Department at Zhongshan Ichia Electronics Co., Ltd. from September 1999 to March 2009. He joined us in 2011.

Positions held in shareholders:

Applicable N/A

Positions held in other entities:

Applicable N/A

Name	Entity	Position	Beginning date of the term of office	End date of the term of office	Whether or not receive remunerations and subsidies

					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	Dongguan 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			
SONG Yuhong	Jiangxi GETO New Materials Co. Ltd.	Independent Director	May 1, 2017	November 11, 2021	Yes
LI Wei	Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd.	Managing Director & General Manager	August 16, 2021		No
LI Wei	Luxshare Smart Equipment (Kunshan) Co., Ltd.	Managing Director & General Manager	December 29, 2020		No
LI Wei	Kunshan Luxshare Business Management Development Co., Ltd.	Managing Director	November 4, 2020		No
WANG Tao	Lanto Electronic Limited	Chairman	November 20, 2019		No
WANG Tao	Luxshare Smart Manufacturing (Rugao) Co., Ltd.	Managing Director & General Manager	December 1, 2020		No
WANG Tao	Luxshare Technology (Nanjing) Co., Ltd.	Managing Director & General Manager	October 19, 2021		No
XIA Yanrong	Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd.	Supervisor	April 8, 2019		No
XIA Yanrong	Zhuhai Kinwong Flexible Circuit Co., Ltd.	Supervisor	December 3, 2018		No
XIA Yanrong	Luxshare Precision Industry (Suzhou) Co., Ltd.	Supervisor	February 18, 2019		No
XIA Yanrong	Luxshare Electrical (Shanghai) Co., Ltd.	Supervisor	December 2, 2019		No
XIA Yanrong	Luxshare Precision Industry (Enshi) Co., Ltd.	Supervisor	October 24, 2018		No
YI Peizan	Xiexun Electronic (Ji'an) Co., Ltd.	Supervisor	August 28, 2017		No
HUANG Dawei	Luxshare Electronic Technology (Kunshan) Co., Ltd.	Director & General Manager	March 17, 2014		No
WU Tiansong	Luxshare Electronic Technology (Kunshan) Co., Ltd.	Supervisor	March 17, 2014		No
WU Tiansong	Huzhou Jiuding Electronic Co., Ltd.	Supervisor	October 12, 2012		No

Punishments imposed by the securities regulatory authorities in the past three years on the directors, supervisors and executives of the Company currently in office or leaving office during the reporting period:

Applicable N/A

3. Remunerations of directors, supervisors and executives

Decision-making process, criteria for determination and actual amount in respect of remunerations of directors, supervisors and executives:

During the reporting period, directors, supervisors and executives were subject to performance appraisal, and their annual income consisted of basic annual salaries and long-terms incentives, and was determined on the basis of our business situation and the result of year-end performance appraisal. Our independent directors receive an emolument of RMB80,000 per year each, plus reimbursement of travel, office and other expenses, from us.

Remunerations of directors, supervisors and executives paid in the reporting period:

In RMB0'000

Name	Title	Sex	Age	Status	Total remuneration received from the Company (inclusive of tax)	Whether or not receiving remunerations from any affiliate of the Company
WANG Laichun	Chairman of the Board of Directors & General Manager	Female	55	Incumbent	240	No
WANG Laisheng	Vice Chairman of the Board of Directors	Male	58	Incumbent	240	No
WANG Tao	Director & Deputy General Manager	Male	37	Incumbent	95.11	No
LI Wei	Director and Deputy General Manager	Male	42	Incumbent	85.2	No
LI Bin	Director & Deputy General Manager	Male	45	Retired	180.68	No
YE Yiling	Director & Deputy General Manager	Female	51	Retired	116.44	No
XU Huaibin	Independent director	Male	65	Retired	8	No
LIN Yifei	Independent director	Male	47	Retired	8	No
ZHANG Ying	Independent director	Female	59	Incumbent	8	No
LIU Zhonghua	Independent director	Male	57	Incumbent	0	No
SONG Yuhong	Independent director	Female	51	Incumbent	0	No
XIA Yanrong	Chairman of the Board of Supervisors	Female	41	Incumbent	48.26	No
MO Rongying	Supervisor	Female	42	Incumbent	41.06	No
YI Peizan	Supervisor	Female	37	Incumbent	9.23	No
HUANG Dawei	Board Secretary & Deputy General Manager	Male	50	Incumbent	93.86	No
WU Tiansong	CFO	Male	52	Incumbent	121.16	No
Total		-	-		1,295	-

VI. Performance of duties by the directors during the reporting period

1. Meetings of the Board of Directors held during the reporting period

Session	Date of meeting	Date of disclosure	Resolution of the meeting
29 th meeting of the 4 th Board of Directors	January 22, 2021	January 23, 2021	Refer to the Announcement on Resolutions of the 29 th meeting of the 4 th Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-007).
30 th meeting of the 4 th Board of Directors	January 28, 2021	January 29, 2021	Refer to the Announcement on Resolutions of the 30 th meeting of the 4 th Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-015).
31 st meeting of the 4 th Board of Directors	April 20, 2021	April 21, 2021	Refer to the Announcement on Resolutions of the 31 st meeting of the 4 th Board of Directors disclosed on www.cninfo.com.cn and the Securities Times (Announcement No. 2021-028).
32 nd meeting of the 4 th Board of Directors	April 27, 2021	April 28, 2021	Refer to the Announcement on Resolutions of the 32 nd meeting of the 4 th Board of Directors disclosed on www.cninfo.com.cn and the Securities Times

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

4. Other information regarding the performance of duties by the directors

Whether the suggestions put forward by the directors have been adopted by the Company?

Yes No

Explanation about the adoption or non-adoption by the Company of the suggestions put forward by the directors:

During the reporting period, all of our directors have performed their duties diligently in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the AOA, the *Rules of Procedure of the Board of Directors* and other relevant provisions and requirements, actively attended meetings of the Board of Directors and shareholders; taken the initiative to ask for information about our operation, management, financial position and material events, had deep discussions about all resolutions submitted to the Board of Directors for consideration, expressed opinions on our material corporate governance issues and business decisions, and through sufficient communication and discussions, reached a consensus, to ensure the scientificness, timeliness and effectiveness of decisions, and supervised and urged the implementation of resolutions of the Board of Directors; actively implemented resolutions of the Board of Directors and the shareholders, and safeguarded the legitimate rights and interests of the Company and all shareholders. We will continue to improve our corporate governance structure, further enhance the scientific decision-making level of the Board of Directors and its committees, give full play to the role of independent directors in our corporate governance, and promote our operational compliance and continued healthy development.

VII. Activities of the committees of the Board of Directors during the reporting period

Committee	Members	No. of meetings held	Date of meeting	Topics	Important opinions and suggestions	Performance of other duties	Objections (if any)
Audit Committee	WANG Laichun, XU Huabin and LIN Yifei	2	April 9, 2021	Considered the Proposal for Re-appointment of the Accounting Firm	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 Audit Committee of the Board of Directors</i> , the Audit Committee performed its duties diligently, expressed opinions taking into account our actual situation, and through sufficient communication and discussions, unanimously approved the Proposal.		
			April 15, 2021	Considered the 2020 Financial Report, the Special Report on the Deposit and Use of Offering Proceeds in 2020, the 2020 Work Report of the Internal Audit Department and the Work Report of the Internal Audit Department for the First Quarter of 2021.	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 Audit Committee of the Board of Directors</i> , the Audit Committee performed its duties diligently, supervised our internal audit policies and implementation thereof, reviewed our financial information, guided the work of the Internal Audit Department, supervised and urged the audit conducted by the accounting firm, and through sufficient communication and discussions, unanimously approved all reports considered.		
Audit Committee	LIU Zhonghua, ZHANG Ying and SONG Yuhong	2	July 22, 2021	Considered the Work Report of the Internal Audit Department for the First Half of 2021.	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 Audit Committee of the Board of Directors</i> , the Audit Committee performed its duties diligently, expressed opinions taking into account our actual situation, and through sufficient communication and		

					discussions, unanimously approved the Report.		
			October 14, 2021	Considered the Work Report of the Internal Audit Department for the Third Quarter of 2021.	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 Audit Committee of the Board of Directors</i> , the Audit Committee performed its duties diligently, expressed opinions taking into account our actual situation, and through sufficient communication and discussions, unanimously approved the Report.		
Compensation and Performance Appraisal Committee	WANG Laichun, ZHANG Ying and XU Huabin	1	February 22, 2021	Reviewed the implementation of the performance appraisal, compensation and incentive plan for the directors and executives in the preceding year, put forward a reward proposal for the directors and executives taking into account our actual business situation, and studied the compensation and performance appraisal plan for the next year.	Pursuant to the relevant provisions of 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 compensation of the directors, supervisors and executives, and determined that we are developing and improving fair and effective performance appraisal criteria and incentive and restraint mechanisms for executives, and the compensation of our executives consists of basic monthly salaries and year-end performance-based pay. On the basis of such understanding and proposal, we properly adjusted the basic monthly salaries of certain directors and executives, in order to reflect and produce the effect of incentive and fairness. The compensation of our directors, supervisors and executives in the reporting period is true, and conforms to our performance metrics.		

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 th Board of Directors and the Proposal for Examination of Qualifications of Candidates for Independent Directors of the 5 th 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 match between their job responsibilities and capabilities, we have developed a multi-dimensional performance appraisal system including self-assessment and supervisor's assessment, in order to objectively and comprehensively reflect employees' annual performance. We conduct annual employee performance communication activities, to ensure that each employee receives sufficient support and resources for his/her career development in Luxshare-ICT, and to enhance and optimize the work experience of each employee. The compensation packages provided by us to employees consist of year-end bonuses, project bonuses, share incentives for key officers, and bonuses for outstanding employees, among others. During the reporting period, we further optimized performance appraisal, fully appraised the performance of teams and individuals, and effectively improved the execution ability and awareness of responsibility of employees, which will help us retain and attract outstanding talents, and human resources required for our development.

3. Training programs

We attach great importance to the career development plans of employees, concentrate our efforts on the training of personnel, and have established a sound personnel training system, to attract and motivate more excellent talents and promote common growth of employees and the Group. We have built an integrated online and offline learning platform, providing multi-dimensional specialty training for different types of employees and new projects. The platform provides all employees with hierarchical targeted training of

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 learning and communication platforms, in order to provide excellent Luxshare employees with stages to demonstrate themselves, create a sound learning environment and promote the integration and communications among all employees. In addition, with a view to promoting the implementation of important strategies and changes, we have conducted the “Jubian Series” training according to business needs. In order to regulate the employee training, we have established and periodically updated the Administrative Measures for Education and training, the Operating Procedures for Education and training, and Administrative Measures for Internal Lecturers, which define the training system covering all stages from induction, orientation, on-the-job, transfer to promotion, and each factory has established the Operating Procedures for Education and training and relevant administrative measures by reference to the Group’s management standards, and annual training plans for the factory and its departments according to its annual development plan, to effectively enhance the core competencies of employees and the Company, improve the employees’ professional capabilities and promote the sustainable growth of the Company.

4. Outsourced workers

Applicable N/A

X. Profit distribution and transfer of capital reserve to the share capital

Adoption, implementation or adjustment of the profit distribution policy, in particular, cash dividend policy, during the reporting period

Applicable N/A

Pursuant to the resolutions adopted by the 31st meeting of the 4th Board of Directors and the 2020 annual shareholders’ meeting, we proposed 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 7,035,426,367 shares, or RMB773,896,900.37 (inclusive of tax) in total. 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 would adjust the distribution payable per share accordingly on the principle that the total amount distributable should remain the same.

During the period from the disclosure of such profit distribution proposal to the implementation thereof, our total share capital increased by 2,461 shares, from 7,035,426,367 shares at the time of disclosure of the proposal to 7,035,428,828 shares as a result of conversion of the convertible bonds to shares. On the principle that the total amount distributable should remain the same, our profit distribution proposal for 2020 was adjusted as follows: to distribute to all shareholders a cash dividend of RMB1.099999 (inclusive of tax) per 10 shares on the basis of the total share capital of 7,035,428,828 shares, or RMB773,891,489.58 (inclusive of tax) in total.

Special explanation about the cash dividend policy	
Whether comply with the provisions of the articles of association or requirements of resolutions of the shareholders’ meeting of the Company?	Yes
Whether the standard and ratio of cash dividend distribution are clear and definite?	Yes
Whether the relevant decision-making process and mechanism are sound?	Yes
Whether the independent directors have performed their duties and exercised their functions?	Yes
Whether the minority shareholders have sufficient opportunities to express their opinions and requests and their legitimate rights and interests are fully protected?	Yes
Whether the conditions and procedures in respect of any adjustment or amendment of the cash dividend policy comply with the applicable regulations and are transparent?	Yes

Whether the Company has made a profit in the reporting period and the parent has profits available for distribution to the shareholders, but the Company does not propose to distribute cash dividends?

Applicable N/A

Particulars of profit distribution and transfer of capital reserve to the share capital for the reporting period:

Applicable N/A

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 27th meeting of the 4th Board of Directors and the 27th meeting of the 4th 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 Announcement on Adjustment of the Exercise Prices under the 2018 and 2019 Stock Option Incentive Plans and Cancellation of Certain Stock Options under the 2019 Stock Option Incentive Plan (Announcement No.2021-064) for details.

On September 30, 2021, due to resignation of certain grantees for personal reasons, the number of grantees was adjusted from 1,719 to 1,695, and the number of stock options exercisable under the 2018 Stock Option Incentive Plan was adjusted by cancelling 920,766 stock options granted but not yet exercised, so the number of stock options granted but not yet exercised was adjusted from 93,843,466 to 92,964,441. Refer to the Announcement on Adjustment of the Number of Stock Options Exercisable and Cancellation of Certain Stock Options under the 2018 Stock Option Incentive Plan (Announcement No.2021-082) for details.

On December 3, 2021, the 6th meeting of the 5th Board of Directors and the 6th meeting of the 5th Board of Supervisors considered and approved the Proposal for Adjustment of the Number of Stock Options Exercisable and Cancellation of Certain Stock Options under the 2018 Stock Option Incentive Plan and the Proposal Regarding the Satisfaction of the Vesting Conditions for the Third Vesting Period of the 2018 Stock Option Incentive Plan, pursuant to which, due to resignation, failure to meet the performance appraisal criteria or other reasons on the part of the grantees, the number of grantees was adjusted from 1,695 to 1,650, and the number of stock options exercisable under the 2018 Stock Option Incentive Plan was adjusted by cancelling 1,851,452 stock options granted but not yet exercised, so the number of stock options granted but not yet exercised was adjusted from 92,964,441 to 91,112,989; the grantees who have satisfied the vesting conditions may exercise the stock options vested in the third vesting period in their sole discretion from December 24, 2021 to September 23, 2022. Refer to the Announcement on Cancellation of Certain Stock Options under and Revision of the Number of Stock Options Exercisable in the Third Vesting Period of the 2018 Stock Option Incentive Plan (Announcement No.2021-104) and the Cautionary Announcement on Adoption of the Discretionary Exercise Method for the Third Vesting Period of the 2018 Stock Option Incentive Plan as Revised (Announcement No.2021-105) for details.

During the reporting period, the grantees exercised their options to purchase 19,597,470 shares in total within the third vesting period of the 2018 Stock Option Incentive Plan.

(2) 2019 stock option incentive plan

On June 22, 2020, the 19th meeting of the 4th Board of Directors and the 19th meeting of the 4th Board of Supervisors considered and approved the Proposal Regarding Satisfaction of the Vesting Conditions for the First Vesting Period of the Stock Options Granted under the 2019 Stock Option Incentive Plan, pursuant to which, the grantees who have satisfied the vesting conditions may exercise the stock options vested in the first vesting period in their sole discretion from July 7, 2020 to April 21, 2021. Refer to the Cautionary Announcement on Adoption of the Discretionary Exercise Method for the First Vesting Period of the Stock Options Granted under the 2019 Stock Option Incentive Plan (Announcement No.2020-049) for details.

During the reporting period, the grantees exercised their options to purchase 1,291,186 shares in total within the first vesting period of the stock options granted under the 2019 Stock Option Incentive Plan.

On January 22, 2021, due to resignation, failure to meet the performance appraisal criteria or other reasons on the part of the grantees, the number of grantees was adjusted from 258 to 250, and the number of stock options available under the 2019 Stock Option Incentive Plan was adjusted by cancelling 456,286 stock options granted but not yet exercised, so the number of stock options granted but not yet exercised was adjusted from 21,113,740 to 20,657,454. Refer to the Announcement on Adjustment of the List of Grantees and Number of Stock Options Available and Cancellation of Certain Stock Options under the 2019 Stock Option Incentive Plan (Announcement No.2021-009) for details.

On January 22, 2021, the 29th meeting of the 4th Board of Directors and the 29th meeting of the 4th Board of Supervisors considered and approved the Proposal Regarding Satisfaction of the Vesting Conditions for the First Vesting Period of the Stock Options Available under the 2019 Stock Option Incentive Plan, pursuant to which, the grantees who have satisfied the vesting conditions may exercise the stock options vested in the first vesting period in their sole discretion from February 8, 2021 to November 26, 2021. Refer to the Cautionary Announcement on Adoption of the Discretionary Exercise Method for the First Vesting Period of the Stock Options Available under the 2019 Stock Option Incentive Plan (Announcement No.2021-021) for details.

During the reporting period, the grantees exercised their options to purchase 4,109,496 shares in total within the first vesting period of the stock options available under the 2019 Stock Option Incentive Plan.

On July 2, 2021, due to the equity distribution for 2020, and resignation, failure to meet the performance appraisal criteria or other reasons on the part of the grantees, we adjusted the 2019 stock option incentive plan as follows: the number of grantees was adjusted from 340 to 332; 744,909 stock options granted but not yet exercised were cancelled, so the number of stock options granted but not yet exercised was adjusted from 65,977,698 to 65,232,789; and the exercise price of the stock options granted or available was changed from RMB13.70 per share to RMB13.59 per share. Refer to the Announcement on Adjustment of the Exercise Prices under the 2018 and 2019 Stock Option Incentive Plans and Cancellation of Certain Stock Options under the 2019 Stock Option Incentive Plan (Announcement No.2021-064) for details.

On July 2, 2021, the 2nd meeting of the 5th Board of Directors and the 2nd meeting of the 5th Board of Supervisors considered and approved the Proposal Regarding Satisfaction of the Vesting Conditions for the Second Vesting Period of the Stock Options Granted under the 2019 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 July 15, 2021 to April 21, 2022. Refer to the Cautionary Announcement on Adoption of the Discretionary Exercise Method for the Second Vesting Period of the Stock Options Granted under the 2019 Stock Option Incentive Plan (Announcement No.2021-069) for details.

During the reporting period, the grantees exercised their options to purchase 14,627,322 shares in total within the second vesting period of the stock options granted under the 2019 Stock Option Incentive Plan.

(3) 2021 stock option incentive plan

With the approval of the 4th meeting of the 5th Board of Directors, the 4th meeting of the 5th Board of Supervisors and the 1st extraordinary shareholders' meeting in 2021, we introduced the 2021 stock option incentive plan.

The first grant under the plan was completed on December 3, 2021 and registered on December 9, 2021. 52,092,000 stock options (short name: Luxshare JLC4; code: 037192) in total, representing 0.74% of our total share capital at the time of grant, were granted to 1,072 grantees at the exercise price of RMB35.87 per share.

(4) Exercise of options during the reporting period

During the reporting period, the grantees exercised their options to purchase 53,480,164 shares in total under the relevant stock option incentive plans.

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.

2. Implementation of employee stock ownership plan

Applicable N/A

3. Other employee incentives

Applicable N/A

XII. Establishment and implementation of internal controls during the reporting period

1. Establishment and implementation of internal controls

We have established a relatively sound internal control system that has run effectively in strict accordance with the *Company Law*, the *Securities Law*, the *Basic Internal Control Standards for Enterprises*, the *Application Guide for Internal Controls of Enterprises* and other applicable laws, regulations and normative documents, taking into account the characteristics of our industry and our actual business situation. From the perspective of corporate management, technology R&D and business processes, we have established effective internal controls, and improved our corporate governance level and efficiency of decision-making, which guarantees the legal and regulatory compliance of our operation and management, security of our assets and the truthfulness and completeness of our financial reports and other information, and effectively promote the steady implementation of our strategies.

Our internal control system has a reasonable structure, can satisfy the requirements of our management and development, and runs effectively. Our internal controls over financial reporting, non-financial reporting and other material matters are effective, achieve the objectives and protect the interests of the Company and all shareholders.

2. Material weakness in internal control identified during the reporting period

Yes No

XIII. Management and control of subsidiaries during the reporting period

Company	Integration plan	Progress of integration	Problems encountered during integration	Solutions adopted	Progress of solution	Subsequent solution
Rikai Precision Technology (Yancheng) Co., Ltd.	Control the subsidiary through its board of directors, and manage the assets, personnel, finance, organization, operation and other matters of the subsidiary in an all-round way through appointment of officers to the subsidiary	Completed	No	N/A	N/A	N/A

XIV. Self-assessment report on internal controls or auditor's report on internal controls

1. Self-assessment report on internal controls

Date of disclose of the self-assessment report on internal controls in its entirety	April 28, 2022
Disclosure reference	Self-assessment Report on Internal Controls 2021 of Luxshare Precision Industry Co., Ltd. published on www.cninfo.com.cn
Ratio of total assets of the entities covered by the assessment to total assets recorded in the consolidated financial statements of the Company	75.60%
Ratio of total operating revenue of the entities covered by the	84.91%

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. 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. 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. 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. 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 $\geq 0.5\%$ of total operating revenue; (2) amount of misstated profit $\geq 0.5\%$ of total profit; (3) amount of misstated assets $\geq 0.5\%$ of total assets; (4) amount of misstated owners' equity $\geq 0.5\%$ of total owners' equity. 2. Significant deficiency: (1) 0.2% of total operating revenue \leq amount of misstated operating revenue $< 0.5\%$ of total operating revenue; (2) 0.2% of total profit \leq amount of misstated profit $< 0.5\%$ of total profit; (3) 0.2% of total assets \leq amount of misstated assets $< 0.5\%$ of total assets; (4) 0.2% of total owners' equity \leq amount of misstated owners' equity $< 0.5\%$ of total owners' equity. 3. General deficiency: (1) amount of misstated operating revenue $< 0.2\%$ of total operating revenue; (2) amount of misstated profit $< 0.2\%$ of total profit; (3) amount of misstated assets $< 0.2\%$ of total assets; (4) amount of misstated owners' equity $< 0.2\%$ of total owners' equity.</p>	<p>1. Material weakness: resulting in a direct loss of more than RMB12 million and having a material adverse effect on the Company. 2. Significant deficiency: resulting in a direct loss of more than RMB3 million and not more than RMB12 million, and any penalty imposed by any competent government authority of the country, but not having an adverse effect on the Company. 3. General deficiency: resulting in a direct loss of not more than RMB3 million, and any penalty imposed by any competent government authority at the provincial level or below, but not having an adverse effect on the Company.</p>
Number of material weaknesses in financial reporting		0
Number of material weaknesses in non-financial reporting		0
Number of significant deficiencies in financial reporting		0

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

Name of the Company or its subsidiaries	Name of main pollutants and characteristic pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration	Pollutant discharge standards implemented	Total emissions	Total approved emissions	Excessive emissions
Rikai Precision Technology (Yancheng) Co., Ltd.	Ammonia nitrogen	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	2.705291	40	7.22	49.04	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Total phosphorus	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	0.921442	8mg/l	2.46	7.08	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Total nitrogen	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	9.398368	60mg/l	25.07	69.86	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Anionic surfactant	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	0.100312	15 mg/l	0.27	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	pH level	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	0	6-9	0	/	/

Rikai Precision Technology (Yancheng) Co., Ltd.	Chemical oxygen demand	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	60.29317	500 mg/l	160.85	729.32	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Fluoride	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	8.576927	20 mg/l	22.88	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Suspended solids	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	30.80756	400 mg/l	82.19	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Petroleum	Taken over by the wastewater treatment plant after the treatment by the wastewater treatment station meets the standards	1	Sewage station	0.801746	20 mg/l	2.14	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	VOCs	Environmental protection (secondary activated carbon and oil mist washing tower) equipment	51	B4、B5、B6、C4、C5、C6、C7、B7、C3、B3	3.15	60 mg/l	18.40	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	SO ₂	Environmental protection (oil mist washing tower, low nitrogen combustion, alkali spray tower) equipment	51	B4、B5、B6、C4、C5、C6、C7、B7、C3、B3	0.76	20 mg/l	2.05	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	Particulate matter	Environmental protection (wet dust removal, low nitrogen combustion, direct discharge) equipment	51	B4、B5、B6、C4、C5、C6、C7、B7、C3、B3	5.53	50 mg/l	13.95	/	/
Rikai Precision Technology (Yancheng) Co., Ltd.	NO _x	Environmental protection (secondary activated carbon and oil mist	51	B4、B5、B6、C4、C5、C6、C7、B7、C3、B3	15.23	60 mg/l	1.78	1.7853	/

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 (GB21900-2008)	0.012	0.026	/
Rishan Computer Accessories (Jiashan) Co., Ltd.	VOC	Collect in a centralized manner and then emit after pretreatment	26	Roof of F1/F2/F3/F4/F5/F7/F9/F10/F11	120mg/m ³	Integrated Emission Standards of Air Pollutants (GB16297-1996)	9.33	10.8962	/
Rishan Computer Accessories (Jiashan) Co., Ltd.	Particulate matter	Collect in a centralized manner and then emit after pretreatment	12	Roof of F3/F5/F6-1/F6-2/F7	120mg/m ³	Integrated Emission Standards of Air Pollutants (GB16297-1996)	1.876	10.595	/
Rishan Computer Accessories (Jiashan) Co., Ltd.	Nitrogen oxide	Collect in a centralized manner and then emit after pretreatment	8	Roof of F5/F7	200mg/m ³	Discharge Standards of Electroplating Pollutants (GB21900-2008)	0.554	0.903	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (PH)	Pipe discharge	1	South of the sewage station	7.4	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31199-2018)	/	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (suspended solids)	Pipe discharge	1	South of the sewage station	15	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31199-2018)	4.771	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (chroma)	Pipe discharge	1	South of the sewage station	40	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31199-2018)	4.522	/	/

Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (chemical oxygen demand)	Pipe discharge	1	South of the sewage station	72	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	11.425	33.842	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (petroleum)	Pipe discharge	1	South of the sewage station	0.54	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.195	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (ammonia nitrogen)	Pipe discharge	1	South of the sewage station	9.62	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.785	1.05	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (anionic surfactant)	Pipe discharge	1	South of the sewage station	0.07	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.088	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (total phosphorus)	Pipe discharge	1	South of the sewage station	0.42	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.061	5.25	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (total nitrogen)	Pipe discharge	1	South of the sewage station	5,253.1	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	1.938	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (five-day BOD)	Pipe discharge	1	South of the sewage station	31.6	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	3.609	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Wastewater (aluminum)	Pipe discharge	1	South of the sewage station	0.316	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	/	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Exhaust gas (oil mist)	Treated exhaust gas meets the standards and is emitted at high altitude	63	Plant roof	0.1	Integrated Emission Standards of Air Pollutants (DB31_933-2015)	1.3464	/	/
Riming Computer	Exhaust gas	Treated exhaust gas meets the	7	Plant roof	0.067	Integrated Emission Standards	0.554	3.02	/

Accessories (Shanghai) Co., Ltd.	(particulate matter)	standards and is emitted at high altitude				of Air Pollutants (DB31_933-2015)			
Riming Computer Accessories (Shanghai) Co., Ltd.	Exhaust gas (odor)	Treated exhaust gas meets the standards and is emitted at high altitude	1	Plant roof	ND	Emission Standards for Odor Pollutants (DB311025-2016)	0	/	/
Riming Computer Accessories (Shanghai) Co., Ltd.	Exhaust gas (non-methane hydrocarbon)	Treated exhaust gas meets the standards and is emitted at high altitude	3	Plant roof	ND	Integrated Emission Standards of Air Pollutants (DB31_933-2015)	0	0.1348	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (total nickel)	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)	0.000143	0.0054	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (PH)	Pipe discharge	1	South of the sewage station of the plant	7.5	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	/	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (total phosphorus)	Pipe discharge	1	South of the sewage station of the plant	0.32	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.164	/	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (total nitrogen)	Pipe discharge	1	South of the sewage station of the plant	1.95	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.84	27.63	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (ammonia nitrogen)	Pipe discharge	1	South of the sewage station of the plant	1.43	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	0.192	0.988	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (COD)	Pipe discharge	1	South of the sewage station of the plant	134	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	47.867	52.45	/
Sheng Rui Electronic Technology (Shanghai) Co., Ltd.	Wastewater (chroma)	Pipe discharge	1	South of the sewage station of the plant	1	Level 3 provided in the Table 2 of the Integrated Standards of Wastewater Discharge (DB31 199-2018)	2.283	/	/

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)	0	/	/
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 (DB311025-2016)	0	/	/
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 Industry (GB31572-2015)	0.016	/	/

Construction and operation of pollution prevention facilities

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

- 7 sets of low nitrogen combustion systems: The denitration facilities operate for 8400 hours per year.
- 17 sets of dust removal systems: The dust removal facilities operate for 8400 hours per year.
- 15 sets of organic exhaust gas collection and treatment systems.
- 13 sets of acid exhaust gas treatment systems.

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

Wastewater: The plant implements the divergence of clean water and sewage and the divergence of rain and sewage, and separately pretreats the wastewater containing chromium, nickel, phosphorus and nitro and organic wastewater and after they meet the standards, then directly discharges them into the pipe. The pH, COD_{Cr}, SS and petroleum at the pipe inlet meet the Level 3 provided in Integrated Standards of Wastewater Discharge (GB8979-1996), and the ammonia nitrogen and total phosphorus are

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); COD_{Cr} and petroleum at the discharge outlet of phosphorus-containing wastewater treatment facilities meet the Level 3 provided in the Integrated Standards of Wastewater Discharge (GB8978-1996); the total phosphorus is 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 pH and COD_{Cr} at the discharge outlet of nitro-containing wastewater treatment facilities meet the Level 3 provided in Integrated Standards of Wastewater Discharge (GB8978-1996), and ammonia nitrogen is 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 pH, COD_{Cr}, SS and petroleum at the discharge outlet of organic wastewater treatment facilities meet the Level 3 provided in Integrated Standards of Wastewater Discharge (GB8978-1996); in general, the washing wastewater is collected separately, and after pretreatment, some is reused while some is discharged. The total reuse rate of production wastewater in two days is monitored at 31.0% and 32.4%, meeting the requirements. The online monitoring facility is installed at the wastewater pipe inlet to monitor pH, COD_{Cr}, ammonia nitrogen and other factors; the standardized rain outlets and signboards are set within the plant. The wastewater treatment facilities are built, including one accident emergency pool covering an area of 2,776 m³ and two initial rain collection pools covering a total area of 806 m³.

Exhaust gas: The main production equipment are laid out in accordance with the environmental impact assessment: CNC equipment is installed respectively at F1, F2 and F3 workshops; the anode line is arranged in F5 workshop; the volatile oil mist generated by the workshops of CNC equipment (F1, F2 and F3) is treated by the supporting treatment facility (i.e., electrostatic oil removal facility), and then emitted through a 25m-high exhaust funnel after it meets the Level 2 of the Integrated Emission Standards of Air Pollutants (GB16297-1996); the particulate exhaust gas generated by the workshops of sandblast equipment (F1, F2 and F3) is treated by the supporting treatment facility (i.e., spray tower), and then emitted through a 25m-high exhaust funnel after it meets the Level 2 of the Integrated Emission Standards of Air Pollutants (GB16297-1996); the injection molding exhaust gas generated by the workshops of the injection molding equipment (F5 and F9) is treated by the activated carbon adsorption device, and then emitted through a 25m-high exhaust funnel after it meets the special emission limits of air pollutants provided in Table 5 of the Emission Standards of Pollutants from Synthetic Resin Industry (GB31572-2015); the exhaust gas such as sulfuric acid mist and nitric acid mist generated by the workshop of the anode line (F5) is treated by the supporting treatment facility (i.e., alkali liquor spray tower), and then emitted through a 25m-high exhaust funnel after it meets the emission limits provided in Table 5 of the Emission Standards of Electroplating Pollutants (GB21900-2008); the VOC exhaust gas generated by the assembly workshop is treated by the activated carbon adsorption device, and then emitted through a 25m-high exhaust funnel after it meets the Level 2 provided in the Integrated Emission Standards of Air Pollutants (GB16297-1996).

The plant is 420 meters away from its nearest sensitive point in the northwest, i.e., Maojia Community, meeting the requirements.

Noise: According to the monitoring results, the noise at the east and south boundaries of the plant meets Class 3 of the Standards on Noise Emissions at the Boundaries of Industrial Enterprises (GB12348-2008), and the noise at the west and north boundaries meets Class 4 of the Standards on Noise Emissions at the Boundaries of Industrial Enterprises (GB12348-2008).

Solid waste: 1. A classified collection system is established for solid waste, which is classified into hazardous waste and general solid waste. Meanwhile, the domestic waste and industry solid waste shall be divided on connection. The sludge produced by waste water is separately pressed, filtered and collected through being classified into three types such as nickel containing sludge, chromium containing sludge and physical and chemical sludge. 2. The temporary storage place for general solid waste is set up in the production plant. General solid waste such as metal leftovers and injection molding waste is bagged and collected in the temporary storage place according to the requirements. 3. A special temporary storage place for hazardous waste, covering an area of 648 m², is set up in the production plant to collect and temporarily store hazardous waste according to the relevant requirements. 4. The temporary storage place for used sulfuric acid, phosphoric acid and other raw material packaging barrels is set up according to the requirements of the temporary storage place for hazardous waste. 5. Metal leftovers, sandblast waste and collected dust, among others, are sold to recycling companies for comprehensive utilization. The biochemical sludge produced by wastewater treatment is collected and sent to the urban waste treatment system and domestic waste is uniformly transported and treated by the local environmental sanitation department. 6. Hazardous waste such as waste cutting fluid, grinding waste residue, waste packaging materials (sodium hydroxide, etc.), (sludge containing nickel and chromium, and physical and chemical sludge) is collected and entrusted to qualified units for disposal.

III. Riming Computer Accessories (Shanghai) Co., Ltd.

1. Measures for noise pollution prevention: The outdoor equipment, the equipment close to the plant boundaries and the cooling 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 separator, etc., and the filling materials are replaced in time; after the air volume of the extraction equipment is adjusted and balanced, the full-automatic control is adopted so that each extraction point falls within a reasonable air volume range.

4. Measures for wastewater pollution prevention: The principle of divergence is implemented. Different kinds of wastewater enter the corresponding sewage pool through different pipes. The pipes are overhead and pasted with signs of flow direction. The completeness of the pipes is checked regularly, and any abnormality, if found, will be handled immediately. All pools and floors of the sewage station are paved and hardened for anti seepage and anti corrosion.

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

1. Measures for noise pollution prevention: The outdoor equipment, the equipment close to the plant boundaries and the cooling

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 separator, etc., and the filling materials are replaced in time; after the air volume of the extraction equipment is adjusted and balanced, the full-automatic control is adopted so that each extraction point falls within a reasonable air volume range.

4. Measures for wastewater pollution prevention: The principle of divergence is implemented. Different kinds of wastewater enter the corresponding sewage pool through different pipes. The pipes are overhead and pasted with signs of flow direction. The completeness of the pipes is checked regularly, and any abnormality, if found, will be handled immediately. All pools and floors of the sewage station are paved and hardened for anti seepage and anti corrosion.

Environmental impact assessment of construction projects and other environmental protection administrative permits

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

Area B: 1. Impact of wastewater discharge on main protection objectives. After this project is completed, the comprehensive wastewater produced by the whole plant will be 942,900t/a (2,694t/d), representing 22.5% of the comprehensive wastewater treatment capacity (i.e., 12,000 t/d); the heavy metal wastewater produced by the whole plant will be 168,700t/a (482t/d), but the wastewater treatment capacity (150t/d) of the heavy metal wastewater treatment center currently in progress cannot meet the requirements of heavy metal wastewater treatment capacity after completion of this project. Therefore, it is feasible to connect the pipes for the heavy metal wastewater of this project only if the heavy metal treatment center’s treatment capacity meets the heavy metal wastewater volume of this project. 2. Impact analysis of air environment. The maximum ground concentration of each pollutant is less than 10% of its corresponding standards, and the predicted maximum concentration value based on calculation plus the maximum value based on monitoring of regional pollutants also meet the standards. Therefore, the air quality of the surrounding environmental sensitive points can meet the requirements notwithstanding under most unfavorable conditions. As can be seen, the pollutants discharged by the project have little impact on the environment and will not change the functions of the surrounding air environment. 3. Impact of noise on the surrounding environment. The Company has implemented the corresponding sound insulation measures, and accordingly the predicted noise value at the boundaries of the whole plant during the day and at night meets Level 3 provided in the Standard on Noise Emissions at the Boundaries of Industrial Enterprises (GB12348-2008). 4. Environmental impact of solid waste. The solid waste produced by this project can realize zero discharge without secondary pollution after being properly treated and disposed. 5. Impact analysis of groundwater environment. According to the prediction results of groundwater, on the abnormal working conditions, namely, if the sewage state has continuous leakage, the maximum contribution value is 45.309mg/L when the concentration of Cr VI at 10m downstream is 1000d, and with reference to the standard (Level 3 of groundwater quality standard is 0.05mg/L), Cr VI of the groundwater (100d and 1000d) at 100m downstream meets the Level 3 standard; the maximum contribution value is 181.237 mg/L when the concentration of Ni at 10m downstream is 1000d, and with reference to the standard (Level 3 of groundwater quality standard is 0.05mg/L), the Ni of the groundwater (100d and 1000d) at 200m downstream meets the Level 3 standard.

Area C: 1. Impact on air environment: According to the calculation results of air estimation model, the maximum ratio of each pollutant is less than 10% of the rating standards after completion of this project, and is determined as Level 2. After technology transformation, the unorganized exhaust gas emission in Area C does not exceed the standards outside the plant boundaries. The health protection distance is required to be set by extending 100m outside the C4-C7 production workshops, namely, by extending 33m outside the east boundary of the plant, 12m outside the west boundary of the plant and 80m outside the north boundary of the plant. There are no sensitive protection targets such as residents within the above-mentioned scope. 2. Impact on water environment: After the technology transformation project is completed, the heavy metal wastewater in area C is treated by the heavy metal zero discharge system and then reused in the anodic oxidation process; the wet polishing wastewater is treated by the wet polishing wastewater treatment facility and then reused in the wet polishing process; after the chemical polishing wastewater is treated by the phosphoric acid concentration system, the waste acid is entrusted to a qualified unit for treatment; the wastewater and cooling water produced by pure water preparation are discharged as clean water; the initial rain collected and comprehensive sewage after being treated by the comprehensive sewage station are sent to Yancheng City Tongqi Water Co., Ltd. for in-depth treatment, and the domestic sewage after being treated by septic pool is sent to Yancheng City Tongqi Water Co., Ltd. for in-depth treatment. The project has little impact on the regional surface water environment. 3. Impact on acoustic environment: After technology transformation, the high noise sources in Area C are rationally laid out and effectively governed, which has little impact on the plant boundaries and surrounding residents. 4. Impact of solid waste After technology transformation, the solid waste in Area C are effectively treated and treated, which has little impact on the environment. 5. Impact on groundwater environment: After technology transformation, the zoning prevention and control measures are taken towards potential impact on groundwater and soil, with the aim to effectively preventing the leachate or wastewater seeping into and polluting groundwater. Therefore, this project has little impact on groundwater environment. 6. Impact on risk environment: After the technology transformation, the reasonable risk prevention measures and emergency plans are taken and formulated in Area C to ensure that the risk level will fall within a controllable and bearable scope.

To sum up, this project has little impact on regional environment quality and will not change its functions and categories.

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

Shan Huan Han [2016] No. 91, Bao Gao Biao Bei [2017] No. 010, Bao Gao Biao Bei [2017] No. 013, Shan Huan Han [2018] No. 91 and Deng Ji Bao Bei [2020] No. 088.

III. Riming Computer Accessories (Shanghai) Co., Ltd.

Jin Huan Xu [2012] No. 34, Jin Huan Xu [2014] No. 479, Jin Huan Xu [2015] No. 195, Jin Huan Xu [2015] No. 323, Jin Huan

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 formalities for expert review and filing with the filing No.: 330421-2021-105-M.

III. Riming Computer Accessories (Shanghai) Co., Ltd.

Riming Computer has prepared the Emergency Plan within the valid term and suitable to the plant, and has filed with the ecological environment bureau with filing No.: 02-310116-2019-048-L.

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

Sheng Rui Electronic has prepared the Emergency Plan within the valid term and suitable to the plant, and has filed with the ecological environment bureau with filing No.: 02-310116-2021-022-M.

Environmental self-monitoring program

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

Rikai Yancheng has formulated the Monitoring Program in accordance with the environment impact assessment report.

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

Rishan Computer has prepared the Self-monitoring program for 2022 in December 2021 to test the organized exhaust gas at the emission outlet once every half a year, the unorganized exhaust gas once a year, indicators of suspended solids and petroleum at the inlet of wastewater once a month, indicators of total chromium, Cr VI and total nickel once a day and noise once a quarter.

III. Riming Computer Accessories (Shanghai) Co., Ltd.

Riming Computer updates the Environmental Self-monitoring Program in accordance with the requirements of the pollutant discharge license and environment assessment, and entrusts a qualified third-party monitoring agency with sampling, testing and issuing a compliance report.

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

Riming Computer updates the Environmental Self-monitoring Program in accordance with the requirements of the pollutant discharge license and environment assessment, and entrusts a qualified third-party monitoring agency with sampling, testing and issuing a compliance report.

Administrative penalties imposed due to environmental issues during the reporting period

Name of the Company or its subsidiaries	Reasons for penalty	Violations	Penalty results	Effects on the listed company's production and operation	Rectification measures of the Company
Rishan Computer Accessories (Jiashan) Co., Ltd.	On November 3, 2020, Jiaxing Ecological Environment Bureau checked Rishan's plant located at No. 89 Changjiang Road, Huimin Street, Jiashan County, and discovered that the total phosphorus concentration of the wastewater at its main sewage discharge outlet is 9.66mg/L, exceeding Level 1 provided in Table 1 of the Restrictions on Indirect Discharge of Nitrogen and Phosphorus	Violate the provisions of Article 10 of the Law of the People's Republic of China on the Prevention and Control of Water Pollution.	On February 4, 2021, Jiaxing Ecological Environment Bureau imposed an Administrative Penalty (Jia Huan (Shan) Fa Zi [2021] No. 3) amounting to RMB250,000 on Rishan Computer.	Rishan Computer is the subsidiary of Rikai Computer (now known as Rikai Yancheng) when the Company consummated the closing on February 3, 2021. This administrative penalty has no effects on the Company's production and operation.	1. An independent wastewater pipe will be added in the north within the plant, through which the pretreated production wastewater meeting the standard will be transmitted to the main discharge outlet. A parshall flume will be built at the main discharge outlet, and a set of automatic monitoring device meeting the standardization requirements will be newly installed to monitor the quality of production wastewater. The original wastewater pipe will be used for domestic sewage discharge, and the original online monitoring device is used for internal monitoring of domestic sewage quality. After transformation, the Company's internal domestic sewage and the production wastewater are diverged. The independent online monitoring system monitors the water quality, facilitating future environmental protection monitoring and management work. Once abnormal data exceeding the standards are found, the response

	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

		<p>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.</p> <p>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.</p> <p>6. I undertake to strictly fulfill the commitments set forth above, to ensure the implementation of the remedial measures for diluted earnings of the Company. If I breach or refuse to fulfill any commitment set forth above, I will make explanations and apologies and perform other obligations required by the applicable regulations, and agree to accept any punishment or regulatory action that may be imposed on or taken against me by the China Securities Regulatory Commission, the Shenzhen Stock Exchange or any other competent securities regulatory authority pursuant to the applicable rules and regulations established or promulgated by such regulatory authorities, and indemnify the Company or its shareholders for the losses (if any) arising therefrom according to law.</p>			
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	Luxshare Limited, WANG Laichun, WANG Laisheng	Other commitments	<p>In order to seriously protect the legitimate rights and interests of the Company and all of its shareholders, each of the controlling shareholder and actual controllers of the Company hereby commitments as follows:</p> <p>1. We/I will not interfere with management and operation of the Company beyond our/my powers, or infringe on the interest of the Company.</p> <p>2. We/I will procure the implementation of the remedial measures for diluted earnings of the Company, and fulfill our/my commitments in connection therewith. If We/I breach or refuse to fulfill any commitment set forth above, We/I agree to accept any punishment or regulatory action that may be imposed on or taken against us/me by the China Securities Regulatory Commission, the Shenzhen Stock Exchange or any other competent securities regulatory authority pursuant to the applicable rules and regulations established or promulgated by such regulatory authorities, and indemnify the Company or the investors for the losses (if any) arising therefrom according to law.</p> <p>3. From the date of this commitment till the date of completion of this offering, if the China Securities Regulatory Commission or any other competent securities regulatory authority adopts any new regulation regarding the remedial measures for diluted earnings and commitments in</p>	July 11, 2019	Permanent	The commitments have been fulfilled strictly
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			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

			<p>potentially compete with the main business of the Company.</p> <p>2. If any amendment of any applicable law or change in any applicable policy of the country results in any actual or potential horizontal competition between us or any other entity controlled by us and the Company in any business, the Company shall have the preemptive right on the same terms in respect of any entrusted management (or management under contract or lease) or acquisition in connection with such business.</p> <p>3. So long as we remain the controlling shareholder of the Company, the commitments set forth above shall be unconditional and irrevocable. If we breach any commitment set forth above, we will, jointly and severally, fully, timely and adequately indemnify the losses of the Company arising therefrom.</p>			
	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:</p> <p>1. We and other entities controlled by us will reduce related-party transactions with the Company to the maximum extent practicable.</p> <p>2. With respect to any related-party transaction between us or any other entity controlled by us and the Company that is unavoidable or exists</p>	October 15, 2014	Permanent	The commitments have been fulfilled strictly

			<p>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 and its shareholders will not be damaged as a result of such transaction.</p> <p>3. We or any other entity controlled by us will not request the Company to offer any terms more favorable than the terms that may be offered by any third party in an arm's length transaction, or accept any such terms offered by the Company.</p> <p>4. So long as we remain the controlling shareholder of the Company, the commitments set forth above shall be unconditional and irrevocable. If we breach any commitment set forth above, we will, jointly and severally, fully, timely and adequately indemnify the losses of the Company arising therefrom.</p>			
	WANG Laichun, WANG Laisheng	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: I and other entities controlled by me are not engaged in any business that is the same as or similar to the business of the Issuer or any entity controlled by</p>	July 30, 2010	Permanent	The commitments have been fulfilled strictly

			<p>the Issuer. So long as I retain control over the Issuer directly or indirectly, I will strictly comply with the applicable laws, regulations and codes of the country, and will not, directly or indirectly, engage in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer, or have substantial or relative control over any other company, organization or economic entity engaging in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer in or outside China. I will use my control over the other entities controlled by me to cause such entities to fulfill the commitments set forth above in the same manner. If I breach any commitment set forth above, I agree to assume the relevant legal liabilities, including without limitation, to indemnify the Issuer and its minority shareholders for all losses arising therefrom.</p>			
	Luxshare	Commitmen	The commitments relating	July 30,	Permanent	The

	Limited, Shenzhen Zixin Investment Co., Ltd.	ts relating to horizontal competition, related-party transactions and occupation of funds	to horizontal competition, related-party transactions and occupation of funds are as follows: We are not engaged in any business that is the same as or similar to the business of the Issuer or any entity controlled by the Issuer. So long as we retain control over the Issuer directly or indirectly, we will strictly comply with the applicable laws, regulations and codes of the country, and will not, directly or indirectly, engage in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer, or have substantial or relative control over any other company, organization or economic entity engaging in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer in or outside China. We will use our control over the other entities controlled by us to cause such entities to fulfill the commitments set forth above in the same manner. If we breach any commitment set forth above, we agree	2010		commitments have been fulfilled strictly
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			to assume the relevant legal liabilities, including without limitation, to indemnify the Issuer and its minority shareholders for all losses arising therefrom.			
	Luxshare Limited, Shenzhen Zixin Investment Co., Ltd., WANG Laichun, WANG Laisheng	Commitments relating to horizontal competition, related-party transactions and occupation of funds	The commitments relating to horizontal competition, related-party transactions and occupation of funds are as follows: We/I will not take advantage of our/my position as the controlling shareholder, actual controller or shareholder (as applicable) and our/my affiliation with the Issuer to engage in any act to the detriment of the interest of the Issuer or its other shareholders. With respect to any related-party transaction between us/me or any other entity controlled by us/me and the Issuer, we/I will carry out such transaction on an arm's length basis and customary commercial terms, and will not request the Issuer to offer any terms more favorable than the terms that may be offered by any third party in an arm's length transaction, or accept any such terms offered by the Issuer. We/I will strictly perform all related-party transaction agreements (if any) entered into with the Issuer in good faith, and	July 30, 2010	Permanent	The commitments have been fulfilled strictly

			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.			
Commitments relating to share incentives	Luxshare Limited	Other commitments	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.	February 3, 2021	February 2, 2022	The commitments have been fulfilled strictly
	Luxshare Limited	Commitments relating to horizontal competition, related-party transactions and occupation of funds	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 business that is the same as or substantially in competition with the business of the Company or any entity controlled by the Company in any manner.	November 13, 2020	Permanent	The commitments have been fulfilled strictly
	Luxshare Limited	Other commitments	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 6 months	July 22, 2020	February 2, 2022	Fulfilled

			after the completion of this disposal.			
Commitments made to the minority shareholders of the Company						
Whether the commitments have been fulfilled on time?	Yes					
If any commitment fails to be fulfilled on time, please state the specific reason and the relevant action plan	N/A					

2. If the Company has made any profit forecast on its assets or project and the reporting period falls within the period of such profit forecast, explanation about whether the goal has been achieved and the relevant reasons

Applicable N/A

II. Occupation of funds of the listed company by the controlling shareholder and other related parties for non-operating purposes

Applicable N/A

During the reporting period, no controlling shareholder or its related party used capital of the listed company for non-operating purposes.

III. Illegal provision of guarantees for external parties

Applicable N/A

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

IV. Explanation made by the Board of Directors about the modified audit opinion for the latest period

Applicable N/A

V. Explanation by the Board of Directors, the Board of Supervisors and the independent directors (if any) about the modified auditor's report issued by the accounting firm for the reporting period

Applicable N/A

VI. Explanation about changes in accounting policies and accounting estimates or correction of significant accounting errors when compared to the previous financial year

Applicable N/A

The Company has no changes in accounting policies and accounting estimates or correction of significant accounting errors during the reporting period.

VII. Explanation about changes in consolidation scope when compared to the previous financial year

Applicable N/A

The consolidation scope for this period adds by new establishment Luxis Technology Limited, Luxshare Precision Industry (Yancheng) Co., Ltd., Hangzhou Xuntao Technology Co., Ltd., Rugao Lixun Enterprise Management Service Partnership (Limited Partnership), Lianxun Intelligent Equipment (Rugao) Co., Ltd., Luxshare Precision Technology (Xi'an) Co., Ltd., Luxshare Electronic Technology (Enshi) Co., Ltd., Lixin Technology (Kunshan) Co., Ltd., Luxshare Precision Investment Co., LTD., Yancheng Lixun Enterprise Management Service Partnership (Limited Partnership), Lixun Intelligent Equipment (Yancheng) Co., Ltd., Luxis Precision Intelligent Manufacturing (Kunshan) Co., Ltd., Lixun Intelligent Electronic Service (Kunshan) Co., Ltd., Liding Electronic Technology (Dongguan) Co., Ltd., Luxshare Precision Technology (Nanjing) Co., Ltd., Henan Lide Precision Industry Co., Ltd. and Changzhi Lixun Precision Industry Co., Ltd.; the consolidation scope adds by cash acquisition Rikai Precision Technology (Yancheng) Co., Ltd., Zhejiang Puxing Electronic Technology Co., Ltd.; the consolidation scope adds by agreement control Caldigit Holding (Cayman) and Tainhan Precision Co., Ltd.; the shares held in Wuxi Huihong Electronics Co., Ltd. are transferred during this period, so it is not included in the consolidation scope; Ji'an City Jihzou District Lixun Electronics Co., Ltd., Speedtech (LS-ICT) Co., Limited, Lixun International Cable Co., Ltd. and Luxshare-ICT International B.V. are cancelled by liquidation, so they are not included in the consolidation scope.

VIII. Appointment and dismissal of accounting firms

Accounting firm currently engaged:

Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic accounting firm (in RMB0'000)	230
Consecutive years in which the domestic accounting firm has provided auditing service	14
Certified public accountant of the domestic accounting firm	LI Jing, WEI Gang
Consecutive years in which the certified public accountant of the domestic accounting firm has provided auditing service	5
Name of foreign accounting firm (if any)	None
Remuneration of foreign accounting firm (in RMB0'000) (if any)	0
Consecutive years in which the foreign accounting firm has provided auditing service (if any)	None
Certified public accountant of the foreign accounting firm (if any)	None
Consecutive years in which the certified public accountant of the	None

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
Other litigation during the reporting period	89.57	No	Closed	The case has been settled/ closed by mediation or won, and does not have a material effect on us.	Closed by mediation or enforced		N/A
Other litigation during the reporting period	47,706.74	No	Pending	The case is pending, and will not have a material effect on us.	Pending		N/A

XII. Penalty and rectification

Applicable N/A

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

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	Relationship	Type	Related-party transactions	Pricing principle	Transaction price	Amount (in RMB0'000)	% of the total amount of the same type of transactions	Approved limit of transaction amount (in RMB0'000)	Whether or not exceed the approved limit	Method of settlement	Market price available for the same type of transactions	Date of disclosure	Information disclosure available at
BCS Suzhou	Related legal person	Purchase of goods from related party	Purchasing goods	Market-set prices	Fair market price	370.89	0.00%	200	Yes	Bank transfer	Fair market price	April 21, 2021	Announcement on Expected Daily Related Party Transactions for 2021 (Announcement No.: 2021-039)
BCS Suzhou	Related legal person	Sales of goods to related persons	Sales of goods	Market-set prices	Fair market price	21,871.71	0.14%	27,500	No	Bank transfer	Fair market price	April 21, 2021	Announcement on Expected Daily Related Party Transactions for 2021 (Announcement No.: 2021-039)
Luxsan Kunshan	Related legal person	Sales of goods to related persons	Sales of goods	Market-set prices	Fair market price	41,714.73	0.27%	50,000	No	Bank transfer	Fair market price	October 8, 2021	Announcement on Expected Added Daily Related Party Transactions for 2021 (Announcement

													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 investments during the reporting period.

4. Accounts receivable from and payable to related parties

Applicable N/A

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

5. Financial business with its related financial companies

Applicable N/A

There are no deposits, loans, credits or other financial transactions between the Company, its related financial companies and related parties.

6. Financial business between the financial companies controlled by the Company and related parties

Applicable N/A

There are no deposits, loans, credits or other financial transactions between the financial companies controlled by the Company and related parties.

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 maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if any)	Counter guarant ee (if any)	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Guarantees provided by the Company for its subsidiaries										
Obligor	Disclosure date of announcement on the maximum amount	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if any)	Counter guarant ee (if any)	Term of guarantee	Whether or not expired	Whether or not provided for a related party

	guaranteed									
LUXSHAR E PRECISIO N	April 20, 2020	510,056	July 20, 2020		Joint and several guarantee			Five years	No	Yes
LUXSHAR E PRECISIO N	April 20, 2021	9,563.55	June 29, 2021		Joint and several guarantee			A year	No	Yes
ICT-LANT O/LUXSH ARE PRECISIO N	April 20, 2021	277,342.95			Joint and several guarantee			A year	No	Yes
LUXSHAR E PRECISIO N	April 20, 2021	63,119.43	July 28, 2021		Joint and several guarantee			Five years	No	Yes
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1)		350,025.93		Total amount of guarantee actually provided for subsidiaries during the reporting period (B2)						
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (B3)		860,081.93		Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (B4)						
Guarantees provided by subsidiaries for each other										
Obligor	Disclosure date of announcem ent on the maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if any)	Counter guarant ee (if any)	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Total amount of guarantee provided by the Company										
Total amount of guarantee approved during the reporting period (A1+B1+C1)		350,025.93		Total amount of guarantee actually provided during the						

		reporting period (A2+B2+C2)	
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)	860,081.93	Total amount of guarantee actually provided as at the end of the reporting period (A4+B4+C4)	
Ratio of total amount of guarantee actually provided (A4+B4+C4) to the net assets of the Company			0.00%
Including:			
Outstanding guarantees provided for shareholders, actual controller and their affiliates (D)			0
Explanation about warranty liability already incurred or possible several and joint liquidation liability shown by evidence during the reporting period for the undue guarantees (if any)		None	
Explanation about external guarantees provided in contravention of the established procedures (if any)		None	

Particulars of the guarantees provided using complex method:

N/A

3. Entrusted management of cash assets

(1) Entrusted wealth management

Applicable N/A

Entrusted wealth management during the reporting period:

In RMB0'000

Type	Source of funds	Total amount	Outstanding amount	Overdue amount	Impairment amount made for overdue uncollected wealth management products
Bank wealth management amount	Self-owned funds	272,472.82	199,119.95	0	0
Total		272,472.82	199,119.95	0	0

Details of entrusted wealth management with individually significant amount or low safety, poor liquidity, high risk

Applicable N/A

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

Applicable N/A

(2) Entrusted loans

Applicable N/A

Entrusted loans during the reporting period:

In RMB0'000

Total amount	Source of funds	Outstanding amount	Overdue amount
863,350	Self-owned funds	863,350	0

Details of entrusted loans with individually significant amount or low safety, poor liquidity, high risk

Applicable N/A

Entrusted loans the principal of which may be unrecoverable or which may otherwise be impaired:

Applicable N/A

4. Other significant contracts

Applicable N/A

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

XVI. Other significant matters

Applicable N/A

The Company has no other significant matters to be explained during the reporting period.

XVII. Significant events of subsidiaries of the Company

Applicable N/A

Section VII Changes in shares and shareholders

I. Changes in shares

1. Changes in shares

Unit: Share

	Before the change		+, -					After the change	
	Number	Proportion	New shares issued	Stock dividend	Shares converted from capital reserve	Other	Subtotal	Number	Proportion
I. Non-tradable shares	11,007,921	0.16%				-4,855,275	-4,855,275	6,152,646	0.09%
1. Shares held by the State									
2. Shares held by State-owned corporations									
3. Shares held by other domestic investors	2,851,808	0.04%				-2,755,786	-2,755,786	96,022	0.00%
Incl.: Shares held by domestic non-State-owned corporations									
Shares held by domestic natural persons	2,851,808	0.04%				-2,755,786	-2,755,786	96,022	0.00%
4. Shares held by foreign investors	8,156,113	0.12%				-2,099,489	-2,099,489	6,056,624	0.09%
Incl.: Shares held by foreign corporations									
Shares held by foreign natural persons	8,156,113	0.12%				-2,099,489	-2,099,489	6,056,624	0.09%
II. Tradable shares	7,006,825,870	99.84%				58,344,248	58,344,248	7,065,170,118	99.91%
1. RMB-denominated ordinary shares	7,006,825,870	99.84%				58,344,248	58,344,248	7,065,170,118	99.91%
2. Foreign currency-denominated shares listed domestically									

3. Foreign currency-denominated shares listed overseas									
4. Others									
III. Total shares	7,017,833,791	100%				53,488,973	53,488,973	7,071,322,764	100%

Reasons of changes in shares:

Applicable N/A

1. On June 22, 2020, the Company held the 19th meeting of the fourth Board of Directors and the 19th meeting of the fourth Board of Supervisors, at which the Proposal on Satisfaction of Vesting Conditions for the First Vesting Period Initially Granted under 2019 Stock Option Incentive Plan was reviewed and passed. The grantees meeting these vesting conditions may exercise options in the first vesting period at their sole discretion, and the actual exercisable period is from July 7, 2020 to April 21, 2021. Refer to the *Cautionary Announcement on Adoption of the Discretionary Exercise Method for the First Vesting Period of the 2019 Stock Option Incentive Plan* (Announcement No.2020-049) for details. During the reporting period, the grantees exercised 1,291,186 shares in total in the first vesting period initially vested under 2019 stock option incentive plan.

2. On December 2, 2020, the Company held the 17th meeting of the fourth Board of Directors and the 27th meeting of the fourth Board of Supervisors, at which the Proposal on Satisfaction of Vesting Conditions for the Second Vesting Period under 2018 Stock Option Incentive Plan was reviewed and passed. The grantees meeting these vesting conditions may exercise options in the second vesting period at their sole discretion, and the actual exercisable period is 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 13,854,690 shares in total in the second vesting period under 2018 stock option incentive plan.

3. On January 22, 2021, the Company held the 29th meeting of the fourth Board of Directors and the 29th meeting of the fourth Board of Supervisors, at which the Proposal on Satisfaction of Vesting Conditions for the First Vesting Period Reserved under 2019 Stock Option Incentive Plan was reviewed and passed. The grantees meeting these vesting conditions may exercise options in the first vesting period at their sole discretion, and the actual exercisable period is from February 8, 2021 to November 26, 2021. For details, please see the *Suggestive Announcement on Exercise at Their Sole Discretion in the First Vesting Period Reserved under 2019 Stock Option Incentive Plan* (Announcement No. 2021-021). During the reporting period, the grantees exercised 4,109,496 shares in total in the first vesting period reserved under 2019 stock option incentive plan.

4. On July 2, 2021, the Company held the 2nd meeting of the fifth Board of Directors and the 2nd meeting of the fifth Board of Supervisors, at which the Proposal on Satisfaction of Vesting Conditions for the Second Vesting Period Initially Granted under 2019 Stock Option Incentive Plan was reviewed and passed. The grantees meeting these vesting conditions may exercise options in the second vesting period at their sole discretion, and the actual exercisable period is from July 15, 2021 to April 21, 2022. For details, please see the *Suggestive Announcement on Exercise at Their Sole Discretion in the Second Vesting Period Initially Granted under 2019 Stock Option Incentive Plan* (Announcement No. 2021-069). During the reporting period, the grantees exercised 14,627,322 shares in total in the second vesting period initially vested under 2019 stock option incentive plan.

5. On December 3, 2021, the Company held the 6th meeting of the fifth Board of Directors and the 6th meeting of the fifth Board of Supervisors, at which the Proposal on Satisfaction of Vesting Conditions for the Third Vesting Period under 2018 Stock Option Incentive Plan was reviewed and passed. The grantees meeting these vesting conditions may exercise options in the third vesting period at their sole discretion, and the actual exercisable period is from December 10, 2021 to September 23, 2022. For details, please see the *Suggestive Announcement on Exercise at Their Sole Discretion in the Third Vesting Period under 2018 Stock Option Incentive Plan* (Announcement No. 2021-102). During the reporting period, the grantees exercised 19,597,470 shares in total in the third vesting period under 2018 stock option incentive plan.

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 19th meeting of the fourth Board of Directors and the 19th meeting of the fourth Board of Supervisors of the Company;

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

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

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

5. Review and approve by the 6th meeting of the fifth Board of Directors and the 6th 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
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		period				
XUE Haigao	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)
LI Bin	1,571,664	0	1,571,664	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)
XIONG Tengfang	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)
YE Yiling	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)
WU Tiansong	273,775	225,607	0	499,382	Lock-up shares for senior officers	The restricted conditions are released according to the requirements on the lock-up shares for senior officers
WANG Laisheng	6,970,267	0	1,742,567	5,227,700	Lock-up shares for senior officers	The restricted conditions are released according to the requirements on the lock-up shares for senior officers
HUANG Dawei	329,542	0	0	329,542	Lock-up shares for senior officers	The restricted conditions are released according to the requirements on the lock-up shares for senior officers
WANG Tao	0	96,022	0	96,022	Lock-up shares for senior officers	The restricted conditions are released according to the requirements on the lock-up shares for senior officers
Total	11,007,921	321,629	5,176,904	6,152,646	--	--

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 19th meeting of the fourth Board of Directors, the 27th meeting of the fourth Board of Directors, the 29th meeting of the fourth Board of Directors, the 6th meeting of the fifth Board of Directors, and the 2nd 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 restituted at the end of the reporting period (if any) (Note 8)	0	Total number of preferred shareholders whose voting rights had been restituted at the end of the month immediately preceding the date of this annual report (if any) (Note 8)	0
Shareholding of ordinary shareholders holding more than 5% of the shares or top 10 ordinary shareholders							

Shareholder	Status of shareholder	Shareholding 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	1. Luxshare Limited is the controlling shareholder of the Company; 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.							
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	Type						
		Type	Quantity					
Luxshare Limited	2,731,537,636	RMB-denominated ordinary share	2,731,537,636					
Hong Kong Securities Clearing Company Limited	593,835,764	RMB-denominated ordinary share	593,835,764					
China Securities Finance Corporation Limited	84,428,888	RMB-denominated ordinary share	84,428,888					
Central Huijin Asset Management Co., Ltd.	58,041,012	RMB-denominated ordinary share	58,041,012					
China Merchants Bank Co., Ltd. - Ruiyuan Growth Value Hybrid Securities Investment Fund	53,298,299	RMB-denominated ordinary share	53,298,299					
Pegatron Technology (Shanghai) Co	39,845,105	RMB-denominated	39,845,105					

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

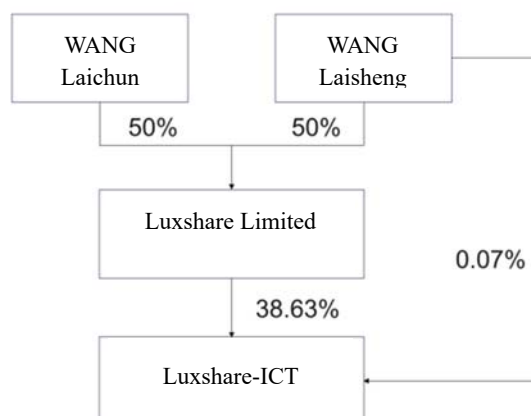
Name of actual controller	Relationship with the actual controller	Nationality	Whether or not hold a residence permit in any other country or region
WANG Laichun	Himself	Hong Kong	No
WANG Laisheng	Himself	Hong Kong	No
Main occupations and titles	<p>Ms. WANG Laichun, Chairman and General Manager of our Company, former director of Shenzhen High-tech Industry Association and Vice Chairman of Shenzhen Electronics Industry Association, purchased shares of Luxshare Limited jointly with Mr. WANG Laisheng in 1999, and founded and served as Chairman of Luxshare Precision Industry (Shenzhen) Co., Ltd. in 2004 through Luxshare HK.</p> <p>Mr. WANG Laisheng serves as the vice chairman of the Company and previously worked as the managing director of Shenzhen Quality Association and the director of Guangdong Laboratories Federation. Mr. WANG Laisheng and Ms. WANG Laichun jointly purchased the shares of Luxshare Limited in 1999, and in 2004, Mr. WANG Laisheng and Ms. WANG Laisheng jointly founded Luxshare Precision Industry (Shenzhen) Co., Ltd..</p>		
Whether or not control any other company listed on a domestic or foreign stock exchange in the past ten years	None		

Change in the actual controllers during the reporting period:

Applicable N/A

Our actual controllers have remained unchanged during the reporting period.

Diagram of ownership and control relationship between the Company and its actual controllers:



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

The Company had no corporate bonds during the reporting period.

III. Non-financial corporate debt financing instruments

√ Applicable □ N/A

1. Basic information of non-financial corporate debt financing instruments

In RMB

Bond name	Bond abbreviation	Bond code	Issue date	Start date	Maturity date	Bond balance	Interest rate	Principal and interest payment method	Trading venue
Phase I ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	21 Luxshare-I CT SCP001	012100153	January 13, 2021	January 15, 2021	October 12, 2021	800,000,000.00	3.30%	A lump sum payment of principal and interest at maturity	Interbank bond market
Phase II ultra-short-term financing bonds in 2021 of	21 Luxshare-I CT SCP002	012103051	August 18, 2021	August 20, 2021	November 18, 2021	900,000,000.00	2.45%	A lump sum payment of principal and interest at maturity	Interbank bond market

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							
Whether there is the risk of termination of listing (if any) and countermeasures	No							

Bonds overdue but not yet repaid

Applicable N/A

2. Trigger and implementation of the issuer or investor option provisions or investor protection provisions

Applicable N/A

3. Intermediaries

Name of bond project	Name of intermediary	Office address	Name of accountants signing this report	Contact person of Intermediary	Phone
Phase I 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	0755-88026159
Phase I ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd.	No. 12, Zhongshan Dongyi Road, Shanghai	None	ZHENG Yang	021-61616388
Phase I 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 I ultra-short-term financing bonds in 2021 of Luxshare Precision Industry	BDO China Shu Lun Pan Certified Public Accountants LLP	10/F, Building 7, Courtyard 16, Middle Road of West 4th Ring, Haidian District,	LI Jing and ZHEN Zhijie	ZHU Jiandi	010-88210608

Co., Ltd.		Beijing			
Phase I 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 I 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 I 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 II ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Bank of Shanghai Co., Ltd.	168 Yincheng Middle Road, Shanghai	None	JIN Yu	021-68476774
Phase II ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	China CITIC Bank Co., Ltd.	Building 1, Courtyard 10, Guanghua Road, Chaoyang District, Beijing	None	LI Qingping	010-66635909
Phase II 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 II ultra-short-term financing bonds in 2021 of Luxshare	BDO China Shu Lun Pan Certified Public Accountants LLP	10/F, Building 7, Courtyard 16, Middle Road of West 4th Ring,	LI Jing and ZHEN Zhijie	ZHU Jiandi	010-88210608

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	0755-88026159
Phase III 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 III 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 III ultra-short-term financing bonds in	Golden Credit Rating International Co., Ltd.	1101, 1102 and 1103 Units, 11/F, South Block, Building 1,	None	CUI Lei	010-62299850

2021 of Luxshare Precision Industry Co., Ltd.		Chaowai West Street, Chaoyang District, Beijing			
Phase III 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 III 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 IV ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Huaxia Bank Co., Ltd.	22 Jianguomennei Street, Dongcheng District, Beijing	None	LI Minji	010-85237515
Phase IV ultra-short-term financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Bank of Shanghai Co., Ltd.	168 Yincheng Middle Road, Shanghai	None	JIN Yu	021-68476774
Phase IV 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 IV 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 IV ultra-short-term	Golden Credit Rating International	1101, 1102 and 1103 Units, 11/F, South	None	CUI Lei	010-62299850

financing bonds in 2021 of Luxshare Precision Industry Co., Ltd.	Co., Ltd.	Block, Building 1, Chaowai West Street, Chaoyang District, Beijing			
Phase IV 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 IV 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 V 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 Fu'an	022-58563383
Phase V 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 V 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 V 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 V	Interbank Market	33-34/F, Oriental	None	XIE Zhong	021-63326662

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 N/A

1. Historic adjustment of conversion price

1. The original conversion price of convertible bonds of the Company was RMB58.48 per share.

2. The conversion price was adjusted from RMB58.48 per share to RMB58.44 per share, which became effective on January 13, 2021, because 4,304,604 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 445,471 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan of the Company.

3. The conversion price was adjusted from RMB58.44 per share to RMB58.38 per share, which became effective on February

24, 2021, because 5,459,122 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 3,767,011 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan of the Company.

4. The conversion price was adjusted from RMB58.38 per share to RMB58.36 per share, which became effective on March 11, 2021, because 2,649,238 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 967,132 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan of the Company.

5. The conversion price was adjusted from RMB58.36 per share to RMB58.25 per share, which become effective on July 8, 2021 because the Company implemented the annual equity distribution in 2020, and distributed RMB1.099999 in cash per 10 shares to all shareholders based on the Company's existing total share capital of 7,035,428,828 shares.

6. The conversion price was adjusted from RMB58.25 per share to RMB58.20 per share, which became effective on July 22, 2021, because 1,032,246 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 7,360,758 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan of the Company.

7. The conversion price was adjusted from RMB58.20 per share to RMB58.18 per share, which became effective on September 6, 2021, because 374,655 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 3,417,190 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan and 16,075 reserved shares were exercised by grantees under 2019 stock option incentive plan of the Company.

8. The conversion price was adjusted from RMB58.18 per share to RMB58.16 per share, which became effective on November 10, 2021, because 34,828 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 2,501,419 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan and 32,328 reserved shares were exercised by grantees under 2019 stock option incentive plan of the Company.

9. The conversion price was adjusted from RMB58.16 per share to RMB58.05 per share, which became effective on December 29, 2021, because 14,413,326 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 1,112,879 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan and 41,598 reserved shares were exercised by grantees under 2019 stock option incentive plan of the Company.

10. The conversion price was adjusted from RMB58.05 per share to RMB58.01 per share, which became effective on December 31, 2021, because 5,184,144 shares were added arising from exercise by grantees under 2018 stock option incentive plan and 365,642 shares were added arising from exercise by grantees in initial grant under 2019 stock option incentive plan of the Company.

11. As of the end of the reporting period, the conversion price of convertible bonds of the Company was RMB58.01 per share.

2. Accumulative conversion of convertible bonds into shares

√ Applicable □ N/A

Convertible bond abbreviation	Beginning and ending dates	Total issued convertible bonds (piece)	Total issue amount	Amount of accumulative converted shares (RMB)	Number of accumulative converted shares (share)	Proportion of accumulative converted share to the total shares issued by the Company before conversion	Amount of unconverted bonds (RMB)	Proportion of amount of unconverted bonds to the total issued amount
Convertible bonds of Luxshare	May 10, 2021	30,000,000	3,000,000,000.00	518,700.00	8,809	0.02%	2,999,481,300.00	99.98%

3. Top 10 holders of convertible corporate bonds

Unit: Share

No.	Name of holder of convertible corporate bonds	Nature of holder of convertible corporate bonds	Number of convertible corporate bonds held at the end of the reporting period	Amount of convertible corporate bonds held at the end of the reporting period (RMB)	Percentage of convertible corporate bonds held at the end of the reporting period
1	China Construction Bank Corporation - Zhong Ou New Blue Chip Flexible Allocation Hybrid Securities Investment Fund	Other	1,521,569	192,110,258.80	5.07%
2	ICBC Credit Suisse Tianfeng Convertible Bond Fixed Income Pension Product - Bank of China Limited	Other	1,374,891	173,590,987.88	4.58%
3	Hua Chuang Securities Co., Ltd.	Stated owned corporation	1,129,630	142,624,824.54	3.77%
4	Fuguo Fuyi Enterprising Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	Other	745,035	94,066,629.03	2.48%
5	UBS AG	Foreign corporation	667,423	84,267,493.13	2.23%
6	Northeast Securities Co., Ltd.	Stated owned corporation	550,303	69,480,156.17	1.83%
7	China Galaxy Securities Co., Ltd.	Stated owned corporation	523,593	66,107,804.99	1.75%
8	China Everbright Bank Co., Ltd. — Bosera Enhanced Convertible Bonds-type Securities Investment Fund	Other	479,957	60,598,410.91	1.60%
9	Dacheng Fund - Postal Saving Bank - Dacheng Fund - Postal Savings I Collective Asset Management Plan	Other	429,957	54,285,510.91	1.43%
10	ICBC Credit Suisse Tianyi Hybrid Pension Product - Industrial and Commercial Bank of China Limited	Other	416,608	52,600,092.86	1.39%

4. Significant changes in the profitability, assets and credit status of the guarantors

□ Applicable √ N/A

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

According to the Credit Rating Report issued by China Lianhe Credit Rating Co., Ltd. on May 20, 2021, the long-term credit rating of the Company as the entity is AA+ and the credit rating of the convertible bonds of the Company is AA+. There is no significant change in the Company's liabilities and credit. For main accounting data and financial indicators, please see the "VIII Main Accounting Date and Financial Indicators in the Past Two Years" under Section IX of this report.

V. The loss in the scope of consolidated statements of the Company during the reporting period exceeded 10% of the net assets at the end of previous reporting period

Applicable N/A

VI. Overdue interest-bearing debts other than bonds at the end of the reporting period

Applicable N/A

VII. Was there violations of rules and regulations during the reporting period?

Yes No

VIII. Main accounting data and financial indicators of the Company for most recent two years as of the end of the reporting period

In RMB0'000

Item	December 31, 2021	December 31, 2020	Y/Y% Change
Current ratio	1.1154	1.2918	-13.66%
Equity-debt ratio	62.03%	55.86%	6.17%
Quick ratio	0.793	0.8986	-11.75%
	2021	2020	Y/Y% Change
Net profit, excluding non-recurring profit and loss	601,559.72	608,890.19	-1.20%
EBITDA - total debt ratio	59.02%	87.03%	-28.01%
Interest coverage ratio	13.41	21.62	-37.97%
Cash interest coverage ratio	14.59	22.12	-34.04%
EBITDA-to-interest coverage ratio	21.47	27.74	-22.60%
Rate of loans due and repaid	100%	100%	
Rate of interest due and paid	100%	100%	

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 as at December 31, 2021, and the consolidated and parent company's income statements, the consolidated and parent company's statements of cash flows and the consolidated and parent company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared in all material respects in accordance with the *Accounting Standards for Business Enterprises* and fairly present the consolidated and parent company's financial position as of December 31, 2021, and the consolidated and parent company's operating results and cash flows for the year then ended.

II. Basis for opinion

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

III. Key audit matters

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

Key audit matters identified in our audit are summarized as below:

Key audit matters	How we addressed the matter in our audit
(I) Revenue recognition	
<p>For details of the accounting policy for and analysis on revenue recognition, please see the accounting policies described in the Item (26) under the Note "III. Significant accounting policies and accounting estimates" and the Item (45) under the "V. Notes to consolidated financial statements" to the financial statements.</p> <p>In 2021, Luxshare Precision's operating income presented in its consolidated financial statements amounted to RMB153,946,097,800. Luxshare Precision has a large number of customers at home and abroad. Under different delivery methods, the Company</p>	<ol style="list-style-type: none"> 1. Understand, evaluate and test the design of the key internal controls of the management related to revenue recognition and the operational effectiveness of those controls; 2. Sample the product sales revenue to make test thereof according to different regions and customers; check supporting documents related to revenue recognition; 3. Implement the analytical procedures on income and gross profit and determine whether there are abnormal fluctuations in the amount of revenue for the current period;

<p>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 one of the Company's key performance indicators and the main source of the Company's profits, so we identify the revenue from product sales as the key audit matter based on the importance of the accounting policy for revenue recognition and the amount involved.</p>	<p>4. Understand the modes of cooperation between the Company and customers and suppliers, and evaluate the product liability share and the transfer of control;</p> <p>5. Evaluate the accuracy and completeness of revenue in conjunction with the confirmation procedures for receivables & payables and inventories; and</p> <p>6. Analyze the post-period recovery of accounts receivable.</p>
<p>(II) Provision for decline in value of inventories</p>	
<p>Please see the accounting policies described in the Item (11) under the Note "III. Significant accounting policies and accounting estimates" and the Item (7) under the Note "V. Notes to consolidated financial statements" to the financial statements.</p> <p>As at December 31, 2021, Luxshare Precision's inventories and provision for decline in value of inventories presented in its consolidated financial statements amounted to RMB21,255,722,500.00 and RMB354,966,700.00 respectively. Inventories of the Company are stated at the lower of cost or net realizable value. For finished products, 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 estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The determination of the net realizable value of inventories involves the management's use of significant accounting estimates and judgments, and the provision for decline in value of inventories is of significance to the consolidated financial statements, so we identify the provision for decline in value of inventories as the key audit matter.</p>	<p>1. Understand, evaluate and test the design of the key internal controls of the management related to the provision for decline in value of inventories and the operational effectiveness of those controls;</p> <p>2. Obtain the Company's calculation sheet of the provision for decline in value of inventories, review the net realizable value of inventories and the provision for decline in value of inventories, and evaluate whether the judgment made by the management in determining the net realizable value of inventories is reasonable;</p> <p>3. Check the quantity and conditions of inventories, focus on inspecting the long-term inventories, and analyze the adequacy of the provision for decline in value of inventories if any indication exists that such inventories may be impaired, in conjunction with roll-forward procedures; and</p> <p>4. Check the current changes of the provision for decline in value of inventories made in previous years and analyze the rationality of the changes in the provision for decline in value of inventories.</p>

IV. Other information

The management of Luxshare Precision ("management") is responsible for other information. Other information comprises the information included in the 2021 Annual Report of Luxshare Precision, but does not include the financial statements and our auditor's report thereon.

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

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

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

V. Responsibilities of the management and those charged with governance for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with *Accounting Standards for Business Enterprises*, and designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing 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 governance") are responsible for overseeing Luxshare Precision's financial reporting process.

VI. Auditor's responsibilities for the audit of the financial statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to express opinions on the effectiveness of internal control;

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting, and meanwhile, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Luxshare Precision's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements. If such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Luxshare Precision to cease to continue as a going concern;

(5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Luxshare Precision to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

II. Financial statements

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

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	2,161,055,820.73	1,804,485,645.49
Total current assets	72,309,043,621.73	43,396,046,923.44
Non-current assets:		
Loans and advances to customers		

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
Construction in progress	3,685,336,499.02	1,596,064,894.58
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	425,011,542.28	
Intangible assets	2,222,985,029.31	1,265,161,209.65
Development expenditure		
Goodwill	1,397,364,508.87	533,139,532.25
Long-term prepaid expenses	733,015,722.42	488,087,044.97
Deferred tax assets	891,215,468.53	355,834,434.21
Other non-current assets	1,904,305,181.49	1,223,199,642.61
Total non-current assets	48,263,054,546.15	26,616,706,628.31
Total assets	120,572,098,167.88	70,012,753,551.75
Current liabilities:		
Short-term borrowings	11,919,635,337.99	7,577,068,798.49
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities	41,436.00	
Derivative financial liabilities		
Notes payable	234,500,590.93	128,572,111.54
Accounts payable	45,416,165,667.67	23,051,557,603.83
Receipts in advance		
Contract liabilities	268,506,246.98	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	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 reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one year	270,079,590.16	278,527,714.63
Other current liabilities	3,623,423,072.87	623,257,555.89
Total current liabilities	64,830,699,026.84	33,592,712,483.74
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	5,025,096,193.09	1,495,199,238.41
Bonds payable	2,805,785,000.04	2,475,423,249.98
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	315,093,483.55	
Long-term payables		
Long-term employee benefits payable		
Provisions	923,738.96	1,360,598.63
Deferred income	538,556,944.18	425,345,982.64
Deferred tax liabilities	1,272,092,467.86	966,092,212.95
Other non-current liabilities	1,207,763.79	150,019,923.33
Total non-current liabilities	9,958,755,591.47	5,513,441,205.94
Total liabilities	74,789,454,618.31	39,106,153,689.68

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
General expenses	3,741,908,783.50	2,463,953,208.63
R&D expenses	6,642,300,402.74	5,744,805,136.33

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
Investment income (Loss is indicated by “-”)	689,386,649.74	648,357,066.36
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	
Foreign exchange gains (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)	-115,737,751.66	329,044,852.43
Impairment losses of credit (Loss is indicated by “-”)	-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
Less: Non-operating expenses	45,672,434.05	53,956,792.78
IV. Total profit (Total losses are indicated by “-”)	8,142,848,949.83	8,135,779,664.12
Less: Income tax expenses	322,238,643.64	644,764,928.70
V. Net profit (Net loss is indicated by “-”)	7,820,610,306.19	7,491,014,735.42
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (Net loss is indicated by “-”)	7,820,610,306.19	7,491,014,735.42

2. Net profit from discontinued operations (Net loss is indicated by “-”)		
(II) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company	7,070,520,386.57	7,225,462,752.58
2. Net profit attributable to non-controlling interests	750,089,919.62	265,551,982.84
VI. Other comprehensive income, net of tax	-23,685,660.51	-214,366,575.46
Other comprehensive income attributable to owners of the parent company, net of tax	8,916,331.77	-210,319,955.80
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	81,705,917.80	-44,824,020.81
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments	81,705,917.80	-44,824,020.81
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-72,789,586.03	-165,495,934.99
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of	-72,789,586.03	-165,495,934.99

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, and were RMB in prior period.

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

4. Income statement of the parent company

In RMB

Item	2021	2020
I. Total operating income	9,280,144,923.02	11,565,103,529.27
Less: Operating costs	8,565,181,794.19	10,781,197,082.67
Taxes and levies	6,084,601.77	18,261,507.97
Selling expenses	24,117,122.95	35,063,571.34
General expenses	162,180,125.16	56,228,389.80
R&D expenses	320,362,046.32	378,120,159.26
Financial expenses	227,705,129.43	96,281,059.07
Including: Interest expenses	264,763,187.06	75,305,134.45
Interest income	55,788,891.39	16,540,879.08
Add: Other income	278,899,119.07	79,872,863.79
Investment income (Loss is indicated by "-")	2,268,732,708.25	3,409,929,279.99
Including: Income from	-4,411,361.63	452,498.12

investments in associates and joint ventures		
Income from derecognition of financial assets measured at amortized cost (Loss is indicated by “-”)	-41,003,477.92	
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)	2,187,784.65	35,468,629.87
Impairment losses of credit (Loss is indicated by “-”)	-1,373,983.35	-1,815,106.23
Impairment losses of assets (Loss is indicated by “-”)	-3,339,894.30	146,637.49
Income from disposal of assets (Loss is indicated by “-”)	15,567.99	93,414.42
II. Operating profit (Loss is indicated by “-”)	2,519,635,405.51	3,723,647,478.49
Add: Non-operating income	299,873.15	36,922.70
Less: Non-operating expenses	528,129.00	2,523,203.41
III. Total profit (Total losses are indicated by “-”)	2,519,407,149.66	3,721,161,197.78
Less: Income tax expenses	-1,529,939.13	13,833,532.26
IV. Net profit (Net loss is indicated by “-”)	2,520,937,088.79	3,707,327,665.52
(I) Net profit from continuing operation (Net loss is indicated by “-”)	2,520,937,088.79	3,707,327,665.52
(II) Net profit from discontinued operations (Net loss is indicated by “-”)		
V. Other comprehensive income, net of tax	82,216,629.66	-44,873,885.23
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	82,216,629.66	-44,873,885.23
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		

3. Changes in fair value of other investments in equity instruments	82,216,629.66	-44,873,885.23
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	2,603,153,718.45	3,662,453,780.29
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated statement of cash flows

In RMB

Item	2021	2020
I. Cash flows from operating activities:		
Cash receipts from the sales of goods and the rendering of services	143,070,164,356.03	97,065,870,437.67
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the		

central bank		
Net increase in taking from other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Receipts of tax refunds	7,258,087,295.46	3,100,093,905.89
Other cash receipts relating to operating activities	2,646,521,521.99	1,178,580,038.87
Sub-total of cash inflows from operating activities	152,974,773,173.48	101,344,544,382.43
Cash payments for goods purchased and services received	125,194,510,007.35	78,908,490,079.24
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance		

policyholder dividends		
Cash payments to and on behalf of employees	16,468,591,642.75	11,976,189,826.48
Payments of various types of taxes	1,635,898,950.98	1,462,211,616.65
Other cash payments relating to operating activities	2,391,005,655.40	2,124,441,374.01
Sub-total of cash outflows from operating activities	145,690,006,256.48	94,471,332,896.38
Net cash flow from operating activities	7,284,766,917.00	6,873,211,486.05
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	53,300,796,496.89	55,479,505,473.33
Cash receipts from investment income	777,579,552.30	487,104,548.83
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	343,357,620.39	105,209,975.47
Net cash receipts from disposals of subsidiaries and other business entities	16,418,213.71	62,681,623.24
Other cash receipts relating to investing activities	4,665,590,364.12	
Sub-total of cash inflows from investing activities	59,103,742,247.41	56,134,501,620.87
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	12,567,222,230.86	7,502,140,356.20
Cash payments to acquire investments	54,495,943,096.22	57,696,197,909.00
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business entities	17,100,080.22	83,897,533.75
Other cash payments relating to investing activities	403,138,825.89	
Sub-total of cash outflows from investing activities	67,483,404,233.19	65,282,235,798.95
Net cash flow from investing activities	-8,379,661,985.78	-9,147,734,178.08

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 capital contributions from minority owners of subsidiaries	1,800,900,000.00	1,091,126,000.00
Cash receipts from borrowings	35,452,570,746.25	25,747,304,566.98
Other cash receipts relating to financing activities	4,705,930,595.98	4,485,600,000.00
Sub-total of cash inflows from financing activities	42,545,854,141.42	31,843,182,893.74
Cash repayments of borrowings	38,074,504,796.63	23,976,420,698.67
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,399,755,112.12	1,065,757,282.54
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		12,150,000.00
Other cash payments relating to financing activities	3,461,522,325.75	14,511,270.50
Sub-total of cash outflows from financing activities	42,935,782,234.50	25,056,689,251.71
Net cash flow from financing activities	-389,928,093.08	6,786,493,642.03
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-58,444,561.40	-194,506,422.92
V. Net increase in cash and cash equivalents	-1,543,267,723.26	4,317,464,527.08
Add: Opening balance of cash and cash equivalents	10,464,804,451.34	6,147,339,924.26
VI. Closing balance of cash and cash equivalents	8,921,536,728.08	10,464,804,451.34

6. Statement of cash flows of the parent company

In RMB

Item	2021	2020
I. Cash flows from operating activities:		
Cash receipts from the sales of	14,258,035,135.82	7,317,370,785.47

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		

Other cash payments relating to investing activities		
Sub-total of cash outflows from investing activities	18,539,722,211.34	19,585,411,711.48
Net cash flow from investing activities	-4,649,146,996.51	-2,148,682,912.22
III. Cash flows from financing activities:		
Cash receipts from capital contributions	586,452,799.19	527,162,579.34
Cash receipts from borrowings	4,416,265,430.62	1,543,324,080.00
Other cash receipts relating to financing activities	4,471,016,039.08	4,485,600,000.00
Sub-total of cash inflows from financing activities	9,473,734,268.89	6,556,086,659.34
Cash repayments of borrowings	2,688,298,719.66	1,882,450,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	958,024,940.64	662,016,221.81
Other cash payments relating to financing activities	3,384,213,580.92	11,364,675.69
Sub-total of cash outflows from financing activities	7,030,537,241.22	2,555,830,897.50
Net cash flow from financing activities	2,443,197,027.67	4,000,255,761.84
IV. Effect of foreign exchange rate changes on cash and cash equivalents	16,346,991.54	-7,911,773.68
V. Net increase in cash and cash equivalents	-1,200,099,681.84	619,408,935.55
Add: Opening balance of cash and cash equivalents	1,880,655,455.45	1,261,246,519.90
VI. Closing balance of cash and cash equivalents	680,555,773.61	1,880,655,455.45

7. Consolidated statement of changes in owners' equity

Current period

In RMB

Item	2021		
	Equity attributable to owners of the parent company	Minori	Total

	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Unappropriated profit	Other	Subtotal	Minority interests	Total owners' equity
		Preferred shares	Perpetual bonds	Other											
I. Closing balance of the preceding year	6,999,768,186.00	0.00	0.00	527,449,226.56	1,890,099,569.60	0.00	-44,717,803.06	0.00	733,067,797.73	0.00	17,996,149,257.73		28,101,816,234.56	2,804,783,627.51	30,906,599,862.07
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	6,999,768,186.00	0.00	0.00	527,449,226.56	1,890,099,569.60	0.00	-44,717,803.06	0.00	733,067,797.73	0.00	17,996,149,257.73		28,101,816,234.56	2,804,783,627.51	30,906,599,862.07
III. Changes for the year (Decrease is indicated by "-")	50,717,291.00	0.00	0.00	-91,200.58	829,595,712.07	0.00	8,916,331.77	1,018,784.75	252,093,708.88	0.00	6,044,487,886.27		7,186,738,514.16	7,689,305,173.34	14,876,043,687.50
(I) Total comprehensive income							8,916,331.77				7,070,520,386.57		7,079,436,718.34	717,487,927.34	7,796,924,645.68
(II) Owners' contributions and reduction in capital	50,717,291.00	0.00	0.00	-91,200.58	829,595,712.07	0.00	0.00	0.00	0.00	0.00	0.00		880,221,802.49	6,971,817,246.00	7,852,039,048.49
1. Ordinary	50,70				535,74								586,45	1,800,	2,387,

shares contributed by owners	8,482.00				4,317.19								2,799.19	900,000.00	352,799.19
2. Capital contribution from holders of other equity instruments	8,809.00				-91,200.58	507,253.01							424,861.43		424,861.43
3. Share-based payment recognized in owners' equity					240,700.77								240,700.77	1,671,462.93	242,372,171.70
4. Others					52,643,433.10								52,643,433.10	5,169,245.78	5,221,889.21
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	252,093,708.88	0.00	-1,026,032,500.30		-773,938,791.42	0.00	-773,938,791.42
1. Transfer to surplus reserve									252,093,708.88		-252,093,708.88		0.00		0.00
2. Transfer to general risk reserve													0.00		0.00
3. Distributions to owners (or shareholders)											-773,891,489.58		-773,891,489.58		-773,891,489.58
4. Others											-47,301.84		-47,301.84		-47,301.84
(IV) Transfers within owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
1. Capitalization of capital reserve (or share capital)													0.00		0.00
2. Capitalization of surplus reserve (or share capital)													0.00		0.00
3. Loss offset by													0.00		0.00

surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans													0.00		0.00
5. Retained earnings carried forward from other comprehensive income													0.00		0.00
6. Others													0.00		0.00
(V) Special reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,018,784.75	0.00	0.00	0.00		1,018,784.75	0.00	1,018,784.75
1. Transfer to special reserve in the current period								1,018,784.75					1,018,784.75		1,018,784.75
2. Amount utilized in the current period													0.00		0.00
(VI) Others													0.00		0.00
IV. Closing balance of the current period	7,050,485,477.00	0.00	0.00	527,358,025.98	2,719,695,281.67	0.00	-35,801,471.29	1,018,784.75	985,161,506.61	0.00	24,040,637,144.00		35,288,554,748.72	10,494,088,800.85	45,782,643,549.57

Prior period

In RMB

Item	2020														Minority interests	Total owners' equity
	Equity attributable to owners of the parent company															
	Share capital	Other equity instruments			Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Unappropriated profit	Other	Subtotal			
	Preferred shares	Perpetual bonds	Other													
I. Closing balance of the	5,349,001,				2,654,692,87		165,602,152.		362,335,031.		11,764,987,1		20,296,618,9	1,453,084,326.	21,749,703,294	

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 owners' equity					347,403,580.73							347,403,580.73	4,517,074.25	351,920,654.98
4. Others					11,606,983.32							11,606,983.32	4,004,244.22	15,611,227.54
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	370,732,766.55	0.00	-1,015,517,118.21	-644,784,351.66	-13,500,000.00	-658,284,351.66
1. Transfer to surplus reserve									370,732,766.55		-370,732,766.55	0.00		0.00
2. Transfer to general risk reserve												0.00		0.00
3. Distributions to owners (or shareholders)											-644,615,942.06	-644,615,942.06	-13,500,000.00	-658,115,942.06
4. Others											-168,409.60	-168,409.60		-168,409.60
(IV) Transfers within owners' equity	1,611,543,127.00	0.00	0.00	0.00	-1,611,543,127.00	0.00	-22,570,692.52	0.00	0.00	0.00	21,216,450.97	-1,354,241.55	0.00	-1,354,241.55
1. Capitalization of capital reserve (or share capital)	1,611,543,127.00				-1,611,543,127.00							0.00		0.00
2. Capitalization of surplus reserve (or share capital)												0.00		0.00
3. Loss offset by surplus reserve												0.00		0.00
4. Retained earnings carried forward from												0.00		0.00

changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income							-22,570,692.52				21,216,450.97		-1,354,241.55		-1,354,241.55
6. Others													0.00		0.00
(V) Special reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
1. Transfer to special reserve in the current period													0.00		0.00
2. Amount utilized in the current period													0.00		0.00
(VI) Others													0.00		0.00
IV. Closing balance of the current period	6,999,768,186.00	0.00	0.00	527,449,226.56	1,890,099,569.60	0.00	-44,717,803.06	0.00	733,067,797.73	0.00	17,996,149,257.73		28,101,816,234.56	2,804,783,627.51	30,906,599,862.07

8. Statement of changes in owners' equity of the parent company

Current period

In RMB

Item	2021											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Other	
		Preferr ed shares	Perpet ual bonds	Other								
I. Closing balance of the preceding year	6,999,768,186.00	0.00	0.00	527,449,226.56	2,303,197,437.38	0.00	80,735.015.01	0.00	733,067,797.73	5,031,699,596.69		15,675,917,259.37
Add: Changes in												0.00

accounting policies												
Corrections of prior period errors												0.00
Others												0.00
II. Opening balance of the current year	6,999,768,186.00	0.00	0.00	527,449,226.56	2,303,197,437.38	0.00	80,735,015.01	0.00	733,067,797.73	5,031,699,596.69		15,675,917,259.37
III. Changes for the year (Decrease is indicated by “-”)	50,717,291.00	0.00	0.00	-91,200.58	776,952,278.97	0.00	82,216,629.66	0.00	252,093,708.88	1,494,951,890.33		2,656,840,598.26
(I) Total comprehensive income							82,216,629.66			2,520,937,088.79		2,603,153,718.45
(II) Owners' contributions and reduction in capital	50,717,291.00	0.00	0.00	-91,200.58	776,952,278.97	0.00	0.00	0.00	0.00	0.00		827,578,369.39
1. Ordinary shares contributed by owners	50,708,482.00				535,744,317.19							586,452,799.19
2. Capital contribution from holders of other equity instruments	8,809.00			-91,200.58	507,253.01							424,861.43
3. Share-based payment recognized in owners' equity					240,700,708.77							240,700,708.77
4. Others												0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	252,093,708.88	-1,025,985,198.46		-773,891,489.58
1. Transfer to surplus reserve									252,093,708.88	-252,093,708.88		0.00

2. Distributions to owners (or shareholders)											-773,891,489.58		-773,891,489.58
3. Others													0.00
(IV) Transfers within owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Capitalization of capital reserve (or share capital)													0.00
2. Capitalization of surplus reserve (or share capital)													0.00
3. Loss offset by surplus reserve													0.00
4. Retained earnings carried forward from changes in defined benefit plans													0.00
5. Retained earnings carried forward from other comprehensive income													0.00
6. Others													0.00
(V) Special reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Transfer to special reserve in the current period													0.00
2. Amount utilized in the current period													0.00
(VI) Others													0.00
IV. Closing	7,050,4	0.00	0.00	527,35	3,080,14	0.00	162,951,	0.00	985,161,	6,526,6			18,332,75

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		125,608,900.24		362,335,031.18	2,318,504,188.81		11,225,847,583.54
Add: Changes in accounting policies												0.00
Corrections of prior period errors												0.00
Others												0.00
II. Opening balance of the current year	5,349,001,738.00	0.00	0.00	0.00	3,070,397,725.31	0.00	125,608,900.24	0.00	362,335,031.18	2,318,504,188.81		11,225,847,583.54
III. Changes for the year (Decrease is indicated by "-")	1,650,766,448.00	0.00	0.00	527,449,226.56	-767,200,287.93	0.00	-44,873,885.23	0.00	370,732,766.55	2,713,195,407.88		4,450,069,675.83
(I) Total comprehensive income							-22,303,192.71			3,707,327,665.52		3,685,024,472.81
(II) Owners' contributions and reduction in capital	39,223,321.00	0.00	0.00	527,449,226.56	844,342,839.07	0.00	0.00	0.00	0.00	0.00		1,411,015,386.63
1. Ordinary shares contributed by owners	39,223,321.00				487,939,258.34							527,162,579.34

2. Capital contribution from holders of other equity instruments				527,449,226.56							527,449,226.56
3. Share-based payment recognized in owners' equity				347,403,580.73							347,403,580.73
4. Others				9,000,000.00							9,000,000.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	370,732,766.55	-1,015,348,708.61	-644,615,942.06
1. Transfer to surplus reserve									370,732,766.55	-370,732,766.55	0.00
2. Distributions to owners (or shareholders)										-644,615,942.06	-644,615,942.06
3. Others											0.00
(IV) Transfers within owners' equity	1,611,543,127.00	0.00	0.00	0.00	-1,611,543,127.00	0.00	-22,570,692.52	0.00	0.00	21,216,450.97	-1,354,241.55
1. Capitalization of capital reserve (or share capital)	1,611,543,127.00				-1,611,543,127.00						0.00
2. Capitalization of surplus reserve (or share capital)											0.00
3. Loss offset by surplus reserve											0.00
4. Retained earnings carried forward from changes in defined benefit plans											0.00

5. Retained earnings carried forward from other comprehensive income							-22,570,692.52			21,216,450.97		-1,354,241.55
6. Others												0.00
(V) Special reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Transfer to special reserve in the current period												0.00
2. Amount utilized in the current period												0.00
(VI) Others												0.00
IV. Closing balance of the current period	6,999,768,186.00	0.00	0.00	527,449,226.56	2,303,197,437.38	0.00	80,735,015.01	0.00	733,067,797.73	5,031,699,596.69		15,675,917,259.37

III. Basic information

1. Company profile

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

As of December 31, 2021, the Company issued 7,050,485,477.00 shares in total, with its registered capital amounting to RMB7,050,485,477.00. The Company’s registered office is located at 2/F, Block A, Sanyo New Industrial Zone, West Haoyi Community, Shajing Street, Bao’an District, Shenzhen, China, while its place of business is located at No.313 North Ring Road, Qingxi Town, Dongguan City, Guangdong, China. The main business activities of the Company include production and operation of connecting wires, connectors, computer peripherals, and plastic hardware products. The Company’s parent company is Luxshare Limited, and its de facto controllers are WANG Laichun and WANG Laisheng.

The financial statements were approved by the Company’s board of directors on April 27, 2022 for issuance.

The relevant information of subsidiaries of the Company is seen in the Note “VII. Interests in other entities”.

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

2. Going concern

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

V. Important accounting policies and accounting estimates

Reminders on specific accounting policies and accounting estimates:

N/A

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

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and parent company’s financial positions as of December 31, 2020, and the consolidated and parent company’s operating results and cash flows for the year then ended.

2. Accounting period

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

3. Operating cycle

The Company’s operating cycle is 12 months.

4. Functional currency

The Company uses RMB as its functional currency. The subsidiaries of the Company determine its functional currency based on the primary economic environment in which such subsidiaries operate.

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 accounting policies and periods adopted by all subsidiaries are not in line with those of the Company, the necessary adjustments are made to the financial statements of these subsidiaries based on the accounting policies and periods of the Company when preparing the

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 presented in the consolidated balance sheet below the "owners' equity" line item, in the consolidated income statement below the "net profit" and "total comprehensive income" as "minority interests". When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' share of the opening balance of owners' equity of the subsidiary, the excess is allocated against minority interests.

(1) Increase in subsidiaries or businesses

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

Where the Company becomes capable to exercise control over an investee under the common control due to additional investment or other reasons, for equity investments held before acquiring control of the absorbed party, the relevant gains or losses, other comprehensive income and other changes in net assets recognized during the period from the later of the date of acquisition of original equity or the date when the absorbing party and the absorbed party are under the common control until the combination date are respectively offset against opening balances of retained earnings during the comparative reporting period or profit or loss for the current period.

Where a subsidiary or business is acquired during the reporting period through a business combination not involving enterprises under common control, it is included in the consolidated financial statements from the date of acquisition based on the fair value of identifiable assets, liabilities and contingent liabilities determined on the date of acquisition.

Where the Company becomes capable to exercise control over an investee not under common control due to additional investment or other reasons, for the acquiree's equity held prior to the date of acquisition, the Company remeasures the fair value of the equity on the date of acquisition, and the difference between the fair value of the equity and its carrying amount is recognized in profit or loss for the current period. Where the acquiree's equity held prior to the date of acquisition involves other comprehensive income that can be reclassified to profit or loss and changes in other owners' equity under equity method, such other comprehensive income and changes are transferred to the income of the period in which the date of acquisition falls.

(2) Disposal of subsidiaries

① General disposal

When the Company loses control over the investee due to disposal of partial equity investments or other reasons, for the remaining equity investments after disposal, the Company remeasures the remaining equity investments after disposal at the fair value on the date when the Company loses its control. The difference between the sum of the consideration from disposal of equity and the fair value of remaining equity less the sum of an original subsidiary's share of net assets and goodwill continuously calculated from the date of acquisition or combination according to original shareholding ratio is recognized as the investment return for the period in which the control is lost. Other comprehensive income relating to the original subsidiary's equity investments that will be reclassified to profit or loss and changes in other

owners' equity under the equity method is transferred into the investment income for the period when the control is lost.

② Disposal of subsidiaries by steps

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

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

Where all transactions belong to a single package, the Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary; however, the difference between the proceeds from each disposal before loss of control and the share owned by the Company in the net assets of the subsidiary in relation to the investment disposed of is recognized in other comprehensive income in the consolidated financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

Where all transactions do not belong to a single package, prior to the loss of control, the Company accounts for such transactions as partial disposal of a subsidiary's equity investments in the event that the control is not lost; and when the control is lost, the Company accounts for such transactions in accordance with the general methods of disposal of subsidiaries.

(3) Acquisition of a subsidiary's minority equity

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

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

The difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or combination is adjusted against the equity premium in the capital reserve in the consolidated balance sheet. In case the equity premium in the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings.

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

Joint arrangements are classified into joint operations and joint ventures.

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

The Company recognizes the following items relating to its interest in the joint operation:

- (1) the assets held individually by the Company, and the Company's share of the assets held jointly;
- (2) the liabilities incurred individually by the Company, and the Company's share of the liabilities incurred jointly;

- (3) the Company's revenue from the 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 foreign currency transactions are recorded by translating the amount of a foreign currency into RMB at the spot exchange rate prevailing on the 1st of each month.

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

2. Translation of financial statements denominated in foreign currencies

The asset and liability items in the balance sheet are translated at the spot exchange rates at the balance sheet date. Items of owners' equity except for "unappropriated profit" are translated at the spot exchange rates at the dates on which such items arose. Income and expenses in the income statement are translated at the exchange rates similar to the spot exchange rates at the dates of the transactions.

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

10. Financial instruments

When the Company becomes a party to a financial instrument contract, a financial asset, liability or equity instrument is recognized.

1. Classification of financial instruments

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

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 measured at amortized cost:

- 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.

Except for the financial assets measured at amortized cost and the financial assets at fair value through other comprehensive income, the Company classifies all of other remaining financial assets as the financial assets at fair value through profit or loss. If the accounting mismatch can be eliminated or significantly reduced on initial recognition, the Company may irrevocably designate the financial assets that should have been classified as those measured at amortized cost or those at fair value through other comprehensive income as the financial assets at fair value through profit or loss.

On initial recognition, financial liabilities are classified into the following two categories: financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

A financial liability may be designated as at fair value through profit or loss on initial measurement if one of the following conditions is met:

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

2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

The financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, and the relevant transaction costs are charged to the initially recognized amount; the accounts receivable that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year are initially measured at the contractual trading price.

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

On recovery or disposal of a financial asset, the difference between the proceeds and the carrying amount

of the financial asset is recognized in profit or loss for the current period.

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at the amortized cost

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

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

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

3. 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 based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the current period.

5. Method of determination of the fair value of financial assets and financial liabilities

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

6. Test and accounting treatment of impairment of financial assets

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) at fair value through other comprehensive income and financial guarantee contracts on a single or joint basis.

The Company comprehensively considers reasonable and well-founded information about past events, current conditions, and predictions of future economic conditions as well as the possibility of default to calculate the probability-weighted amount of the present value of the difference between cash flows receivable from contracts and cash flows expected to be recovered and include it in the expected credit loss.

The Company recognizes a loss allowance equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition. The added or reversed loss reserves arising therefrom are recognized in profit or loss for the current period as impairment losses or gains.

The Company compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine the relative change in the default risks of financial instrument during the expected lifetime, and assess whether the credit risk of the financial instruments has increased significantly since initial recognition. If a financial instrument is past due for more than 30 days, the Company usually believes that credit risk of the financial instrument has increased significantly, unless there is clear evidence that credit risk of the financial instrument has not increased significantly since initial recognition.

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

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

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 originally made and includes it in the profit or loss for the current period, provided that the carrying amount after reverse should not exceed the carrying amount the asset would have reached on the date of reverse had the provision for impairment been not made.

18. Held-for-sale assets

The assets of which carrying amount is recovered mainly through sales (including through exchange of non-monetary assets with commercial substance) rather than continuous use of non-current assets or disposal groups are classified as the held-for-sale assets.

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

- (1) they can be sold immediately under current conditions according to the practice of sales of such assets or disposal groups in similar transactions; and

(2) the sale is very likely to happen, that is, the Company has made a resolution on a sale plan and obtained a confirmed purchase commitment, and such sale is expected to be completed within one year. The sale has been approved by the relevant authority or regulatory department of the Company if it is required to be so approved by the relevant 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 reserve. In case the equity premium in the capital reserve is not sufficient to absorb the difference, the

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, the remaining equity is still accounted for using the equity method, the portion previously included in other comprehensive income is accounted for on a pro-rata basis, with the same basis as the relevant assets or liabilities directly disposed of by the investee, and changes in other owners' equity are transferred to profit or loss for the current period on a pro-rata basis.

When the Company loses joint control or significant influence on the investee due to disposal of equity investments or other reasons, the original equity investment included in other comprehensive income due to the use of equity method is accounted for on the same basis as the relevant assets or liabilities directly disposed of by the investee when the equity method discontinues, and the changes in other owners' equity are fully transferred to profit or loss for the current period when the equity method discontinues.

Where the Company loses control over the investee due to disposal of partial equity investments, if in preparing separate financial statements, the Company can exercise joint control or significant influence on the investee by virtue of its remaining equity, the remaining equity switches to the equity method for accounting, and is adjusted as if it is accounted for using the equity method since acquisition. Other comprehensive income recognized prior to acquisition of the control on the investee is carried forward proportionally on the same basis as the investee's direct disposal of related assets or liabilities, and changes in other owners' equity recognized using the equity method are transferred to profit or loss for the current period on a pro-rata basis; if the Company cannot exercise joint control or significant influence on the investee by virtue of its remaining equity, the remaining equity is recognized as financial assets, and the difference between the fair value and the carrying amount on the date when the Company loses control is recognized in profit or loss for the current period, and other comprehensive income and changes in other owners' equity recognized prior to acquisition of the control on the investee are fully carried forward.

Where all transactions from disposal of equity investments in a subsidiary through multiple transactions by steps until the loss of control belong to a single package, the Company accounts for each transaction as a disposal of equity investments in a subsidiary and the loss of control; however, the difference between the proceeds from each disposal before loss of control and the carrying amount of the long-term equity

investments corresponding to the equity disposed of is first recognized in other comprehensive income in separate financial statements and then transferred to the profit or loss in the period in which the control is lost. Where all transactions do not belong to a single package, the Company accounts for each transaction respectively.

23. Investment properties

Measurement of investment properties

Measured at cost

Depreciation or amortization methods

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

The Company measures the existing investment properties using the cost model. Subsequent costs incurred for an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Company and the cost of the asset can be measured reliably. Subsequent costs that fail to meet the recognition criteria above are recognized in profit or loss in the period in which they are incurred. For investment properties measured using cost model for measurement - the buildings available for rental follow the same depreciation policies as those of the Company's fixed assets, and land use rights available for rental follow the same amortization policies as those of intangible assets.

24. Fixed assets

(1) Recognition of fixed assets

Fixed assets are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives more than one accounting year. A fixed asset is recognized only when both of the following conditions are met:

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

A fixed asset of the Company is initially measured at its cost, and in determining the cost of a fixed asset, the Company considers the effect of any expected costs of abandoning the asset at the end of its use.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the cost of the asset can be measured reliably; the carrying amount of the part to be replaced is derecognized; all of other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(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 the lessee can use them without major modifications being made.

At the inception of the lease, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, and recognizes a long-term

payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable 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 other borrowing costs incurred are recognized as an expense in the period in which they are incurred, and recorded into profit or loss for the current period.

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

2. Capitalization period of borrowing costs

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

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

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

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

3. Period over which capitalization is suspended

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or

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

4. Calculation methods of rate and amount of capitalization of borrowing cost

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

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

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences arising from foreign currency borrowings and interest thereon other than specific-purpose borrowings denominated in foreign currency are recognized in profit or loss for the current period.

27. Biological assets

None

28. Oil and gas assets

None

29. Right-of-use assets

Please refer to Note V, 42 “Leases” for details of the determination and accounting treatment of right-of-use assets.

30. Intangible assets

(1) Pricing methods, useful lives and impairment tests

1. Pricing methods of intangible assets

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

The cost of a separately acquired intangible asset comprises its purchase price, related taxes and any

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

(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 scientific or technical knowledge.

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

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

Expenditure on the research phase is recognized in profit or loss for the period in which it is incurred.

Expenditure on the development phase is recognized as an intangible asset only when the Company demonstrates all of the following conditions are met; otherwise, it is recognized in profit or loss for the current period:

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

Goodwill generated in a business combination, indefinite-lived intangible assets and intangible assets which do not meet the working conditions for its use are tested for impairment at least at the end of each year, irrespective of whether there is any indication that the asset may be impaired.

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

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, there may be an indication that a related asset group or set of asset groups may be impaired. In such circumstances, the Company firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, calculates its recoverable amount, compares the recoverable amount with the related carrying amount and recognizes any impairment loss. Then, the Company tests the asset group or set of asset groups to which goodwill has been allocated for impairment and compares its carrying amount and recoverable amount. When the recoverable amount is less than its carrying amount, the amount of impairment loss first reduces the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduces the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once an impairment loss on the asset above is recognized, it will not be reversed in a subsequent period.

32. Long-term prepaid expenses

Long-term prepaid expenses mean those that have been incurred but should be amortized in the current period and the subsequent periods of more than one year.

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

Item	Amortization method	Amortization period
Decoration fees	Straight-line method	Period of benefit
Others	Straight-line method	Period of benefit

33. Contract liabilities

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 obligations to transfer goods or offer services to customers as the consideration received or receivable from customers the contract liabilities. The Company lists the contract assets and liabilities under the same contract as net amount.

34. Employee benefits

(1) Accounting treatment of short-term benefits

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees serve the Company as liabilities, and include the same as part of the cost of related assets or in profit or loss for the current period.

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

The staff welfare incurred by the Company is stated as the amount actually incurred and recorded into profit or loss for the current period or cost of related assets; non-monetary benefits are measured at fair value.

(2) Accounting treatment of post-employment benefits

(1) Defined contribution plans

The Company pays basic endowment insurance and unemployment insurance for employees pursuant to the relevant regulations of the local government. The amounts payable therefor, during the accounting period when the employees serve the Company, are calculated according to the payment base and proportion stipulated by the local regulations, which are recognized in profit or loss for the current period or the cost of related assets as liabilities. The Company pays a certain proportion of the total wages of an employee to the annuity plan/local social insurance institution, and the corresponding expenses are

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 difference between the present value of the obligations in the defined benefit plan and the settlement price determined on the settlement date.

(3) Accounting treatment of termination benefits

The Company recognizes the employment compensation liabilities generated by termination benefits and records them into the profit or loss for the current period on the earlier of: when the Company cannot unilaterally withdraw the severance benefits provided as a result of the labor relationship termination plan or layoff proposal, or when it recognizes the costs or expenses related to the restructuring of the severance benefits payment.

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

35. Lease liabilities

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

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; and

(3) the amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the expenditure required to settle the related present obligation.

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

Where there is a continuous range of the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. Under any other circumstances, the best estimate is accounted for as follows:

- where the contingency involves a single item, the best estimate is the most likely amount.
- where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

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 carrying amount of the estimated liability.

The Company reviews the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

37. Share-based payment

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

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

An equity-settled share-based payment in exchange for services received from the employees is measured at the fair value of equity instruments granted to the employees. If the right under the share-based payment vests immediately following the grant, the Company, on grant date, recognizes related costs or expenses at an amount equal to the fair value of the equity instruments, with a corresponding increase in capital reserve. If the rights under a share-based payment do not vest until 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 on the grant date, with a corresponding increase in capital reserve.

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

If the granted equity instrument is cancelled within the vesting period, the Company treats the cancellation of equity instrument granted as the accelerated exercise, and the amount to be recognized during the remaining vesting period is immediately charged to profit or loss for the current period, and the capital reserve is recognized at the same time. However, if a new equity instrument is granted, and on the grant date thereof, is deemed to replace the cancelled equity instrument, then the substitute equity instrument granted is accounted for pursuant to the terms and conditions for accounting for original equity instrument.

2. Cash-settled share-based payment and equity instruments

A cash-settled share-based payment is measured at the fair value of the liability incurred, being a liability which is determined based on the price of the Company's shares or other equity instruments. If the right under the share-based payment vests immediately following the grant, the Company, on grant date, recognizes related costs or expenses at an amount equal to the fair value of the liabilities assumed with a corresponding increase in liabilities. If the rights under a share-based payment do not vest until 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

Accounting policies adopted for the recognition and measurement of revenue

1. Accounting policies adopted for the recognition and measurement of revenue

The revenue is recognized at the time when the Company has discharged the performance obligations in the contract, that is, when the customer obtains the control of the related goods or services. Obtainment of the control of the related goods or services means the ability to direct the use of such goods and services and obtain substantially all of economic benefits from them.

If the contract has two or multiple performance obligations, the Company allocates the transaction price to each individual performance obligation on the inception of the contract by reference to relative standalone selling prices of goods or services promised thereby. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company is entitled arising from the transfer of goods or services to the customer, excluding the amount collected on behalf of a third party and expected to be returned to the customer. The Company determines the transaction price with reference to the contract terms and in conjunction with past customary practices, and in doing so, considers variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price including variable consideration to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal of accumulatively recognized revenue in the future when the uncertainty has been subsequently resolved. If there is a significant financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services, and amortizes the differences between the transaction price and the contract consideration using the actual interest method within the term of the contract.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time:

- the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract.
- the customer can control the products in progress in the performance of the contract by the Company.
- the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time, unless the performance progress cannot be reasonably determined. The Company

determines the progress of performance obligation by taking the nature of goods or services and using the output/input method. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, the Company recognizes the revenue to the extent of costs incurred until the performance progress can be reasonably determined.

For the obligation performed at a point in time, the Company recognizes the revenue at the point in time when the customer obtains the control of the related goods or services. When judging whether the customer has obtained the control of goods or services, the Company considers the followings signs:

- the Company has the current right to receive payment for such goods or services, that is, the customer has the current obligation to make payment for such goods or services;
- the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods;
- the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically;
- the Company has transferred major risks and rewards of ownership of such goods to the customer, that is, the customer has obtained major risks and rewards of ownership of such goods; and
- the customer has accepted such goods or services.

2. Specific methods of revenue recognition

The Company organizes the production according to the sales contracts signed with or the orders placed by customers, and identifies the following models based on different geographical locations of customers and inventory management methods:

(1) General sales

For domestic sales, the Company ships goods to the delivery location designated by a customer, and recognizes the revenue after the customer has signed the receipt of the products; and for foreign sales, the goods are delivered according to specific trade terms, and the revenue is recognized at a point in time when the control is transferred.

(2) Supplier management inventory

Under this model, the Company ships the goods to the designated warehouse, the customer picks up the goods from the warehouse, and the revenue is recognized at a point in time when the control is transferred.

Difference in the accounting policy for revenue recognition arising from adoption of different modes of operation for the same kind of business

None.

40. Government grants

1. Category

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

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

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

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

When classifying a grant whose subsidy object is not clearly specified in the government documents as a government grant related to assets or a government grant related to income, the Company judges whether the grant is used to purchase, construct or otherwise acquire long-term assets.

2. Recognition time point

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

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

The government grant is recognized when the Company meets the conditions attaching to the government grant and can receive the government grant.

3. Accounting treatment

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

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

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

(1) If the finance department allocates the interest discount funds to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company

recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

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

41. Deferred tax assets/deferred tax liabilities

Income tax includes current and deferred tax. Except for the income tax arising from business combinations and transactions or events recognized directly in owners' equity (including other comprehensive income), the Company recognizes current tax and deferred tax in profit or loss for the current period.

The deferred tax assets and deferred tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and the carrying amount of assets and liabilities.

A deferred tax asset is recognized for the deductible temporary difference to the extent that it is probable that future taxable income amounts will be available against which the deductible temporary difference can be utilized. A deferred tax asset is recognized for the carryforward of unused deductible losses and tax credits to the extent that it is probable that future taxable income amounts will be available against which the deductible losses and tax credits can be utilized.

A deferred tax liability is recognized for taxable temporary difference, except for special circumstances. Special circumstances under which the deferred tax assets or deferred tax liabilities are not recognized for the taxable temporary difference include:

- the initial recognition of goodwill;
- the transaction or event that is not business combination, and at the time of the occurrence, does not affect accounting profit or taxable income amount (or deductible loss).

A deferred tax liability is recognized for the taxable temporary difference related to investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognized for the deductible temporary difference related to investments in subsidiaries, associates and joint ventures when it is probable that the temporary difference will reverse in the foreseeable future and taxable income amounts will be available in the future against which the deductible temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws.

The Company reviews the carrying amount of the deferred tax assets at the balance sheet date. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income amounts will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income amounts will be available.

The current tax assets and current tax liabilities are offset and presented on a net basis when the Company has the statutory right to settle on a net basis, and intends to settle on a net basis or to obtain assets and

settle liabilities simultaneously.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset and presented on a net basis when both of the following conditions are satisfied:

- the taxpayer has the statutory right to settle the current tax assets and current tax liabilities on a net basis; and
- the deferred tax assets and deferred tax liabilities are related to income taxes levied by the same tax authority on the same taxpayer or different taxpayers, provided that during the period in which each material deferred tax asset and liability will be reversed, the taxpayer involved intends to settle the current tax assets and liabilities on a net basis or obtain assets and settle liabilities simultaneously.

42. Leases

(1) Accounting treatment of operating leases

Please refer to paragraph (3) of this section for details of determination and accounting treatment of leases under the New Lease Standard.

(2) Accounting treatment of finance leases

Please refer to paragraph (3) of this section for details of determination and accounting treatment of leases under the New Lease Standard.

(3) Determination and accounting treatment of leases under the New Lease Standard

Accounting policies applicable since January 1, 2021

The term “lease” refers to an agreement whereby the lessor conveys to the lessee the right to use an asset for consideration in an agreed period of time. The Company shall assess whether a contract is a lease contract or contains a lease at the commencement date of the contract, which can be identified if one party to the contract conveys the right to use one or more identified assets for exchange of consideration in an agreed period of time.

If a contract contains several individual leases, the Company will split the contract and account for each individual lease separately. If a contract contains both lease and non-lease components, the lessee and the lessor will separate the lease and non-lease components.

1. The Company as a lessee

(1) Right-of-use assets

At the commencement date of the lease, the Company recognizes right-of-use assets for leases excluding short-term leases and leases of low-value assets. The right-of-use assets are initially measured at cost comprising the following:

- * the amount of the initial measurement of lease liability;
- * any lease payments made at or before the commencement date less any lease incentives received (if any);
- * any initial direct costs incurred to the Company; and
- * costs expected to be incurred to the Company for disassembly and removal of leased assets, restoration of the site where the leased asset is located, or recovery of the leased asset to the condition agreed upon under the terms of the lease, excluding costs incurred to produce inventories.

The right-of-use assets are depreciated by using a straight-line method subsequently. A leased asset is

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 liabilities are initially measured at the present value of the outstanding lease payments including:

- * fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);
- * variable lease payments that are based on an index or a rate;
- * amounts expected to be payable by the Company for the guaranteed residual value;
- * the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- * payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company’s incremental borrowing rate is applied.

Interest expenses incurred to the lease liabilities over the term of the relevant lease are calculated by the Company based on fixed periodic interest rate, and recognized in the current profit or loss or the cost of the related assets.

Variable lease payments excluded from the measurement of lease liabilities are charged to profit or loss in the period when they are incurred or included in cost of related assets.

After the commencement date of the lease term, the Company will re-measure the lease liabilities and adjust relevant right-of-use assets in one of the following cases, and charge the difference to the current profit or loss if the carrying amount of the right-of-use assets is decreased to zero but that of the lease liabilities needs to be deducted further:

- * When there is a change in the assessment of a purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned options is not consistent with the original assessment, the Company will re-measure the lease liabilities at the present value of the modified lease payments discounted by using the revised discount rate.
- * When there is a change in the in-substance fixed payments, the expected payable for the guaranteed residual value, or the index or rate used to determine the lease payments, the Company will re-measure the lease liabilities at the present value of the modified lease payments discounted by using the original discount rate. However, if the change in the lease payments is caused by the fluctuation of the floating interest, the present value shall be discounted by using the revised discount rate.

(3) Short-term leases and leases of low-value assets

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and recognize in the current profit or loss or the cost of the related assets payments associated with short-term leases and leases of low-value assets on a straight-line basis over the term of the relevant lease. Short-term leases are leases with a lease term of 12 months or less without a purchase option at the commencement date of leases. Leases of low-value assets are leases for which the

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 lease of low-value assets.

(4) Lease modification

The Company accounts for a 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; and
- * 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 that is not accounted for as a separate lease, at the effective date of the modification, the Company will allocate the consideration in the modified contract, determine the lease term of the modified lease and re-measure the lease liabilities at the present value of the modified lease payments discounted by using the revised discount rate.

For modifications that decrease the scope of the lease or shorten the lease term, the Company decreases the carrying amount of the right-of-use asset accordingly, and recognizes a gain or loss arising from the partial or full termination of the lease into the current profit or loss. For other modifications resulting to a re-measurement of lease liabilities, the Company makes a corresponding adjustment to the carrying amount of right-of-use assets.

The Company leases plants from the governments or platform companies held by the governments with conditional rent-free agreements executed with local governments and government platforms, in which conditions such as tax targets, employment targets and output targets are stipulated, thus variable lease payments are formed. These variable lease payments are not included in the measurement of lease liabilities and recognized in profit or loss when they are actually incurred.

2. The Company as a lessor

At the commencement date of the lease, the Company classifies leases as finance leases and operating leases. Finance leases refer to the leases to which the Company has transferred substantially all the risks and rewards of ownership of the leased assets regardless whether the ownership has transferred or not. All other leases are classified as operating leases. The Company, when acting as a sub-lease lessor, classifies the sub-leases based on the right-of-use assets arising from the original leases.

(1) Accounting treatment for operating lease

Rent receipts from operating lease are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating lease are capitalized when incurred, and are allocated to profit or loss on the same basis as rental income over the lease term. Variable lease payments not included in the rent receipts are recognized in profit or loss when incurred actually. An operating lease, if modified, is accounted for as a new lease from the effective date of the modification, with receipts in advance or rent receivables related to the lease before the modification recognized as the rent receipts of the new lease.

(2) Accounting treatment for finance lease

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 of the lease, the Company accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the leased asset as the net investment in the lease immediately before the effective date of the lease modification; or
- * if the lease would have been classified as a finance lease had the modification been in effect at the commencement date of the lease, the Company accounts for the lease modification in accordance with the requirements in Note “III. (10) Financial instruments - Policies on the contract modifications or re-negotiation”.

3. Sale and leaseback transactions

The Company assesses and determines whether the transfer of an asset in the sale and leaseback transactions is accounted for as a sale of that asset pursuant to the principles stated in Note “III. (26) Revenue”.

(1) The Company as a lessee

If the transfer of an asset in the sale and leaseback transactions satisfies the requirements to be accounted for as a sale of the asset, the Company, as a lessee, measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained, and recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor accordingly; and if the transfer of an asset in the sale and leaseback transactions does not satisfy the requirements to be accounted for as a sale of the asset, the Company, as a lessee, continues to recognize the transferred asset and a financial liability equal to the transfer proceeds. Please refer to Note “III. (10) Financial instruments” for accounting treatment of the financial liability.

(2) The Company as a lessor

If the transfer of an asset in the sale and leaseback transactions satisfies the requirements to be accounted for as a sale of the asset, the Company, as a lessor, accounts for the purchase of the asset and for the lease subject to the above policies stated in “2. The Company as a lessor”; and if the transfer of an asset in the sale and leaseback transactions does not satisfy the requirements to be accounted for as a sale of the asset,

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.

When the Company bears the lease-related expenses to be assumed by the lessee, the Company deducts these expenses from total rent and then allocates such deducted rent during the lease term.

2. Accounting treatment for finance lease

(1) Assets leased in under finance leases: At the inception of the lease, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge. The Company amortizes unrecognized finance charge during the lease term using the effective interest method, and recognizes the same in financial expenses. The initial direct expenses incurred by the Company are recognized in the value of leased-in asset.

(2) Assets leased out under finance leases: At the inception of the lease, the Company recognizes the difference between the sum of finance lease receivables and unguaranteed residual value and their present value as unearned finance income, and recognizes the same as lease revenue in each period over which the rent will be received. The initial direct expenses incurred by the Company in connection with the lease transactions are recognized in the finance lease receivable initially measured and reduces the amount of income recognized during the lease term.

43. Other significant accounting policies and accounting estimates

None

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 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.

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
Present value discounted by the Company's incremental borrowing rate as at January 1, 2021	144,462,685.91
Lease liabilities under the New Lease Standard as at January 1, 2021	144,462,685.91
Difference between the discounted present value and the lease liabilities	0.00

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 respectively at the date of initial application.

* The Company as a lessor

For sub-lease classified as an operating lease before the date of initial application and still existing as at or after the date of initial application, the Company re-assesses the sub-lease by applying the remaining contract valid term and contract terms and conditions of the original lease and the sub-lease, and classifies the sub-lease subject to the New Lease Standard. For sub-lease classified as a financial lease, the Company accounts for it as new finance lease.

Except sub-lease, the Company is not required to make any adjustments to leases with the Company as a lessor subject to the New Lease Standard. The Company accounts for leases by applying the New Lease Standard from the date of initial application.

* Main effects of the Company's application of the New Lease Standard on the financial statements are stated as follows:

Changes in accounting policies and associated reasons	Approval procedure	Affected items of the financial statements	Amount affected on balance as at January 1, 2021	
			Combination	Parent company
(1) Adjustments made by the Company, as a lessee, to operating leases existing before the date of initial application		Prepayments	-4,726,316.41	
		Right-of-use assets	149,189,002.32	1,693,632.15
		Lease liabilities	144,462,685.91	1,693,632.15

(2) Application of *Interpretation No.14 of Accounting Standards for Business Enterprises*

On February 2, 2021, the Ministry of Finance released *Interpretation No.14 of Accounting Standards for Business Enterprises* (Cai Kuai [2021] No.1) (hereinafter referred to as the "Interpretation No.14"), which

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

① 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.

② 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.9), which should come into force from the date of releasement. According to this notice, the application scope of rental concessions related to COVID-19 epidemic is adjusted, hence the practical expedients only applicable to any reduction in lease payments due before June 30, 2021 can also be applied to any reduction in lease payments due before June 30, 2022, but other applicable conditions remain unchanged. The Company has chosen practical expedients to account for all lease contracts satisfying the conditions before the adjustment of the application scope and all similar lease contracts satisfying the conditions on and after the adjustment of the application scope. Meanwhile, the Company also retrospectively adjusts relevant lease contracts that have been accounted for by adopting lease modification requirements before the releasement of this notice, but makes no adjustments on comparative information in the financial

statements of the prior period. For any rental concession incurred from January 1, 2021 to the effective date of this notice which has not accounted for subject to requirements of this notice, the Company will make adjustments retrospectively subject to requirements of this notice.

(4) Application of presentation related to the centralized management of funds stipulated in *Interpretation No.15 of Accounting Standards for Business Enterprises*

On December 30, 2021, the Ministry of Finance released *Interpretation No.15 of Accounting Standards for Business Enterprises* (Cai Kuai [2021] No.35) (hereinafter referred to as the “Interpretation No.15”), according to which the “presentation related to the centralized management of funds” should come into force from the date of releasement and financial statement information in comparative period shall be adjusted retrospectively.

Interpretation No.15 makes clear regulations on the presentation and disclosure in the balance sheet of the balances related to the centralized management of funds of the parent company and its members through internal clearing houses, finance companies, etc. The implementation of these provisions has not had material impact on the Company’s financial position and operating results.

(2) Changes in significant accounting estimates

Applicable N/A

(3) Description of adjustments in opening balances of line items in financial statements of the year due to initial application of New Lease Standard since 2021

Applicable N/A

Did the line items of the opening assets and liabilities require adjustment?

Yes No

Consolidated balance sheet

In RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current assets:			
Cash and bank balances	10,528,245,765.93	10,528,245,765.93	
Balances with clearing agencies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	3,160,064,470.41	3,160,064,470.41	
Derivative financial assets			
Notes receivable	261,208,601.50	261,208,601.50	

Accounts receivable	13,839,155,340.47	13,839,155,340.47	
Receivable financing			
Prepayments	183,886,937.70	179,160,621.29	-4,726,316.41
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	407,990,780.79	407,990,780.79	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	13,211,009,381.15	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	1,804,485,645.49	
Total current assets	43,396,046,923.44	43,391,320,607.03	-4,726,316.41
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	1,208,540,333.29	1,208,540,333.29	
Other investments in equity instruments	138,074,571.56	138,074,571.56	
Other non-current financial assets			
Investment properties	47,592,110.24	47,592,110.24	
Fixed assets	19,761,012,854.95	19,761,012,854.95	

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	
Other current liabilities	623,257,555.89	623,257,555.89	
Total current liabilities	33,592,712,483.74	33,592,712,483.74	
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	1,495,199,238.41	1,495,199,238.41	
Bonds payable	2,475,423,249.98	2,475,423,249.98	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		144,462,685.91	144,462,685.91
Long-term payables			
Long-term employee benefits payable			
Provisions	1,360,598.63	1,360,598.63	
Deferred income	425,345,982.64	425,345,982.64	
Deferred tax liabilities	966,092,212.95	966,092,212.95	
Other non-current liabilities	150,019,923.33	150,019,923.33	
Total non-current liabilities	5,513,441,205.94	5,657,903,891.85	144,462,685.91

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			
Prepayments	295,993,095.73	295,993,095.73	
Other receivables	554,707,729.13	554,707,729.13	
Including: Interest receivable			
Dividends receivable	11,543,626.19	11,543,626.19	
Inventories	151,961,355.37	151,961,355.37	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	143,001,991.83	143,001,991.83	
Total current assets	12,345,985,142.54	12,345,985,142.54	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investment	13,603,581,726.93	13,603,581,726.93	
Other investments in equity instruments	704,349,663.13	704,349,663.13	
Other non-current financial assets			
Investment properties			
Fixed assets	142,429,101.80	142,429,101.80	
Construction in progress	5,938,197.42	5,938,197.42	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		1,693,632.15	1,693,632.15
Intangible assets	52,410,346.09	52,410,346.09	
Development expenditure			
Goodwill	53,174,339.31	53,174,339.31	
Long-term prepaid expenses	727,403.48	727,403.48	

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	2,303,197,437.38	
Less: Treasury shares			
Other comprehensive income	80,735,015.01	80,735,015.01	
Special reserve			
Surplus reserve	733,067,797.73	733,067,797.73	
Unappropriated profit	5,031,699,596.69	5,031,699,596.69	
Total owners' equity	15,675,917,259.37	15,675,917,259.37	
Total liabilities and owners' equity	26,916,476,412.30	26,918,170,044.45	1,693,632.15

Description of adjustment

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

(4) Description of retrospective adjustments in comparative data in prior periods due to initial application of New Lease Standard in 2021

Applicable N/A

45. Others

None

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

Luxshare iTech (Zhejiang) Co., Ltd.	15
Shenzhen Luxshare Acoustics Technology Ltd.	15
Enshi Luxshare Precision Industry Co., Ltd.	15
Luxshare Precision Limited	Note 1
Luxshare Precision Technology Co., Ltd.	16.5
Taiwan Luxshare Precision Limited	20
ICT-LANTO LIMITED(HK)	Note 1
Luxshare Standard Limited (HK)	Note 1
Luxshare Technologies Limited	Note 1
Luxshare-ICT (Japan)	Note 2
Yunding Technology Co., Ltd.	Note 1
Luxis Technology Limited	Note 1
Luxshare Precision Investment Co., Ltd.	Note 1
SPEED TECH CORP.	20
Luxshare-ICT (India)	25
Luxshare Liantao (India) Co., Ltd.	25
Luxshare ICT, Inc.	Note 3
Luxshare-ICT Europe Limited	19
Suk kunststofftechnik GmbH	15
Korea LuxshareICT Co., Ltd	Note 4
Xuancheng Luxshare Precision Industry Co., Ltd.	15
LUXSHARE-ICT (VIETNAM) LIMITED.	20
LUXSHARE-ICT (VAN TRUNG) COMPANY LIMITED.	20
LUXSHARE-ICT (NGHE AN) LIMITED.	20
Caseteck Singapore PTE. LTD.	17
Other subsidiaries	25

2. Tax incentives

1. The Company was identified as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Committee, and Shenzhen Tax Service, State Taxation Administration on December 23, 2021, with the High-tech Enterprise Certificate No.GR202144203830 valid for three years. As provided for in the *Notice by the Ministry of Finance and the State Administration of Taxation on Preferential Policies for Enterprise Income Taxes Related to Enterprises' Technological Innovation* and the *Notice by the State Administration of Taxation on Issues Concerning the Implementation of Preferential Enterprise Income Taxes for High-tech Enterprises*, the Company enjoys an enterprise income tax of 15% for 2021.

2. The subsidiary, Xiexun Electronic (Ji'an) Co., Ltd. ("Ji'an Xiexun"), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on September 14, 2020, with the High-tech Enterprise Certificate No.GR202036001325 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.
3. The subsidiary, ASAP TECHNOLOGY (JIANGXI) CO., LTD. ("ASAP JIANGXI"), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on September 16, 2019, with the High-tech Enterprise Certificate No.GR201936000710 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.
4. The subsidiary, Lanto Electronic Limited. ("Lanto Kunshan"), was identified as a high-tech enterprise by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on December 2, 2020, with the High-tech Enterprise Certificate No.GF202032003737 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.
5. The sub-subsidiary, Bozhou Lanto Electronic Limited. ("Bozhou Lanto"), was identified as a high-tech enterprise by Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Tax Service, State Taxation Administration on September 18, 2021, with the High-tech Enterprise Certificate No.GR202134001185 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.
6. The sub-subsidiary, HUZHOU JIUDING ELECTRONIC CO., LTD. ("HUZHOU JIUDING"), was identified as a high-tech enterprise by the Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Zhejiang Province on December 1, 2020, with the High-tech Enterprise Certificate No.GR202033002604 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.
7. The subsidiary, Luxshare Automation (Jiangsu) Ltd. ("Jiangsu Automation"), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 30, 2021, with the High-tech Enterprise Certificate No.GR202132006272 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.
8. The sub-subsidiary, MERRY ELECTRONICS (SUZHOU) CO., LTD. ("MERRY SUZHOU"), 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 December 2, 2020, with the High-tech Enterprise Certificate No.GR202032005557 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.
9. The subsidiary, Luxshare Electronic Technology (Kunshan) Co., Ltd. ("Luxshare Electronic Kunshan"),

was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 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.

10. The sub-subsidiary, Yongxin County Boshuo Electronics Co., Ltd. (“Yongxin Boshuo”), was identified as a high-tech enterprise by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration on December 2, 2020, with the High-tech Enterprise Certificate No.GR202036001897 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.

11. The subsidiary, Chuzhou Luxshare Precision Industry Co., Ltd. (“Luxshare Chuzhou”), was identified as a high-tech enterprise by Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Tax Service, State Taxation Administration on September 9, 2019, with the High-tech Enterprise Certificate No.GR201934001733 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.

12. The sub-subsidiary, M&A MERRY ELECTRONICS (HUIZHOU) CO., LTD. (“M&A MERRY HUIZHOU”), was identified as a high-tech enterprise by Guangdong Province Department of Science and Technology, Guangdong Provincial Department of Finance, and Guangdong Provincial Tax Service, State Taxation Administration on December 20, 2021, with the High-tech Enterprise Certificate No.GR202144005561 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.

13. The subsidiary, FUJIAN JK WIRING SYSTEMS CO., LTD. (“FUJIAN JK”), was identified as a high-tech enterprise by Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, and Fujian Provincial Tax Service, State Taxation Administration on December 1, 2020, with the High-tech Enterprise Certificate No.GR202035000014 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.

14. The subsidiary, Jiangxi Luxshare Intelligent Manufacture Co., Ltd. (“Intelligent Manufacture Jiangxi”), was identified as a high-tech enterprise by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration on November 3, 2021, with the High-tech Enterprise Certificate No.GR202136000345 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.

15. The sub-subsidiary, Jiangxi ASAP Electronic Co., Ltd. (“Boshuo Electronics”), was identified as a high-tech enterprise by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration on November 3, 2021, with the High-tech Enterprise Certificate No.GR202136000645 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.

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

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 December 15, 2021, with the High-tech Enterprise Certificate No.GR202151003570 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.

18. The sub-subsidiary, Baoding Luxshare Precision Industry Co., Ltd. (“Baoding Luxshare”), was identified as a high-tech enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Finance Bureau, and Hebei Provincial Tax Service, State Taxation Administration on September 10, 2019, with the High-tech Enterprise Certificate No.GR201913000851 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.

19. The sub-subsidiary, Luxshare Precision Industry (Shanxi) Co., Ltd. (“Shanxi Luxshare”), was identified as a high-tech enterprise by Shanxi Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration on September 16, 2019, with the High-tech Enterprise Certificate No.GR201914000049 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.

20. The sub-subsidiary, Dongguan Xuntao Electronic Co., Ltd. (“Dongguan Xuntao”), was identified as a high-tech enterprise by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration on December 2, 2019, with the High-tech Enterprise Certificate No.GR201944005411 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.

21. The subsidiary, Kunshan Luxshare Precision Industry Co., Ltd. (“Kunshan Luxshare”), 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 December 2, 2020, with the High-tech Enterprise Certificate No.GR202032002892 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.

22. The subsidiary, Luxshare iTech (Zhejiang) Co., Ltd. (“iTech Zhejiang”), was identified as a high-tech enterprise by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration on December 1, 2020, with the High-tech Enterprise Certificate No.GR202033001987 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.

23. The subsidiary, Shenzhen Luxshare Acoustics Technology Ltd. (“Luxshare Acoustics”), was identified as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Committee, and Shenzhen Tax Service, State Taxation Administration on December 11, 2020, with the High-tech Enterprise Certificate No.GR202044204060 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.

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 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.

3. Others

Note 1. As per the tax law in Hong Kong, Hong Kong adopts a territorial source principle of taxation, under which only profits which have a source in Hong Kong are taxable there, while profits sourced elsewhere are not subject to Hong Kong gain tax. Luxshare Technologies Limited, Luxshare Standard Limited (HK), ICT-LANTO LIMITED(HK), Luxshare Precision Limited, Yunding Technology Co., Ltd., Luxis Technology Limited, and Luxshare Precision Investment Co., Ltd. are not required to pay income tax in Hong Kong.

Note 2. Luxshare-ICT (Japan) is entitled to the graded tax rate for the capital amounting to not more than JPY100 million. Corporate income tax (national tax): at 15% for the portion of taxable income within JPY8 million (inclusive), and at 23.2% for the portion in excess thereof. Local corporate income tax (national tax): at 10.3% of total corporate taxable income (national tax).

Note 3. The applicable tax rate of Luxshare ICT, Inc is shown as follows:

	Applicable tax rate
Income tax (federal)	21%
Local tax (state)	8.84%

Note 4. The applicable tax rate of Korea LuxshareICT Co., Ltd is shown as follows:

Total profits	Corporate tax	Local tax
Less than KRW200 million	10%	10% of corporate taxable income
KWR200 million~KWR20 billion	20%	
KWR20 billion~KWR300 billion	22%	
Above KWR300 billion	25%	

VII. Notes to items in consolidated financial statements

1. Cash and bank balances

In RMB

Item	Closing balance	Opening balance
Cash on hand	323,716.04	9,919,560.76
Bank deposit	8,921,213,012.04	10,454,884,890.58
Other cash and bank balances	5,283,081,458.35	63,441,314.59
Total	14,204,618,186.43	10,528,245,765.93
Including: Total amount of funds deposited abroad	2,906,518,266.72	3,867,118,934.25

Other descriptions

Bank deposits include interest incurred from fixed-term deposits amounting to RMB9,647,499.97;

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

Item	Closing balance	Balance at the end of last year
Security deposit of bank acceptance bills	3,080,883,997.37	10,678,394.18
Credit deposits	5,079,240.43	13,933,745.95
Performance deposit	2,515,972.33	21,291,516.86
Term deposit or call deposit used for guarantee	2,194,602,248.22	17,537,657.60
Total	5,283,081,458.35	63,441,314.59

2. Held-for-trading financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	2,107,118,105.04	3,160,064,470.41
Including:		
Derivative financial assets	115,918,643.05	305,388,419.95
Bank wealth management	1,991,199,461.99	2,854,676,050.46
Including:		
Total	2,107,118,105.04	3,160,064,470.41

Other descriptions:

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
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Other descriptions:

4. Notes receivable

(1) Categorized presentation of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance bill	137,325,482.78	251,899,317.40
Commercial acceptance bill	170,511,151.86	9,309,284.10
Total	307,836,634.64	261,208,601.50

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Notes receivable for which bad-debt provision is made by group	307,839,882.42	100.00%	3,247.78	0.00%	307,836,634.64	261,208,601.50	100.00%	0.00	0.00%	261,208,601.50
Including:										
Bank acceptance bill	137,325,482.78	44.61%	0.00	0.00%	137,325,482.78	251,899,317.40	96.44%	0.00	0.00%	251,899,317.40
Commercial acceptance bill	170,514,399.64	55.39%	3,247.78	0.00%	170,511,151.86	9,309,284.10	3.56%	0.00	0.00%	9,309,284.10
Total	307,839,882.42	100.00%	3,247.78	0.00%	307,836,634.64	261,208,601.50	100.00%	0.00	0.00%	261,208,601.50

Provision for bad debts made individually:

In RMB

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

Provision for bad debts made by group:

In RMB

Description	Closing balance		
	Book balance	Bad-debt provision	Provision proportion

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 at the end of the period because of drawers' non-performance

In RMB

Item	Amount transferred to accounts receivable at the end of the period
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Other descriptions

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

In RMB

Item	Write-off amount
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Including the write-off of significant notes receivable:

In RMB

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

5. Accounts receivable**(1) Categorized disclosure of accounts receivable**

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable for which bad-debt provision is made individually	39,549,791.95	0.12%	39,549,791.95	100.00%	0.00	37,656,321.38	0.27%	37,527,221.68	99.66%	129,099.70
Including:										
Accounts receivable for which bad-debt provision is made by group	31,677,413,509.78	99.88%	54,227,563.53	0.17%	31,623,185,946.25	13,862,652,924.95	99.73%	23,626,684.18	0.17%	13,839,026,240.77
Including:										
Group by aging	31,677,413,509.78	99.88%	54,227,563.53	0.17%	31,623,185,946.25	13,862,652,924.95	99.73%	23,626,684.18	0.17%	13,839,026,240.77
Total	31,716,963,301.73	100.00%	93,777,355.48	0.30%	31,623,185,946.25	13,900,309,246.33	100.00%	61,153,905.86	0.44%	13,839,155,340.47

Provision for bad debts made individually:

In RMB

Description	Closing balance			
	Book balance	Bad-debt provision	Provision proportion	Reason for provision
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	145,149.65	100.00%	Unrecoverable
Total	39,549,791.95	39,549,791.95	--	--

Provision for bad debts made individually:

In RMB

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

Provision for bad debts made by group:

In RMB

Description	Closing balance		
	Book balance	Bad-debt provision	Provision proportion
Undue	31,337,853,591.16	16,204,622.15	0.05%
1 to 60 days overdue	274,521,348.60	13,726,067.48	5.00%
61 to 120 days overdue	34,491,417.46	10,347,425.22	30.00%
121 to 180 days overdue	22,644,836.94	9,057,934.76	40.00%
181 to 365 days overdue	5,783,173.47	2,891,586.76	50.00%
1 to 2 years (excluding 1 year)	1,192,149.88	1,072,934.89	90.00%
Over 2 years	926,992.27	926,992.27	100.00%
Total	31,677,413,509.78	54,227,563.53	--

Descriptions on basis for determining the group:

Please refer to Note V, 10 Test and accounting treatment of impairment of financial assets.

Provision for bad debts made by group:

In RMB

Description	Closing balance		
	Book balance	Bad-debt provision	Provision proportion

Descriptions on basis for determining the group:

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

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including 1 year)	31,679,730,003.56
1 to 2 years	1,192,149.88
2 to 3 years	2,377,074.00
Over 3 years	33,664,074.29
3 to 4 years	2,675,393.73
4 to 5 years	30,988,680.56
Total	31,716,963,301.73

(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	
Accounts receivable	61,153,905.86	24,825,699.05			7,797,750.57	93,777,355.48
Total	61,153,905.86	24,825,699.05			7,797,750.57	93,777,355.48

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

In RMB

Entity name	Amount recovered or reversed	Recovery method

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

In RMB

Item	Write-off amount

Including the write-off of significant accounts receivable:

In RMB

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

Descriptions on the write-off of accounts receivable:

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

In RMB

Entity name	Closing balance of accounts receivable	Proportion in total closing balance of accounts receivable	Closing balance of bad-debt provision
Entity 1	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:

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

Item	Amount of derecognition	Ways of financial assets transfer	Gains or losses related to derecognition
Entity 1	14,077,187,202.39	Sold	-30,110,522.87
Total	14,077,187,202.39		-30,110,522.87

In 2021, the Company sold the accounts receivable of specific customers to banks and financial institutions. As of December 31, 2021, the accounts receivable derecognized for the specific customer's amount to RMB14,077,187,202.39.

6. Receivables financing

In RMB

Item	Closing balance	Opening balance
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Increase and decrease as well as fair value changes of receivables financing in the current period

Applicable N/A

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

Applicable N/A

Other descriptions:

7. Prepayments

(1) Presentation of prepayments by aging

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	402,980,282.50	99.25%	177,457,391.32	99.05%
1 to 2 years	2,296,128.67	0.57%	1,264,401.36	0.70%
2 to 3 years	531,677.00	0.13%	172,178.32	0.10%
Over 3 years	208,404.44	0.05%	266,650.29	0.15%
Total	406,016,492.61	--	179,160,621.29	--

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

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

Prepayment receiver	Closing balance	Proportion in total closing balance of prepayments (%)
Entity 1	58,847,535.86	14.49
Entity 2	42,715,596.30	10.52
Entity 3	28,873,956.48	7.11
Entity 4	27,066,174.78	6.67
Entity 5	26,857,636.25	6.61
Total	184,360,899.67	45.40

Other descriptions:

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	598,456,702.88	407,990,780.79
Total	598,456,702.88	407,990,780.79

(1) Interest receivable

1) Classification of interest receivable

In RMB

Item	Closing balance	Opening balance
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2) Significant overdue interest

In RMB

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	107,816.53			107,816.53
Balance as at December 31, 2021	4,341,556.49			4,341,556.49

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)	602,154,849.94
1 to 2 years	23,540.43
2 to 3 years	467,449.00
Over 3 years	152,420.00
Over 5 years	152,420.00
Total	602,798,259.37

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

Bad-debt provision in the current period:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or	Write-off	Others	

			reversal			
Group by aging	2,187,182.10	2,250,179.37	203,621.51	0.00	107,816.53	4,341,556.49
Total	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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4) Other receivables actually written off in the current period

In RMB

Item	Write-off amount
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Including the write-off of significant other receivables:

In RMB

Entity name	Nature of other receivables	Write-off amount	Reasons for write-off	Procedures for write-off	Whether the funds are generated by related-party transactions
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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	Export tax rebate	187,123,564.48	Undue	31.04%	935,617.82
Entity 2	Equity transfer funds	142,500,000.00	Undue	23.64%	712,500.00
Entity 3	Insurance indemnity	59,200,000.00	Undue	9.82%	296,000.00
Entity 4	Security deposit	32,716,869.40	Undue	5.43%	163,584.35
Entity 5	Borrowings	30,157,083.33	Undue	5.00%	150,785.42
Total	--	451,697,517.21	--	74.93%	2,258,487.59

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
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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:

9. Inventories

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

No

(1) Classification of inventories

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw material	6,531,836,331.00	161,394,242.96	6,370,442,088.04	3,139,313,968.65	30,816,233.39	3,108,497,735.26
Products in process	3,386,085,829.05	50,039,777.32	3,336,046,051.73	2,047,580,192.49	31,348,190.65	2,016,232,001.84
Goods on hand	10,741,507,248.23	139,411,084.80	10,602,096,163.43	8,023,281,968.11	67,217,791.93	7,956,064,176.18
Revolving materials	215,566,686.58	116,734.00	215,449,952.58	57,309,755.00	2,374.56	57,307,380.44
Goods sold	78,396,684.90	243,458.90	78,153,226.00	29,388,057.62	160,985.17	29,227,072.45
Materials in transit	241,533,661.04		241,533,661.04	42,757,516.88		42,757,516.88
Work in process - outsourced	60,796,035.94	3,761,445.61	57,034,590.33	923,498.10		923,498.10
Total	21,255,722,476.74	354,966,743.59	20,900,755,733.15	13,340,554,956.85	129,545,575.70	13,211,009,381.15

(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 impairment	Closing book value	Fair value	Estimated disposal costs	Estimated disposal time
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Other descriptions:

12. Current portion of non-current assets

In RMB

Item	Closing Balance	Opening Balance
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Significant debt investments/other 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

Other descriptions:

13. Other current assets

In RMB

Item	Closing Balance	Opening Balance
Input tax to be deducted	2,049,189,830.82	1,540,111,512.16
Income tax prepaid	108,461,037.04	257,446,420.71
Other	3,404,952.87	6,927,712.62
Total	2,161,055,820.73	1,804,485,645.49

Other descriptions:

14. Debt investments

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Principal	1,403,057,083.33		1,403,057,083.33			
Interest	61,222,123.30		61,222,123.30			

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

Applicable N/A

Other descriptions:

16. Long-term receivables

(1) Long-term receivables

In RMB

Item	Closing Balance			Opening Balance			Discount rate range
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value	

Impairment of 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 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

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

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

Other descriptions

17. Long-term equity investments

In RMB

Investee	Opening balance (book value)	Increase and decrease in the current period								Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduced investment	Investment profit or loss recognized under	Other comprehensive income adjustment	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other		

				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.			-168,137. 85	168,831.7 3						-693.88	
Subtotal	86,236,93 9.01		-168,137. 85	27,841,26 6.03	351,380.9 6			-7,238,92 1.00		-802,291. 88	106,220,2 35.27
II. Associates											
Siliconch	22,663,50 6.55			-394,382. 18							22,269,12 4.37
Zhuhai Kinwong Flexible Circuit Co., Ltd.	237,597,3 05.22			-4,016,97 9.45							233,580,3 25.77
34,372,60 8.46											
Caldigit Holding Limited	59,234,58 0.56							-59,234,5 80.56			
Assem Technology Co., Ltd.	53,795,91 8.44			-3,934,51 0.48	-24,091.5 8	2,079,272 .75				-424,304. 66	51,492,28 4.47
Taihan Precision Co., Ltd.	97,337,32 7.66			1,641,552 .64	-92,106,8 56.44	579,916.8 5		-7,451,94 0.71			
Changshu Lizhen Smart Technology Partnership (Limited Partnership)	600,000,0 00.00	2,768,124 .91		-28,540,8 95.02							574,227,2 29.89
Vietnam Meilv	86,047,36 4.31			38,188,03 1.32							124,235,3 95.63

Luxshare Co., Ltd.											
Lihao Optoelectronics Technology (Nantong) Co., Ltd.	49,000,000.00			-1,046,760.91						47,953,239.09	
Subtotal	1,156,676,002.74	51,768,124.91		1,896,055.92	-92,130,948.02	-56,575,390.96	-7,451,940.71		-424,304.66	1,053,757,599.22	34,372,608.46
Total	1,242,912,941.75	51,768,124.91	-168,137.85	29,737,321.95	-91,779,567.06	-56,575,390.96	-14,690,861.71		-1,226,596.54	1,159,977,834.49	34,372,608.46

Other descriptions

18. Other investments in equity instruments

In RMB

Item	Closing Balance	Opening Balance
Beijing Xloong Technologies Co., Ltd.	10,979,152.89	10,977,900.79
Beijing Wiparking Technology Co., Ltd.	9,817,127.78	9,150,443.30
Jingtuo Liyin Technology (Beijing) Co., Ltd.	3,214,196.57	3,724,908.43
Zhejiang Tony Electronic Co., Ltd	210,278,829.12	114,221,319.04
Xuande Energy Co., Ltd.	749,467.66	
Asia Pacific Emerging Industry Investment Co., Ltd.	937,374.40	
Total	235,976,148.42	138,074,571.56

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

In RMB

Item	Recognized dividend income	Cumulative gains	Cumulative losses	Amount of other comprehensive income carried over to retained earnings	Reasons for being designated as equity instruments at fair value through other comprehensive income	Reasons for carry-over of other comprehensive income to retained earnings
Beijing Xloong Technologies Co.,		979,152.89			Not for short-term trading	

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 properties

(1) Investment properties measured at cost

√ Applicable □ N/A

In RMB

Item	Buildings	Land use right	Construction in progress	Total
I. Original carrying amount				

1. Opening Balance	46,852,148.41	13,982,835.02		60,834,983.43
2. Increase in the current period	9,161,172.49	4,581,115.13		13,742,287.62
(1) Purchase	2,612,903.29	3,836,878.53		6,449,781.82
(2) Transfer from inventories\fixed assets\construction in progress				
(3) Increase in business combination	6,548,269.20	744,236.60		7,292,505.80
3. Decrease in the current period	272,997.06	136,794.66		409,791.72
(1) Disposal				
(2) Other transfer out	272,997.06	136,794.66		409,791.72
4. Closing Balance	55,740,323.84	18,427,155.49		74,167,479.33
II. Accumulated depreciation and amortization				
1. Opening Balance	13,242,873.19			13,242,873.19
2. Increase in the current period	1,950,658.98			1,950,658.98
(1) Provision or amortization	1,950,658.98			1,950,658.98
3. Decrease in the current period	26,743.56			26,743.56
(1) Disposal				
(2) Other transfer out	26,743.56			26,743.56
4. Closing Balance	15,166,788.61			15,166,788.61
III. Provision for impairment				
1. Opening Balance				
2. Increase in the current period				

(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Closing Balance				
IV. Book value				
1. Closing 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									

1. Opening Balance	7,021,631,011.34	196,559,557.77	10,705,689,574.89	150,733,539.07	1,816,082,001.53	48,183,202.58	2,780,524,378.64	2,223,661,752.60	24,943,065,018.42
2. Increase in the current period	4,210,617,281.35	134,276,736.93	13,483,629,986.60	69,759,886.11	735,713,540.83	23,841,192.97	3,627,756,707.05	1,701,351,605.44	23,986,946,937.28
(1) Purchase	848,495,623.75	95,408,185.92	4,482,317,006.98	63,646,469.07	490,034,849.59	5,639,317.95	1,909,311,828.89	1,526,140,978.50	9,420,994,260.65
(2) Transfer in from construction in progress	1,015,445,821.50	18,959,275.77	3,824,832,343.29	19,299.11	245,678,691.24	5,590,750.57	374,043,824.58	175,210,626.94	5,659,780,633.00
(3) Increase in business combination	2,346,675,836.10	19,909,275.24	5,176,480,636.33	6,094,117.93		12,611,124.45	1,344,401,053.58		8,906,172,043.63
3. Decrease in the current period	183,563,354.25	16,041,983.35	1,045,080,632.16	4,486,020.15	113,623,105.34	4,881,952.07	147,000,690.95	80,147,890.26	1,594,825,628.53
(1) Disposal or scrap	147,385,692.77	15,781,389.50	1,034,152,975.08	4,340,807.86	110,596,617.42	4,573,965.46	89,625,488.57	71,765,211.16	1,478,222,147.82
(2) Decrease in business combination		8,414.38	6,467,188.77	94,663.34	2,646,365.97		1,227,998.20		10,444,630.66
(3) Other	36,177,661.48	252,179.47	4,460,468.31	50,548.95	380,121.95	307,986.61	56,147,204.18	8,382,679.10	106,158,850.05
4. Closing Balance	11,048,684,938.44	314,794,311.35	23,144,238,929.33	216,007,405.03	2,438,172,437.02	67,142,443.48	6,261,280,394.74	3,844,865,467.78	47,335,186,327.17
II. Accumulated depreciation									
1. Opening Balance	956,382,716.80	87,077,656.22	1,926,857,212.94	55,540,034.17	551,124,881.71	24,092,002.82	773,123,648.53	730,494,340.93	5,104,692,494.12
2. Increase in the current period	809,962,790.91	44,930,376.96	4,770,658,483.64	32,000,746.39	344,766,449.55	14,631,298.14	1,562,267,145.26	621,246,795.68	8,200,464,086.53

(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

(1) Disposal or scrap			48,409,234.98		67,487.84		11,667,224.46	1,592,535.11	61,736,482.39
(2) Decrease in business combination			366,720.70						366,720.70
4. Closing Balance	63,256,923.55	1,806,681.32	249,275,450.47	41,808.03	2,495,952.27	42,534.87	14,415,429.02	22,780,814.65	354,115,594.18
IV. Book value									
1. Closing balance	9,252,814,034.05	196,112,836.37	16,446,332,776.95	130,465,390.63	1,595,661,534.29	31,727,804.46	3,970,528,183.35	2,489,616,762.33	34,113,259,322.43
2. Opening balance	6,065,248,294.54	107,675,220.23	8,735,373,863.52	95,162,348.61	1,262,393,679.71	24,048,664.89	2,002,316,721.54	1,468,794,061.91	19,761,012,854.95

(2) Temporarily idle fixed assets

In RMB

Item	Original carrying amount	Accumulated depreciation	Provision for impairment	Book value	Remarks

(3) Fixed assets leased out through operating lease

In RMB

Item	Closing book value

(4) Fixed assets without title certificate

In RMB

Item	Book value	Reasons for not obtaining the title certificate
Workshop, office and dormitory buildings of Fujian JK	9,150,637.64	Note 1
Changshu Luxshare Factory and Auxiliary Building Project	404,639,526.31	Newly built;the certificate is in process
New Dormitory of Zhejiang Intelligent Manufacture	129,832,130.87	Newly built;the certificate is in process
Cadre Training Center of Meite Technology (Suzhou) Co., Ltd.	1,265,419.65	Newly built;the certificate is in process

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 Manufacturing 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												
Yi'an project construction	660,786,440.65	361,487,742.70	114,887,066.47	332,219,152.38	2,309,825.84	141,845,830.95	88.00%	88.00%				Other
Electronic technology plant	605,805,585.08		487,150,275.45	201,831,797.57		285,318,477.88	80.41%	80.41%				Other
Equipment installation project of Luxshare Chuzhou	339,310,171.16		339,310,171.16	332,784,992.17		6,525,178.99	98.08%	98.08%				Other
Equipment installation project of Luxshare Yancheng	6,228,475,376.16		1,644,970,920.29	1,430,037,362.74		214,933,557.55	23.96%	26.41%				Other
Equipment installation project of Rida Rugao	670,445,653.29		670,445,653.29	670,445,653.29			100.00%	100.00%				Other
Equipment installation project of Ri	847,976,554.29		817,725,365.52	729,137,652.00		88,587,713.52	78.86%	96.43%				Other

Shan Jiashan												
Total	15,807,253,282.26	1,195,922,356.38	5,747,364,586.24	4,354,915,592.39	2,309,825.84	2,586,061,524.39	--	--				--

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

In RMB

Item	Current provision amount	Reasons for provision
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Other descriptions

(4) Engineering materials

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Other descriptions:

23. Bearer biological assets

(1) Bearer biological assets measured at cost

 Applicable N/A

(2) Bearer biological assets measured at fair value

 Applicable N/A

24. Oil and gas assets

 Applicable N/A

25. Right-of-use assets

In RMB

Item	Buildings	Machinery equipment	Transportation equipment	Total
I. Original carrying amount				
1. Opening Balance	147,495,370.17	1,693,632.15		149,189,002.32

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	6,161,993.79	295,576.80	7,457,088.40
(2) Decrease in business combination				
(3) Disposal	219,372.39	21,688.49		241,060.88
4. Closing Balance	521,882,255.91	11,555,153.95	142,024.88	533,579,434.74
II. Accumulated depreciation				
1. Opening Balance				
2. Increase in the current period	101,776,124.49	13,018,450.84	44,631.18	114,839,206.51
(1) Provision	93,483,680.99	12,465,970.48		105,949,651.47
(2) Increase in business combination	5,325,678.85	552,480.36		5,878,159.21
(3) Other	2,966,764.65		44,631.18	3,011,395.83
3. Decrease in the current period	14,030.31	6,257,283.74		6,271,314.05
(1) Disposal		3,396,153.69		3,396,153.69
(2) Decrease in business combination				
(3) Other	14,030.31	2,861,130.05		2,875,160.36
4. Closing Balance	101,762,094.18	6,761,167.10	44,631.18	108,567,892.46
III. Provision for impairment				
1. Opening Balance				
2. Increase in the current period				

(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. Opening Balance	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
2. Increase in the 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 R&D						
(3) Increase in business combination	497,974,608.54		32,685,239.42	77,611,225.76	66,261,416.79	674,532,490.51
(4) Other				489,512.36		489,512.36
3. Decrease in the current period	12,385,200.55	422,081.53	9,248,632.67	13,876,275.97	344,557.95	36,276,748.67
(1) Disposal	8,507,623.27	398,726.60	8,665,391.95	13,759,962.53	384.06	31,332,088.41
(2) Decrease in business combination				50,570.88		50,570.88
(3) Other	3,877,577.28	23,354.93	583,240.72	65,742.56	344,173.89	4,894,089.38

4. Closing Balance	2,037,237,348.66	5,138,372.50	115,052,111.34	280,409,943.01	107,954,701.84	2,545,792,477.35
II. Accumulated amortization						
1. Opening Balance	87,448,877.55	598,750.61	47,718,654.08	28,335,659.12	5,766,826.26	169,868,767.62
2. Increase in the current period	73,206,682.74	252,255.39	4,829,593.63	94,125,874.39	474,841.65	172,889,247.80
(1) Provision	51,286,373.91	252,255.39	4,829,593.63	62,967,122.44	474,841.65	119,810,187.02
(2) Increase in business combination	21,920,308.83			31,158,751.95		53,079,060.78
(3) Other						
3. Decrease in the current period	76,189.85	419,185.56	7,727,670.55	11,679,882.61	47,638.81	19,950,567.38
(1) Disposal		398,665.62	7,405,326.81	11,610,874.38	384.06	19,415,250.87
(2) Decrease in business combination				32,543.28		32,543.28
(3) Other	76,189.85	20,519.94	322,343.74	36,464.95	47,254.75	502,773.23
4. Closing Balance	160,579,370.44	431,820.44	44,820,577.16	110,781,650.90	6,194,029.10	322,807,448.04
III. Provision for impairment						
1. Opening Balance						
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) Disposal						
4. Closing Balance						
IV. Book value						
1. Closing	1,876,657,978.22	4,706,552.06	70,231,534.18	169,628,292.11	101,760,672.74	2,222,985,029.31

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								

Other descriptions

28. Goodwill

(1) Original carrying amount of goodwill

In RMB

Investee name or event forming goodwill	Opening Balance	Increase		Decrease		Closing Balance
		Formed by business combination	Other	Disposal	Other	
ASAP Technology (Jiangxi) Co., Ltd.	42,325,745.85					42,325,745.85
Lanto Electronic Limited	376,682,429.24					376,682,429.24
Bozhou Lanto Electronic	9,564,372.61					9,564,372.61

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					4,582,880.91
Suk kunststofftechnik GmbH	9,552,894.63					9,552,894.63
Meite Technology (Suzhou) Co., Ltd.	8,570,588.06					8,570,588.06
Meilv Electronic (Huizhou) Co., Ltd.	6,575,713.14					6,575,713.14
Meilv Electronics (Shanghai) Co., Ltd.	454,304.97					454,304.97
Wuxi Huihong Electronic Co., Ltd.	3,102,735.14			3,102,735.14		
Castle Rock, Inc.	8,303,254.98					8,303,254.98
Taiqiao Investment Co., Ltd.	441,595.93					441,595.93
Luxcase Precision Technology (Yancheng) Co., Ltd.		814,784,800.96				814,784,800.96

Zhejiang Puxing Electronic Technology Co., Ltd.		804,455.51				804,455.51
Caldigit Holding(Cayman)		41,765,582.41				41,765,582.41
Taihan Precision Co., Ltd.		9,972,872.88				9,972,872.88
Total	569,434,529.20	867,327,711.76		3,102,735.14		1,433,659,505.82

(2) Provision for impairment of goodwill

In RMB

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

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

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

The goodwill of the Company is formed by business combinations not involving enterprises under common control in previous years and this year. On the balance sheet date, the Company conducted impairment tests on goodwill. The recoverable amount of the asset group involved in goodwill is determined according to the present value of the future cash flow of the asset group and the net realizable value. The management determines the growth rate and gross margin based on the macro market environment, historical experience and the development stage forecast of product segments involved in different asset groups. Depending on the different asset groups involved, the growth rate used in the forecast for the current year is 1.00% - 35.00%, the gross margin is 7.50% - 26.00%, and the discount rate is 10.68% - 11.51%.The parameters used in

goodwill impairment test of major asset groups are as follows:

Asset group name	Gross margin	Growth rate	Discount rate
Lanto Electronic Limited	20.00 % - 21.65%	2.00 % - 4.09%	10.82 %
Shenzhen Kertong Industrial Co., Ltd.	22.00 % - 23.00%	26.00 % - 27.10%	11.17 %
Luxcase Precision Technology (Yancheng) Co., Ltd.	7.50 % - 9.73%	10.00 % - 35.00%	11.02 %

Influence of goodwill impairment test

Other descriptions

29. Long-term prepaid expenses

In RMB

Item	Opening Balance	Increase in the current period	Amortization amount in the current period	Other reduced amount	Closing Balance
House decoration fees	424,783,399.73	339,656,026.43	173,723,767.93		590,715,658.23
Other	63,303,645.24	151,337,009.18	72,340,590.23		142,300,064.19
Total	488,087,044.97	490,993,035.61	246,064,358.16		733,015,722.42

Other descriptions

30. Deferred income tax assets / deferred income tax liabilities

(1) Deferred income tax assets that are not offset

In RMB

Item	Closing Balance		Opening Balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	334,568,858.40	63,227,661.81	178,973,738.82	27,259,356.59
Unrealized profit of internal transaction	357,420,408.97	65,112,209.21	197,095,777.59	29,564,366.64
Deductible losses	3,434,269,746.64	544,802,910.66	1,093,128,995.53	151,850,386.35
Exchange differences of foreign operations	65,447,863.20	13,089,572.55	27,288,912.60	5,457,782.50
Non-leave bonus	3,393,924.14	676,806.65	1,773,724.21	354,744.89
Government grants	489,494,362.59	87,213,362.00	396,003,023.27	70,194,455.38

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
Total	5,196,287,956.62	891,215,468.53	2,299,556,632.52	355,834,434.21

(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
Total	7,991,659,332.95	1,272,092,467.86	6,288,569,423.78	966,092,212.95

(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	Closing Balance	Opening Balance
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(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
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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
Prepayments for equipment, project and land	1,893,831.96 2.00		1,893,831.96 2.00	1,212,186.29 0.84		1,212,186.29 0.84
Prepaid pension	5,447,475.82		5,447,475.82	4,849,056.41		4,849,056.41
Other	5,025,743.67		5,025,743.67	6,164,295.36		6,164,295.36
Total	1,904,305.18 1.49		1,904,305.18 1.49	1,223,199.64 2.61		1,223,199.64 2.61

Other descriptions:

32. Short-term borrowings

(1) Classification of Short-term borrowings

In RMB

Item	Closing Balance	Opening Balance
Pledge loans	5,928,221,439.02	5,382,006,847.47
Mortgage loans	41,391,259.41	80,950,818.66
Guaranteed loans	64,979,271.97	871,234,184.03
Credit loans	5,885,043,367.59	1,242,876,948.33

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 presented them as short-term borrowings

(2) Overdue but unpaid short-term borrowings

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

In RMB

Borrower	Closing Balance	Loan interest rate	Overdue time	Overdue interest rate
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Other descriptions:

33. Held-for-trading financial liabilities

In RMB

Item	Closing Balance	Opening Balance
Held-for-trading financial liabilities	41,436.00	
Including:		
Held-for-trading bonds issued	41,436.00	
Including:		
Total	41,436.00	

Other descriptions:

34. Derivative financial liabilities

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

35. Notes payable

In RMB

Category	Closing Balance	Opening Balance
Commercial acceptance bill	234,500,590.93	128,292,099.33
Bank acceptance bill		280,012.21
Total	234,500,590.93	128,572,111.54

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

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

In RMB

Item	Closing Balance	Opening Balance
Within one year	45,255,253,965.04	23,001,670,496.95
One to two years	112,098,892.50	48,074,585.64
Two to three years	38,693,846.52	777,315.18
More than three years	10,118,963.61	1,035,206.06
Total	45,416,165,667.67	23,051,557,603.83

(2) Significant accounts payable with aging over 1 year

In RMB

Item	Closing Balance	Reasons for non-payment or carrying forward
Project payment	11,928,218.40	Warranty bonds for workshop construction progress
Project payment	28,895,641.37	Acceptance pending for project
Project payment	6,890,000.00	Unexpired warranty bonds
Equipment payment	4,931,603.95	Dispute arising from equipment quality
Material payment	4,646,017.70	Incomplete information
Project payment	5,356,808.96	Unsettlement due to incompleteness of construction
Project payment	5,820,767.84	Unsettlement due to incompleteness of construction
Project payment	4,543,578.79	Unsettlement due to incompleteness of construction
Total	73,012,637.01	--

Other descriptions:

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

In RMB

Item	Closing Balance	Opening Balance
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(2) Significant receipts in advance with aging over 1 year

In RMB

Item	Closing Balance	Reasons for non-payment or carrying forward

38 Contract liabilities

In RMB

Item	Closing Balance	Opening Balance
Goods payments received in advance	268,506,246.98	152,512,971.36
Total	268,506,246.98	152,512,971.36

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

In RMB

Item	Change amount	Reason for change

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

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
I. Short-term compensation	1,362,258,894.71	15,668,099,039.88	14,973,064,960.96	2,057,292,973.63
II. Post employment benefits - defined contribution plan	35,274,789.60	937,712,989.07	930,575,388.97	42,412,389.70
III. Termination benefits	98,454.92	1,714,038.20	1,601,474.66	211,018.46
Total	1,397,632,139.23	16,607,526,067.15	15,905,241,824.59	2,099,916,381.79

(2) Presentation of short-term compensation

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
1. Salary, bonus, allowance and subsidy	1,330,443,894.00	13,427,626,555.87	12,746,623,506.34	2,011,446,943.53
2. Employee welfare	3,629,715.26	53,466,985.57	56,034,728.83	1,061,972.00
3. Social insurance premium	23,293,053.59	441,499,817.54	430,701,485.32	34,091,385.81

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
Total	616,039,596.28	237,421,491.63

Other descriptions:

41. Other payable

In RMB

Item	Closing Balance	Opening Balance
Other payable	382,391,106.17	146,162,097.14
Total	382,391,106.17	146,162,097.14

(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
Total	382,391,106.17	146,162,097.14

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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Other descriptions

42. Held-for-sale liabilities

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

43. Non-current liabilities due within one year

In RMB

Item	Closing Balance	Opening Balance
Long-term borrowings due within one year	157,786,550.24	278,527,714.63
Lease liabilities due within one year	112,293,039.92	
Total	270,079,590.16	278,527,714.63

Other descriptions:

44. Other current liabilities

In RMB

Item	Closing Balance	Opening Balance
Short-term bonds payable	1,607,038,444.45	508,715,277.78
Government-backed fund		57,000,000.00
Entrusted loans	1,971,219,540.97	
Output VAT to be levied	18,605,890.19	17,673,149.75
Payable for purchase returns	21,715,597.38	
Other	4,843,599.88	39,869,128.36
Total	3,623,423,072.87	623,257,555.89

Increase and decrease in short-term bonds payable:

In RMB

Bond name	Face value	Issue date	Bond maturity	Amount of issue	Opening Balance	Current issue	Interest accrued at face value	Amortization of premium and	Current repayment	Other	Closing Balance
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								discount			
Short-term bonds payable	100.00	April 24, 2020	270 days	500,000,000.00	508,715,277.78				508,715,277.78		
Short-term bonds payable	100.00	October 22, 2021	270 days	800,000,000.00		800,000,000.00	4,733,333.34				804,733,333.34
Short-term bonds payable	100.00	November 17, 2021	90 days	400,000,000.00		400,000,000.00	1,265,000.00				401,265,000.00
Short-term bonds payable	100.00	November 25, 2021	90 days	400,000,000.00		400,000,000.00	1,040,111.11				401,040,111.11
Total	--	--	--	2,100,000,000.00	508,715,277.78	1,600,000,000.00	7,038,444.45		508,715,277.78		1,607,038,444.45

Other descriptions:

45. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing Balance	Opening Balance
Pledge loans	1,665,503,349.06	1,878,341.29
Mortgage loans	2,252,543,585.32	1,301,034,722.05
Guaranteed loans	72,759,492.87	
Credit loans	1,034,289,765.84	192,286,175.07
Total	5,025,096,193.09	1,495,199,238.41

Descriptions on classification of long-term borrowings:

Other descriptions, including interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

Item	Closing Balance	Opening Balance
Convertible bonds	2,805,785,000.04	2,475,423,249.98
Total	2,805,785,000.04	2,475,423,249.98

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

In RMB

Bond name	Face value	Issue date	Bond maturity	Amount of issue	Opening Balance	Current issue	Interest accrued at face value	Amortization of premium and discount	Current repayment	Debt-to-equity changes	Closing Balance
Convertible bonds of Luxshare	3,000,000,000.00	March 11, 2020	6 years	3,000,000,000.00	2,475,423,249.98		3,500,000.00	106,054,677.72	3,000,000.00	-424,861.45	2,581,553,066.25
SpeedTech convertible bonds	230,100,000.00	March 10, 2021	3 years	230,100,000.00		230,100,000.00		-5,868,066.21			224,231,933.79
Total	--	--	--	3,230,100,000.00	2,475,423,249.98	230,100,000.00	3,500,000.00	100,186,611.51	3,000,000.00	-424,861.45	2,805,785,000.04

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

The conversion period of the convertible bonds issued this time commences on the first trading day six months after the end of the issue of the convertible bonds (November 9, 2020, i.e. the date when the proceeds are transferred to the issuer's account), and ends on the maturity date of the convertible bonds (i.e. from May 10, 2021 (as the date of May 09, 2021 is a non-trading day, it defers to May 10, 2021) to November 2, 2026 (it defers to the first trading day thereafter in case of legal holidays or rest days; no additional interest will be charged to the payment during the deferred period)).

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

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

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

In RMB

Outstanding financial instruments	Opening		Increase		Decrease		Closing	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Descriptions on the basis for classifying other financial instruments into financial liabilities								
Other descriptions								

47. Lease liabilities

In RMB

Item	Closing Balance	Opening Balance
Lease payment	336,593,292.75	157,440,735.91
Unrecognized financing costs	-21,499,809.20	-12,978,050.00
Total	315,093,483.55	144,462,685.91

Other descriptions

48. Long-term payable

In RMB

Item	Closing Balance	Opening Balance
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(1) Presentation of long-term payable by nature

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

(2) Special accounts payable

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance	Reason
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Other descriptions:

49. Long-term employee benefits payable**(1) Breakdown of Long-term employee benefits payable**

In RMB

Item	Closing Balance	Opening Balance
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(2) Changes in defined benefit plans

Present value of obligations in defined benefit plans:

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Plan assets:

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
Total	425,345,982.64	199,402,659. 37		86,191,697.8 3			538,556,944.18	

Other descriptions:

52. Other non-current liabilities

In RMB

Item	Closing Balance	Opening Balance
Deposit for lease of plant buildings		19,923.33
Government-backed fund		150,000,000.00
Other	1,207,763.79	
Total	1,207,763.79	150,019,923.33

Other descriptions:

53. Share capital

In RMB

	Opening Balance	Increase and decrease (+, -)					Closing Balance
		New shares issued	Stock dividend	Shares converted from capital reserve	Other	Subtotal	
Total shares	6,999,768,186. 00	50,708,482.00			8,809.00	50,717,291.00	7,050,485,477. 00

Other descriptions:

The Company's share capital increased by RMB50,717,291.00 shares in the current period, including 50,708,482 shares exercised by the stock option incentive recipients independently, and 8,809 shares converted from convertible bonds. After the said exercise and conversion, the Company's share capital increased to 7,050,485,477 shares.

54. Other equity instruments

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

None

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

In RMB

Outstanding financial instruments	Opening		Increase		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 current period is due to the cost of share-based payment increased by RMB240,700,708.77, and the decrease therein is due to the transfer of other capital reserve to equity premium.

56. Treasury stock

In RMB

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
		Amount of income before tax in the current period	Less: amount previously included in other comprehensive income and transferred to profit or loss for the current period	Less: amount previously included in other comprehensive income and transferred to retained earnings for the current period	Less: income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	81,459,923.45	96,214,734.80			14,508,817.00	81,705,917.80		163,165,841.25
Changes in fair value of other investments in equity instruments	81,459,923.45	96,214,734.80			14,508,817.00	81,705,917.80		163,165,841.25
II. Other comprehensive income to be reclassified into profit or loss	-126,177,726.51	-105,391,578.31				-72,789,586.03	-32,601,992.28	-198,967,312.54
Translation difference of foreign currency financial statements	-126,177,726.51	-105,391,578.31				-72,789,586.03	-32,601,992.28	-198,967,312.54
Total other comprehensive income	-44,717,803.06	-9,176,843.51			14,508,817.00	8,916,331.77	-32,601,992.28	-35,801,471.29

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

58. Special reserve

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
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Safety production fees		1,018,784.75		1,018,784.75
Total		1,018,784.75		1,018,784.75

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

59. Surplus reserve

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	733,067,797.73	252,093,708.88		985,161,506.61
Total	733,067,797.73	252,093,708.88		985,161,506.61

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

60. Undistributed profits

In RMB

Item	Current Period	Prior Period
Undistributed profits at the end of last year before adjustment	17,996,149,257.73	11,764,987,172.39
Undistributed profits at the beginning of the period after adjustment	17,996,149,257.73	11,764,987,172.39
Add: Net profits attributable to the owners of the parent company in the current period	7,070,520,386.57	7,225,462,752.58
Less: Apportion to statutory surplus reserve	252,093,708.88	370,732,766.55
Common stock dividends payable	773,891,489.58	644,615,942.06
Other	47,301.84	-21,048,041.37
Undistributed profits at the end of the period	24,040,637,144.00	17,996,149,257.73

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

- 1) The undistributed profits at the beginning of the period affected by the retroactive adjustment as stipulated in the *Accounting Standards for Business Enterprises* and new regulations newly promulgated relating thereto amounted to RMB0.00.
- 2) The undistributed profits at the beginning of the period affected by the changes in accounting policies amounted to RMB0.00.
- 3) The undistributed profits at the beginning of the period affected by the correction of major accounting errors amounted to RMB0.00.
- 4) The undistributed profits at the beginning of the period affected by changes in the scope of consolidation due to business combination involving enterprises under control amounted to RMB0.00.
- 5) The undistributed profits at the beginning of the period affected by other adjustments amounted to RMB0.00.

61. 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	152,257,625,983.60	133,514,500,539.03	91,793,434,304.26	75,153,299,514.88
Other business	1,688,471,806.80	1,533,835,753.85	707,824,907.28	616,707,534.70
Total	153,946,097,790.40	135,048,336,292.88	92,501,259,211.54	75,770,007,049.58

If the lower of audited nets profits including and excluding non-recurring profit or loss is negative

 Yes No

Income related to information:

In RMB

Contract classification	Segment 1	Segment 2	Total
By product			
Including:			
Computer connectivity products and precision components	7,856,595,729.78		7,856,595,729.78
Automotive connectivity products and precision components	4,142,675,174.19		4,142,675,174.19
Communication connectivity products and precision components	3,269,476,642.60		3,269,476,642.60
Consumer electronics	134,637,995,600.46		134,637,995,600.46
Other connectors and other business	4,039,354,643.37		4,039,354,643.37
By geographical areas of operations			
Including:			
Domestic market	10,493,247,599.10		10,493,247,599.10
Overseas market	143,452,850,191.30		143,452,850,191.30
By markets or customers			
Including:			
By contract types			

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 recognized in, RMB is expected to be recognized in, and RMB is expected to be recognized in.

Other descriptions

62. Taxes and surcharges

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Urban maintenance and construction tax	30,064,853.10	81,906,708.52
Education surcharges	14,616,280.44	45,589,613.48
Property tax	63,618,880.04	39,872,407.36
Land use tax	11,000,959.65	6,222,537.93
Vehicle and vessel use tax	80,571.50	1,594,540.33
Stamp duty	56,059,570.68	38,224,811.62
Local education surcharges	8,788,619.58	30,367,962.03
Other	9,582,322.15	6,997,157.54
Total	193,812,057.14	250,775,738.81

Other descriptions:

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	102,106,936.22
Total	789,908,163.80	477,047,875.58

Other descriptions:

64. General expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Personnel benefits	2,040,701,402.50	1,460,800,684.09
Depreciation and amortization	636,539,244.20	251,028,760.61
Lease fee	54,750,988.28	62,104,694.48
Repair cost, miscellaneous purchase	103,842,977.48	125,433,880.08
Water and electricity	59,194,407.97	36,346,709.92
Travel and transportation expenses	29,058,122.92	26,568,577.76
Office expenses	187,814,810.66	115,440,868.62
Materials and consumption	303,188,844.16	164,759,105.43
Other expenses	326,817,985.33	221,469,927.64
Total	3,741,908,783.50	2,463,953,208.63

Other descriptions:

65. R&D expenses

In RMB

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	1,412,859,366.51
Consumables and miscellaneous	503,901,794.70	427,092,914.15
Depreciation and amortization	553,276,292.48	434,765,917.47
Repair and inspection	380,055,319.93	171,099,556.49
Service fees	119,031,894.75	73,318,711.87
Water and electricity	81,400,086.54	72,911,702.75
Transportation and travel expenses	31,528,985.33	29,788,220.49
Commercial insurance	2,078,437.06	4,911,888.67
Lease fee	61,161,176.98	47,239,062.80
Other expenses	296,834,556.71	162,306,490.05
Total	6,642,300,402.74	5,744,805,136.33

Other descriptions:

66. Financial expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Interest expenses	656,411,767.86	394,589,818.16
Including: interest cost of lease liabilities	30,548,145.32	
Less: Interest income	361,773,700.27	144,116,091.77
Foreign exchange gains or losses	225,950,789.85	614,733,760.74
Other	34,077,016.61	39,620,655.76
Total	554,665,874.05	904,828,142.89

Other descriptions:

67. Other incomes

In RMB

Sources of other incomes	Amount recognized in the current period	Amount recognized in the prior period
Government grants	853,542,165.37	450,748,795.89
Total	853,542,165.37	450,748,795.89

68. Investment income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Long-term equity investment income accounted for using the equity method	29,737,321.95	24,799,841.42
Investment income from disposal of long-term equity investment	581,347.34	1,723,373.00
Investment income from held-for-trading financial assets during holding period	706,688,280.62	508,055,516.99
Gains from remeasurement of remaining equities at fair value after loss of control	583,884.90	
Difference between the original carrying amount and the fair value of long-term equity investment under cost method changed from equity method	15,975,338.43	
Gains from derecognition of financial assets measured at amortized cost.	-171,521,013.80	
Income from wealth management	107,341,490.30	113,778,334.95
Total	689,386,649.74	648,357,066.36

Other descriptions:

69. Net exposure hedging income

In RMB

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

Other descriptions:

70. Income from changes in fair value

In RMB

Sources of income from changes in fair value	Amount recognized in the current period	Amount recognized in the prior period
Held-for-trading financial assets	-115,737,751.66	329,044,852.43
Including: Income from changes in fair value of derivative financial instruments	-115,737,751.66	329,044,852.43
Total	-115,737,751.66	329,044,852.43

Other descriptions:

71. Impairment losses of credit

In RMB

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	
Total	-45,266,592.65	-2,309,694.02

74. Non-operating income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period	Amount included in non-recurring profit or loss for the period
Income from compensation for breach of contract	1,860,909.33	4,109,194.81	1,860,909.33
Income from asset retirement	1,339,094.50	7,173,590.23	1,339,094.50
Income from insurance indemnity	622,245.83		622,245.83
Other	17,274,286.94	10,649,503.20	17,274,286.94

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
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Other descriptions:

75. Non-operating expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period	Amount included in non-recurring profit or loss for the period
External donation	1,573,490.75	8,826,883.90	1,573,490.75
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	17,481,196.86
Other	7,112,837.76	2,414,711.57	7,112,837.76
Total	45,672,434.05	53,956,792.78	45,672,434.05

Other descriptions:

76. Income tax expenses

(1) Income tax expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Current income tax expense	607,416,066.01	486,267,875.03
Deferred income tax expense	-285,177,422.37	158,497,053.67
Total	322,238,643.64	644,764,928.70

(2) Reconciliation of income tax expenses to the accounting profit

In RMB

Item	Amount recognized in the current period
Total profits	8,142,848,949.83

Income tax expense calculated based on statutory/applicable tax rate	1,221,427,342.48
Effect of different tax rates of subsidiaries operating in other jurisdictions	-339,827,146.62
Effect of adjustment on income tax for prior period	8,937,497.60
Effect of non-deductible cost, expense and loss	22,968,140.94
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-8,107,745.64
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	248,819,876.05
Additional deduction of R&D expenses (presented in negative)	-532,636,196.66
Difference from exercise of stock option	-310,920,312.23
Additional deduction of expenses used for disable persons	-620,631.77
Other	12,197,819.49
Income tax expenses	322,238,643.64

Other descriptions

77. Other comprehensive income

Please refer to Note VII, 57.

78. Items in the cash flow statement

(1) Other cash received related to operating activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Special subsidies and grants	941,612,664.44	620,035,223.62
Lease income	83,010,927.51	58,450,087.37
Interest income	361,773,700.27	144,116,091.77
Non-operating income	19,499,157.07	14,757,798.01
Recovery of current accounts and disbursements	1,240,625,072.70	341,220,838.10
Total	2,646,521,521.99	1,178,580,038.87

Descriptions on other cash received related to operating activities:

(2) Other cash paid related to operating activities

In RMB

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
Total	2,391,005,655.40	2,124,441,374.01

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	
Total	4,665,590,364.12	

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	
Total	403,138,825.89	

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	
Total	4,705,930,595.98	4,485,600,000.00

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 of shares	671,813,299.36	
Lease fee	82,320,708.73	
Financing charges	7,388,317.66	14,511,270.50
Total	3,461,522,325.75	14,511,270.50

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	Current period	Prior period
1 . Reconciliation of net profit to cash flow from operating activities:	--	--
Net profits	7,820,610,306.19	7,491,014,735.42
Add: Provision for impairment losses of assets	189,665,839.81	147,878,911.72
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	4,822,202,794.73	2,212,448,100.25
Depreciation of right of use assets	105,949,651.47	
Amortization of intangible assets	119,810,187.02	66,781,202.42
Amortization of long-term prepaid expenses	246,064,358.16	137,587,798.08
Loss from disposal of fixed assets, intangible assets and other long-term assets (“-” means income)	45,266,592.65	2,309,694.02
Loss from fixed assets retirement (“-” means income)	18,165,814.18	34,858,852.91

Loss from changes in fair value (“-” means income)	115,737,751.66	-329,044,852.43
Financial expenses (“-” means income)	656,411,767.86	394,589,818.16
Investment loss (“-” means income)	-689,386,649.74	-648,357,066.36
Decrease in deferred income tax assets (“-” means increase)	-365,926,458.23	-216,359,243.84
Increase in deferred income tax liabilities (“-” means decrease)	306,000,254.91	367,907,819.95
Decrease in inventories (“-” means increase)	-5,400,711,336.99	-5,549,633,761.96
Decrease in operating receivables (“-” means increase)	-13,885,780,461.98	-1,149,269,162.66
Increase in operating accounts payable (“-” means decrease)	13,180,686,505.30	3,910,498,640.37
Other		
Net cash flow from operating activities	7,284,766,917.00	6,873,211,486.05
2 . Significant investing and financing activities that do not involve cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3 . Net changes in cash and cash equivalents:	--	--
Closing balance of cash	8,921,536,728.08	10,464,804,451.34
Less: Opening balance of cash	10,464,804,451.34	6,147,339,924.26
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,543,267,723.26	4,317,464,527.08

(2) Net cash paid to acquire subsidiaries for the period

In RMB

	Amount
Cash or cash equivalents paid in current period for business combination incurred in current period	6,020,000,000.00
Including:	--
Luxcase Precision Technology (Yancheng) Co., Ltd.	6,000,000,000.00
Zhejiang Puxing Electronic Technology Co., Ltd.	20,000,000.00

Less: Cash and cash equivalents held by subsidiaries at the date of purchase	4,525,053,713.82
Including:	--
Luxcase Precision Technology (Yancheng) Co., Ltd.	4,522,153,794.04
Zhejiang Puxing Electronic Technology Co., Ltd.	2,899,919.78
Including:	--
Net cash paid to acquire subsidiaries	1,494,946,286.18

Other descriptions:

As Luxcase Precision Technology (Yancheng) Co., Ltd. was acquired in the form of contributing additional capital to increase shares, the cash and cash equivalents held by this subsidiary on the acquisition date are presented in other cash received related to investing activities.

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

In RMB

	Amount
Cash or cash equivalents received from disposal of subsidiaries in the current period	17,500,000.00
Including:	--
Wuxi Huihong Electronic Co., Ltd.	17,500,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	1,081,786.29
Including:	--
Wuxi Huihong Electronic Co., Ltd.	1,081,786.29
Including:	--
Luxshare Precision Industry (Xi'an) Co., Ltd.	16,418,213.71

Other descriptions:

(4) Composition of cash and cash equivalents

In RMB

Item	Closing Balance	Opening Balance
I. Cash	8,921,536,728.08	10,464,804,451.34
Including: Cash on hand	323,716.04	9,919,560.76
Bank deposits available for payment at any time	8,921,213,012.04	10,454,884,890.58
III. Closing balance of cash and cash equivalents	8,921,536,728.08	10,464,804,451.34

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

(2) Return of government grants

Applicable N/A

Other descriptions:

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 the acquiree from the acquisition date to the end of the period
Luxcase Precision Technology (Yancheng) Co., Ltd.	Feb.1, 2021	6,000,000.00	51.83 %	Cash acquisition	Feb.1, 2021	Obtainment of control	49,727,123.010.93	1,092,231.638.01
Caldigit Holding(Cayman)	Jan.1, 2021	59,570,545.97	40.00 %	Control under agreement	Jan.1, 2021	Obtainment of control	211,936,482.41	17,429,974.90
Taihan Precision Co., Ltd.	Aug.1, 2021	131,123,350.23	26.71 %	Control under agreement	Aug.1, 2021	Obtainment of control	220,040,667.42	11,773,116.30
Zhejiang Puxing Electronic Technology Co., Ltd.	Aug.1, 2021	20,000,000.00	70.00 %	Cash acquisition	Aug.1, 2021	Obtainment of control	19,726,196.33	-1,018,429.21

Other descriptions:

(2) Combination costs and goodwill

In RMB

Combination costs	Luxcase Precision Technology (Yancheng) Co., Ltd.	Caldigit Holding(Cayman)	Taihan Precision Co., Ltd.	Zhejiang Puxing Electronic Technology Co., Ltd.
--Cash	6,000,000,000.00			20,000,000.00
-- Fair value of non-cash				

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 Precision Technology (Yancheng) Co., Ltd.		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	Book value at acquisition date	Fair value at acquisition date	Book value at acquisition date
Assets:	24,406,284.704.42	23,701,473.320.22	109,907,469.77	91,423,949.81	670,860,493.18	569,899,146.98	46,757,216.93	46,757,216.93
Cash and bank balances	10,672,117.036.93	10,672,117.036.93	18,271,881.68	18,271,881.68	143,991,433.32	143,991,433.32	2,899,919.78	2,899,919.78
Accounts	4,222,834.97	4,222,834.97	12,095,772.4	12,095,772.4	95,429,725.6	95,429,725.6	13,607,880.3	13,607,880.3

receivable	1.37	1.37	4	4	0	0	3	3
Inventories	2,289,035.01 5.01	2,289,035.01 5.01	57,340,063.3 6	57,340,063.3 6	47,675,909.1 6	47,675,909.1 6	12,600,399.9 4	12,600,399.9 4
Fixed assets	5,061,624.81 0.68	4,670,679.67 8.66	92,963.74	92,963.74	220,051,363. 44	210,119,614. 64	14,318,313.0 6	14,318,313.0 6
Intangible assets	506,818,185. 85	192,951,933. 67	18,490,480.0 6	6,960.10	89,819,609.8 0	3,665,418.20	2,935.14	2,935.14
Prepayments	93,038,799.1 2	93,038,799.1 2	2,767,778.62	2,767,778.62	15,061,693.4 2	15,061,693.4 2	508,290.24	508,290.24
Other assets	1,560,815,88 5.46	1,560,815,88 5.46	848,529.87	848,529.87	58,830,758.4 4	53,955,352.6 4	2,819,478.44	2,819,478.44
Liabilities:	14,401,412.3 33.05	14,225,209.4 87.00	65,395,061.3 2	59,879,578.8 8	217,326,768. 03	222,542,721. 14	19,335,010.5 2	19,335,010.5 2
Borrowings	400,701,290. 05	400,701,290. 05			41,789,697.7 0	41,789,697.7 0		
Accounts payable	12,010,441.5 35.39	12,010,441.5 35.39	58,506,728.0 0	58,506,728.0 0	59,344,981.7 4	59,344,981.7 4	11,016,405.1 0	11,016,405.1 0
Deferred tax liabilities	176,202,846. 05		5,515,482.42		33,581,279.5 0	12,175,148.6 3	1,287,940.09	1,287,940.09
Other payables	602,710,283. 41	602,710,283. 41	937,618.87	937,618.87	23,916,815.0 0	50,538,898.9 7	1,970,314.49	1,970,314.49
Other liabilities	1,211,356.37 8.15	1,211,356.37 8.15	435,232.03	435,232.01	58,693,994.0 9	58,693,994.1 0	5,060,350.84	5,060,350.84
Net assets	10,004,872.3 71.37	9,476,263.83 3.22	44,512,408.4 5	31,544,370.9 3	453,533,725. 15	347,356,425. 84	27,422,206.4 1	27,422,206.4 1
Less: minority interest	4,819,657.17 2.33	4,565,010.05 2.64	26,707,444.8 9	18,926,622.5 0	332,383,247. 80	254,568,625. 32	8,226,661.92	8,226,661.92
Net assets acquired	5,185,215.19 9.04	4,911,253.78 0.58	17,804,963.5 6	12,617,748.4 3	121,150,477. 35	92,787,800.5 2	19,195,544.4 9	19,195,544.4 9

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

Contingent liabilities of the acquiree in business combination:

Other descriptions:

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

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

Yes No

(5) Relevant 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. Counter purchase

Basic information of transactions, basis for forming a reverse purchase, if assets and liabilities retained by listed company constitute a business and its basis, determination of combination cost, adjustments on and calculation of equity treated as equity transactions:

4. Disposal of subsidiaries

Single disposal of investments in subsidiaries, i.e.the loss of control

√ Yes □ No

In RMB

Name of subsidiary	Equity disposal price	Equity disposal ratio	Equity disposal method	Time point of losing control	Basis for determining the time point of losing control	Difference between the disposal price and the share of net assets of the subsidiary at the consolidated financial	Proportion of residual equity on the date of losing control	Book value of the residual equity on the date of losing control	Fair value of residual equity on the date of losing control	Gain or loss from re-measurement of residual equity at fair value	Determination method and main assumption for fair value of residual equity on the date of losing control	Amount of other comprehensive income related to equity investment of the subsidiary transferred into investment profit

						statement level corresponding to the disposal of investment						or loss
Wuxi Huihong Electronic Co., Ltd.	17,500,000.00	68.97%	Sold	Feb.28, 2021	Change of equity shares	581,347.34						

Other descriptions:

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

Yes No

5.Changes in consolidation scope for other reasons

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

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

Company	Date of establishment
Luxis Technology Limited	April 23, 2021
Yancheng Luxshare Precision Industry Co., Ltd.	May 27, 2021
Hangzhou Xuntao Technology Co., Ltd.	June 28, 2021
Rugao Luxshare Corporate Management Services Partnership (Limited Partnership)	February 8, 2021
Lianxun Intelligent Equipment (Rugao) Co., Ltd.	June 8, 2021
Luxshare Precision Technology(Xi'an) Co., Ltd.	June 7, 2021
Luxshare Electronic Technology (Enshi) Co., Ltd.	May 25, 2021
Luxis Technology (Kunshan) Co., Ltd.	May 26, 2021
Luxshare Precision Investment Co.,Ltd.	August 27, 2021
Yancheng Luxshare Corporate Management Services Partnership (Limited Partnership)	September 18, 2021
Luxshare Intelligent Equipment (Yancheng) Co., Ltd.	October 20, 2021

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

6. Others

IX. Equity in other entities

1. Equity in subsidiaries

(1) Composition of the enterprise group

Name of subsidiary	Main place of business	Place of registration	Nature of business	Shareholding ratio		Method of acquisition
				Direct	Indirect	
Luxshare Precision Technology Co., Ltd.	Hong Kong	Hong Kong	Investment consulting	100.00%		Establishment
Taiwan Luxshare Precision Limited	Taiwan	Taiwan	Marketing business		100.00 %	Establishment
Luxshare ICT, Inc.	USA	USA	Marketing business		100.00 %	Establishment
Luxshare-ICT Europe Limited	UK	UK	Marketing business		100.00 %	Establishment

Luxshare Precision Limited	Hong Kong	Hong Kong	Trade	100.00 %		Establishment
Yunding Technology Co., Ltd.	Hong Kong	Hong Kong	Investment consulting		100.00 %	Establishment
Huzhou Jiuding Electronic Co., Ltd.	Huzhou	Huzhou	Processing and manufacturing		100.00 %	Business combination not involving enterprises under common control
LUXSHARE-ICT Japan Ltd.	Japan	Japan	Marketing business		80.00 %	Establishment
Korea LuxshareICT Co., Ltd	Korea	Korea	Marketing business		100.00 %	Establishment
Luxshare India Private Limited	India	Chennai	Processing and manufacturing		100.00 %	Establishment
Luxshare Precision Investment Co.,Ltd.	Hong Kong	Hong Kong	Investment consulting		100.00 %	Establishment
Luxis Technology Limited	Hong Kong	Hong Kong	Investment consulting		100.00 %	Establishment
Luxshare Liantao (India) Co., Ltd.	India	India	Processing and manufacturing		100.00 %	Establishment
SUK PLASTICS	Romania	Romania	Processing and manufacturing		100.00 %	Establishment
ICT-LANTO LIMITED(HK)	Hong Kong	Hong Kong	Trade	100.00 %		Business combination not involving enterprises under common control
SpeedTech Corp.	Taiwan	Taiwan	Processing and manufacturing		31.47 %	Business combination not involving enterprises under common control
Castle Rock, Inc.	Taiwan	Xinbei City	Processing and manufacturing		12.59 %	Business combination not involving enterprises under

						common control
Cyber Acoustics, LLC(USA)	Taiwan	Taiwan	Processing and manufacturing		22.03 %	Business combination not involving enterprises under common control
Caldigit Holding Limited	Taiwan	Taiwan	Processing and manufacturing		12.59 %	Business combination not involving enterprises under common control
Taiqiao Investment Co., Ltd.	Taiwan	Taiwan	Investment consulting		31.47 %	Business combination not involving enterprises under common control
Taihan Precision Co., Ltd.	Taiwan	Taiwan	Processing and manufacturing		9.22 %	Business combination not involving enterprises under common control
Henan Lide Precision Industry Co., Ltd.	Henan province	Henan province	Processing and manufacturing		58.88 %	Establishment
Luxshare-ICT (Vietnam) Limited	Vietnam	Vietnam	Processing and manufacturing		100.00 %	Establishment
Luxshare Precision (Yunzhong) Co., Ltd.	Vietnam	Vietnam	Processing and manufacturing		100.00 %	Establishment
Luxshare-ICT (NGHE AN) Limited	Vietnam	Vietnam	Processing and manufacturing		100.00 %	Establishment
Kunshan Luxshare Precision Industry Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing	100.00 %		Establishment
Kunshan Luxshare Precision Mould	Kunshan	Kunshan	Processing and manufacturing		100.00 %	Establishment

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		88.00 %	Establishment
Luxshare Precision Industry (Jiangsu) Co., Ltd.	Liyang	Liyang	Processing and manufacturing		100.00 %	Establishment
Yancheng Luxshare Precision Industry Co., Ltd.	Yancheng	Yancheng	Processing and manufacturing		100.00 %	Establishment
Lanto Electronic Limited	Kunshan	Kunshan	Processing and manufacturing	100.00 %		Business combination not involving enterprises under common control
Bozhou Lanto Electronic Limited	Bozhou	Bozhou	Processing and manufacturing		100.00 %	Business combination not involving enterprises under common control
Bozhou Xuntao Electronic Limited	Bozhou	Bozhou	Processing and manufacturing		100.00 %	Establishment
Suining Luxshare Precision Industry Co., Ltd.	Suining	Suining	Processing and manufacturing		100.00 %	Establishment
Merry Electronics (Suzhou) Co., Ltd.	Suzhou	Suzhou	Processing and manufacturing		51.00 %	Business combination not involving enterprises under common control

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 Luxshare Precision Industry Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		100.00 %	Establishment
Guangdong Luxshare& Merry Electronics Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		51.00 %	Establishment
M&A Merry Electronics (Huizhou) Co., LTD.	Huizhou	Huizhou	Processing and manufacturing		51.00 %	Business combination not involving enterprises under

						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
Dongguan 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 Technology Co., Ltd.	Hangzhou	Hangzhou	Processing and manufacturing		90.00 %	Establishment
Zhejiang Puxing Electronic Technology Co., Ltd.	Zhejiang province	Zhejiang province	Processing and manufacturing		63.00 %	Business combination not involving enterprises under common control
Guangdong Luxshare Smart-Link Electronic Technology Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		90.00 %	Establishment
Changshu Luxshare Industrial Investment Management Co., Ltd.	Changshu	Changshu	Investment consulting	100.00 %		Establishment
Rugao Luxshare Corporate Management Services Partnership (Limited Partnership)	Rugao	Rugao	Investment consulting		9.09 %	Establishment

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
Fujian JK Wiring Systems Co., Ltd..	45.00 %	6,899,005.47		71,691,258.05
Luxshare Automation (Jiangsu) Ltd.	30.00 %	21,291,801.32		119,777,830.66
M&A Merry Electronics (Huizhou) Co., LTD	49.00 %	49,435,159.94		259,162,160.63

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 of significant non-wholly-owned subsidiaries

In RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Fujian JK Wiring Systems Co., Ltd.	201,461,773.41	39,539,006.41	241,000,779.82	78,739,490.18	2,947,382.89	81,686,873.07	163,428,973.90	37,881,649.81	201,310,623.71	56,639,528.54	439,433.25	57,078,961.79
Luxshare Automation (Jiangsu) Ltd.	738,818,949.79	27,111,431.45	765,930,381.24	366,214,443.87	456,501,81	366,670,945.68	632,811,583.17	25,327,104.17	658,138,687.34	334,035,875.87	434,922.47	334,470,798.34
M&A Merry Electronics (Huizhou) Co., LTD.	778,911,522.39	188,620,083.25	967,531,605.64	432,751,659.97	5,877,576.98	438,629,236.95	922,468,906.46	91,289,271.11	1,013,758,177.57	580,109,436.01	7,737,369.47	587,846,805.48
Merry Electronics (Suzhou) Co., Ltd.	1,044,707,295.02	1,356,956,783.45	2,401,664,078.47	862,367,112.91	24,681,827.98	887,048,940.89	1,181,697,694.14	1,409,645,063.39	2,591,342,757.53	1,092,806,110.91	31,243,918.32	1,124,050,029.23
SpeedTech Corp.	2,600,260,430.80	1,592,282,396.88	4,192,542,827.68	1,835,155,679.00	490,362,074.14	2,325,517,753.14	2,162,130,004.28	1,160,247,787.78	3,322,377,792.06	1,950,655,927.00	145,273,694.52	2,095,929,621.52

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		
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 associates		
Fair value of equity investment in associates with published quoted price		
Operating income		
Net profits		
Net profit from discontinued operation		
Other comprehensive income		
Total comprehensive incomes		
Dividends received from associates in the current year		

Other descriptions

(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

Descriptions on the difference between the shareholding ratio or share and the voting rights ratio in the joint operation:

Basis for classifying a separate entity into joint operation:

Other descriptions

5. Equity in structured entities not included in the consolidated financial statements

Descriptions on structured entities not included in the consolidated financial statements:

6. Others

X. Risks associated with financial instruments

1. Credit risks

Credit risks refer to the risks that one party to a financial instrument suffers financial losses due to the failure of the other party to perform its obligations. The customer credit risks mainly faced by the Company come from credit sale. Before signing a new contract, the Company will assess the credit risks generated by new customers from perspectives such as external credit rating and, in some cases, bank credit certification (when the same is available). The Company has a credit limit, which is the maximum amount without additional approval, for each customer.

The Company ensures that its overall credit risk is within the controllable range through quarterly monitoring of credit rating of existing customers and monthly review of aging analysis of accounts receivable. Customers are grouped according to their credit characteristics when the credit risks from them are monitored. Customers rated as “high risk” will be placed on the restricted customer list, and only with additional approval can the Company sell them on credit in the future period, otherwise they must be required to pay the corresponding amount in advance.

2. Market risks

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

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change in market interest rate. The interest rate risk faced by the Company mainly comes from the long-term and short-term borrowings from banks. The Company, under its current policy, seeks to borrow in USD with a lower loan interest rate. In order to obtain loans, the Company has provided guarantee for its wholly-owned overseas subsidiaries ICT-Lanto Limited and Luxshare Precision Limited for overseas financing.

(2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flow will fluctuate due to the change in foreign exchange rate. The Company tries to match foreign currency income with foreign currency expenditure to reduce exchange rate risk. In addition, the Company has signed forward foreign exchange contracts to avoid exchange rate risk.

(3) Other price risks

The Company holds equity investments of other listed companies, and the management believes that the market price risks faced by these investment activities is acceptable.

The equity investments of listed companies held by the Company are presented as follows:

Item	Closing balance	Balance at the end of last year
Other investments in equity instruments	210,278,829.12	114,221,319.04

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	Closing balance of fair value			
	Level I	Level II	Level III	Total
I. Continuous fair value measurement	--	--	--	--
(I) Held-for-trading financial assets		115,918,643.05	1,991,199,461.99	2,107,118,105.04
1. Financial assets at fair value through profit or loss		115,918,643.05	1,991,199,461.99	2,107,118,105.04
(2) Equity instrument investment			5,700,000.00	5,700,000.00
(3) Derivative financial assets		115,918,643.05	1,991,199,461.99	2,107,118,105.04
(III) Other equity instrument investments	210,278,829.12		25,697,319.30	235,976,148.42
(VI) Held-for-trading financial liabilities		41,436.00		41,436.00
Including: held-for-trading bonds issued		41,436.00		41,436.00
II. Non-continuous fair value measurement	--	--	--	--

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

XII. Related parties and related-party transactions

1. The parent company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company	Voting rights ratio of the parent company in the Company
Luxshare Limited	Hong Kong	Industry	HKD10,000	38.63 %	38.63 %

Descriptions on the parent company of the Company

The ultimate controller of the Company is WANG Laichun and WANG Laisheng;

As of December 31, 2021, Luxshare Limited has pledged 19.23% of shares it held.

The ultimate controller of the enterprise is.

Other descriptions:

2. Subsidiaries of the Company

Please refer to Note "IX.Equity in other entities" for details of the Company's subsidiaries

3. Joint ventures and associates of the Company

Please refer to Note "IX.Equity in other entities" for details of the Company's significant joint ventures or associates.

Other joint ventures or associates that have related-party transactions with the Company in the current period or formed a balance due to related-party transactions with the Company in the prior period are as follows:

Name of joint venture or associate	Relationship with the Company
Riyimao Industrial Co., Ltd.	Joint-stock company of a majority-owned sub-sub-subsidiary of the Company
Assem Technology Co., Ltd.	Joint-stock company of a majority-owned sub-sub-subsidiary of the Company
Xuande Energy Co., Ltd.	Joint-stock company of a majority-owned sub-sub-subsidiary of the Company
Ayala Design Co.,Ltd.(Japan)	Joint-stock company of a majority-owned sub-sub-subsidiary of the Company
Caldigit (UK) Limited	Joint-stock company of a majority-owned sub-sub-subsidiary of the Company
Caldigit American Inc.	Joint-stock company of a majority-owned sub-sub-subsidiary of the Company
MERRY & LUXSHARE (VIET NAM) CO.,LTD	Joint-stock company of the Company's subsidiary
Zhuhai Kinwong Flexible Circuit Co., Ltd.	Associates of the Company

Other descriptions

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Bisaisi Automotive Technology (Suzhou) Co., Ltd.	An enterprise controlled by the Company's parent company
BCS AUTOMOTIVE INTERFACE SOLUTIONS	An enterprise controlled by the Company's parent company
Luxsan Technology (Kunshan) Co., Ltd.	An enterprise controlled by the Company's parent company
Luxsan Precision Intelligent Manufacture (Kunshan) Co., Ltd.	An enterprise controlled by the Company's parent company
LUXSAN TECHNOLOGY LIMITED	An enterprise controlled by the Company's parent company
Guangzhou Luxvisions Innovation Technology Limited	Other related party of the Company
Shangrao City Lijing Innovation Technology Co., Ltd.	Other related party of the Company
Luxvisions Innovation Limited	Other related party of the Company
Xunmu Information Technology (Shanghai) Co., Ltd.	Controlled by the de facto controller

Other descriptions

5. Related-party transactions

(1) Related-party transactions of purchasing and selling goods, rendering and accepting services

Purchasing goods/accepting services

In RMB

Related party	Related-party transactions	Amount recognized in the current period	Approved transaction limit	Whether the transaction limit is exceeded	Amount recognized in the prior period
Riyimao Industrial Co., Ltd.	Purchasing goods	14,579,642.24		No	8,030,338.04
Assem Technology Co., Ltd.	Equipment and apparatus	1,544,704.07		No	1,742,625.00
Assem Technology Co., Ltd.	Other services	7,025,321.51		No	7,133.15
Zhuhai Kinwong Flexible Circuit Co., Ltd.	Purchasing goods	5,143.81		No	40,830,964.42
Bisaisi Automotive Technology (Suzhou) Co., Ltd.	Purchasing goods	3,708,934.25		No	676,913.53
Guangzhou Luxvisions Innovation Technology Limited	Purchasing goods	1,669,585.05		No	11,134.40

Luxsan Technology (Kunshan) Co., Ltd.	Purchasing goods	403 ,077.31		No	
Luxsan Precision Intelligent Manufacture (Kunshan) Co., Ltd.	Purchasing goods	20 ,052,496.84		No	
LUXSAN TECHNOLOGY LIMITED	Purchasing goods	27 ,367,615.80		No	
MERRY & LUXSHARE (VIETNAM) CO.,LTD	Purchasing goods	1 ,027,736.62		No	

Selling goods/rendering services

In RMB

Related party	Related-party transactions	Amount recognized in the current period	Amount recognized in the prior period
Riyimao Industrial Co., Ltd.	Processing goods purchased		6 ,691.91
Riyimao Industrial Co., Ltd.	Other services	886.00	1 ,842.54
Ayala Design Co., Ltd.(Japan)	Selling products		4 ,495,492.93
Caldigit (UK) Limited	Selling products		31 ,496,213.08
Caldigit American Inc.	Selling products		135 ,401,289.61
Assem Technology Co., Ltd.	Other services	297 ,821.29	7 ,133.15
Zhuhai Kinwong Flexible Circuit Co., Ltd.	Selling products		20 ,714.40
Shangrao City Lijing Innovation Technology Co., Ltd.	Selling products	346 ,000.00	1 ,383,434.92
Guangzhou Luxvisions Innovation Technology Limited	Equipment and apparatus	2 ,542,359.91	43 ,045,170.20
Luxvisions Innovation Limited	Selling products	18 ,034.55	
Bisaisi Automotive Technology (Suzhou) Co., Ltd.	Selling products	218 ,717,133.08	106 ,918,653.51
BCS AUTOMOTIVE INTERFACE SOLUTIONS	Selling products	910 ,682.54	
Luxsan Technology (Kunshan) Co., Ltd.	Selling products	417 ,147,307.20	
Luxsan Precision Intelligent Manufacture (Kunshan) Co.,	Selling products	20 ,080,496.26	

Ltd.			
Xunmu Information Technology (Shanghai) Co., Ltd.	Selling products	10,792,326.99	
MERRY & LUXSHARE (VIETNAM) CO.,LTD	Selling products	16,898,647.66	

Descriptions on related-party transactions of purchasing and selling goods, and providing and accepting services

The approved related-party transactions amounted to RMB 777 million in total.

(2) Related-party entrusted management/contracting and entrusted management/outsourcing

Entrusted management/contracting of the Company:

In RMB

Name of principal/owner	Name of trustee/contractor	Types of entrusted / contracted assets	Commencement date of entrustment/contract	Termination date of entrustment / contract	Pricing basis of trusteeship income/contract income	Trusteeship income/contract income recognized in the current period

Descriptions on related-party trusteeship/contract

Statement of entrusted management/outsourcing of the Company:

In RMB

Name of principal/owner	Name of trustee/contractor	Types of entrusted / contracted assets	Commencement date of entrustment/contract	Termination date of entrustment / contract	Pricing basis of trusteeship income/contract income	Trusteeship income/contract income recognized in the current period

Descriptions on related-party management/outsourcing

(3) Related-party lease

The Company acts as the lessor:

In RMB

Name of lessee	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Riyimao Industrial Co., Ltd.	Fixed assets	0.00	21,117.59
Xuande Energy Co., Ltd.	Fixed assets	0.00	108,412.88

The Company acts as the lessee:

In RMB

Name of lessor	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Luxsan Precision Intelligent	Fixed assets and buildings	9,801,826.37	0.00

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	

(4) Related-party guarantee

The Company acts as the guarantor

In RMB

Guaranteed party	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
Luxshare Precision Limited	5,100,560,000.00	July 20, 2020	July 19, 2025	No

The Company acts as the guaranteed party

In RMB

Guarantor	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled

Descriptions on related-party guarantee

(5) Related-party loans

In RMB

Related party	Loan amount	Commencement date	Maturity date	Remarks
Borrow				
Lend				

(6) Asset transfer and debt restructuring of related parties

In RMB

Related party	Related-party transactions	Amount 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		
Other receivables					
	Guangzhou Luxvisions Innovation Technology Limited			69,933.44	349.67
	Bisaisi Automotive Technology (Suzhou) Co., Ltd.			4,200.00	21.00
	Xuande Energy Co., Ltd.	167,101.03	835.51	168,480.23	842.40
	Luxsan Technology (Kunshan) Co., Ltd.	685.63	3.43		
	BCS AUTOMOTIVE INTERFACE SOLUTIONS	803,488.22	4,017.44		
	Merry & Luxshare (Vietnam) Co., Ltd	84,161.60	420.81		

(2) Payables

In RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable			
	Assem Technology Co., Ltd.	5,479,111.65	
	Guangzhou Luxvisions	1,445,279.42	12,581.87

	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, with a proportion of 20% for each period, in the following 60 months; According to the *Proposal on Satisfying the Exercise Conditions for the Second Exercise Period under the 2018 Stock Option Incentive Plan* approved upon deliberation at the Twenty-seventh Meeting of the Fourth Session of the Board of Directors of the Company held on December 2, 2020, given that the exercise condition for the second exercise period under the 2018 Stock Option Incentive Plan had been matured, it was agreed that 1,718 grantees of the 2018 Stock Option Incentive Plan would independently exercise their options at the exercise price of RMB10.28 per share, with the estimated stock options to be exercised numbering 31,212,577 (the actual number of stock options to be exercised shall be subject to registered number by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.)

(2) On April 22, 2019, the Company held the Ninth Meeting of the Fourth Session of the Board of Directors, deliberating and approving the *Proposal on Granting Stock Options to Initial Grantees under the 2019 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.*, whereby it was determined that 50,076,000 stock options would be granted to 348 eligible grantees and 12,519,000 stock options would be reserved for future granting. The stock options initially granted under this incentive plan was RMB 23.36 per share. On November 27, 2019, the Company held the Thirteenth Meeting of the Fourth Session of the Board of Directors, deliberating and approving the *Proposal on Granting Stock Options to Grantees Reserved under the 2019 Stock Option Incentive Plan*, pursuant to which the Company granted 16,274,700 stock options to 263 eligible grantees at an exercise price of RMB17.93 per share, and after 12 months from the date on which the registration of grants was completed, grantees meeting the exercise conditions would exercise the stock options in five periods, with a proportion of 20% for each period, in the following 60 months.

On June 22, 2020, the Company held the Nineteenth Meeting of the Fourth Session of the Board of Directors, deliberating and approving the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period under the 2019 Stock Option Incentive Plan*, pursuant to which the exercise condition for the first exercise period under the 2019 Stock Option Incentive Plan was matured. Therefore, it was agreed that 339 initial grantees of the 2019 Stock Option Incentive Plan would independently exercise their options at the exercise price of RMB13.70 per share, with the estimated stock options to be exercised numbering 16,456,708 (the actual number of stock options to be exercised is subject to registered number by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.).

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 to 1,097 eligible grantees on December 3, 2021 as the grant date of the incentive plan. The exercise price of stock options initially granted under this incentive plan was RMB 35.87 per share. Since 22 original grantees resigned from the Company and 3 original grantees gave up all stock options to be granted to them for personal reasons, the number of grantees subject to this stock option incentive was changed from 1,097 to 1,072 and the quantity of stock options granted was changed from 52,419,000 to 52,092,000.

2. Share-based payment settled in equity

√ Applicable □ N/A

In RMB

Method of determining the fair value of equity instruments on the grant date	Black-Scholes model
Basis for determining the number of exercisable equity 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 the Fourth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the 2018 Stock Option Incentive Plan and Canceling Some Stock Options* as well as the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period of the 2018 Stock Option Incentive Plan*. According to relevant provisions of the *Measures for Managing Equity Incentives of Listed Companies*, the Company's *2018 Stock Option Incentive Plan (Draft)* and the *Administrative Measures for the Implementation and Assessment of the 2018 Stock Option Incentive Plan*, and as authorized by the Company's second extraordinary general meeting of shareholders in 2018, the adjustment of the exercise price and quantity under the stock option incentive plan and the cancellation of some options was ratified in response to the implementation by the Company of the annual equity distribution plan in 2018 and the resignation of grantees, etc..After the adjustment, the number of grantees was changed from 1,870 to 1,762, the quantity of stock options granted was changed from 97,300,000 to 122,327,530, and the exercise price of stock options was changed from RMB17.58 per share to RMB13.48 per share.

On June 22, 2020, the Company held the Nineteenth Meeting of the Fourth Session of the Board of Directors and the Nineteen Meeting of the Fourth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options*. After the adjustment, the quantity of stock options that was not exercised was changed from 99,001,310 to 128,698,841, and the exercise price of stock options that was not exercised was changed from RMB13.48 per share to RMB10.28 per share.

On December 2, 2020, the Company held the Twenty-seventh Meeting of the Fourth Session of the Board of Directors and the Twenty-seventh Meeting of the Fourth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Quantity under the 2018 Stock Option Incentive Plan and Canceling Some Stock Options* as well as the *Proposal on Satisfying the Exercise Conditions for the Second Exercise Period of the 2018 Stock Option Incentive Plan*. After the adjustment, the number of grantees subject to the stock option incentive plan was changed from 1,762 to 1,719, and the quantity of stock options granted was changed from 127,217,803 to 125,056,043.

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. After the adjustment, the exercise price of stock options that was not exercised was changed from RMB 10.28 per share to RMB 10.17 per share.

On September 30, 2021, the Company held the Fourth Meeting of the Fifth Session of the Board of Directors and the Fourth Meeting of the Fifth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Quantity under the 2018 Stock Option Incentive Plan and Canceling Some Stock Options*. After the adjustment, the number of grantees subject to the stock option incentive plan was changed from 1,719 to 1,695, and the quantity of stock options granted was changed from 93,843,466 to 92,964,441.

On December 3, 2021, the Company held the Sixth Meeting of the Fifth Session of the Board of Directors and the Sixth Meeting of the Fifth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Quantity under the 2018 Stock Option Incentive Plan and Canceling Some Stock Options* as well as the *Proposal on Satisfying the Exercise Conditions for the Third Exercise Period of the 2018 Stock Option Incentive Plan*. After the adjustment, the number of grantees subject to the stock option incentive plan was changed from 1,695 to 1,653, and the quantity of stock options granted was changed from 92,964,441 to 90,887,187.

(2) On April 22, 2019, the Company held the Ninth Meeting of the Fourth Session of the Board of Directors and the Ninth Meeting of the Fourth Session of the Board of Supervisors, at which it deliberated and approved the *Proposal on Granting Stock Options to Subordinated Grantees under the 2019 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.*, determining that 50,076,000 stock options would be granted to 348 eligible initial grantees on April 22, 2019 as the grant date of the incentive plan.

On November 27, 2019, the Company held the Thirteenth Meeting of the Fourth Session of the Board of Directors and the Thirteenth Meeting of the Fourth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the 2019 Stock Option Incentive Plan* and the *Proposal on Granting Stock Options to Grantees Reserved under the 2019 Stock Option Incentive Plan*. Due to the implementation by the Company of the annual equity distribution plan in 2018, the exercise price and quantity under the 2019 stock option incentive plan were adjusted. After adjustment, the exercise price of the stock option initially granted was changed from RMB23.36 per share to RMB17.93 per share, the quantity of stock options initially granted was changed from 50,076,000 to 65,098,800, and the quantity of reserved stock options granted was changed from 12,519,000 to 16,274,700. At the same time, the board of directors considered that the Company and the grantees had met the conditions for the grant of reserved stock options under the Company's 2019 incentive plan, and consented to grant 16,274,700 stock options to 263 grantees on November 27, 2019 as the grant date of reserved stock options at the exercise price of RMB17.93 per share.

On June 22, 2020, the Company held the Nineteenth Meeting of the Fourth Session of the Board of Directors and the Nineteenth Meeting of the Fourth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options*, and the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period of the 2019 Stock Option Incentive Plan*. After this adjustment, the number of initial grantees under the 2019 stock option incentive plan was adjusted from 348 to 340, the quantity of stock options initially granted was adjusted from 65,098,800 to 84,626,558, and the exercise price of the stock options initially granted was adjusted from RMB17.93 per share to RMB13.70 per share; the quantity of reserved stock options granted was adjusted from 16,241,700 to 21,113,740, and the exercise price thereof was adjusted from RMB17.93 per share to RMB13.70 per share.

On January 22, 2021, the Company held the Twenty-ninth Meeting of the Fourth Session of the Board of Directors and the Twenty-ninth Meeting of the Fourth Session of the Board of Supervisors, deliberating and approving the *Proposal on Adjusting the Reserved Name List of grantees, Exercise Quantity under the 2019 Stock Option Incentive Plan and Canceling Some Stock Options* as well as the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period of the 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 to 1,097 eligible grantees on December 3, 2021 as the grant date of the incentive plan. The exercise price of stock options initially granted under this incentive plan was RMB 35.87 per share. Since 22 original grantees resigned from the Company and 3 original grantees gave up all stock options to be granted to them for personal reasons, the number of grantees subject to this stock option incentive was changed from 1,097 to 1,072 and the quantity of stock options granted was changed from 52,419,000 to 52,092,000.

3. Share-based payment settled in cash

Applicable N/A

4. Modification and termination of share-based payment

None

5. Others

None

XIV. Commitments and contingencies

1. Significant commitments

Significant commitments on the balance sheet date

The Company has no significant commitments to be disclosed.

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 raise funds totaled up to RMB13,500,000,000 through private offering of shares. The number of shares to be issued privately is determined as the amount obtained by dividing the total raise funds by the issue price this time, and shall not exceed 30% of the total share capital of the Company before this issue, i.e. not more than 2,123,110,448 shares (inclusive).

2. According to the resolution of the Eighth Meeting of the Fifth Session of the Board of Directors, the Company intends to apply for a comprehensive credit line amounting to RMB28.2 billion in aggregate from 16 banks. The above credit line will be subject to the actual approval of these banks and comprises RMB loans, bank acceptance bills, letters of credit, letters of guarantee, forward foreign exchange and other local and foreign currency credit varieties, with credit terms of one year for all.

3. On February 11, 2022, the Company made and entered into a Strategic Cooperation Framework Agreement ("Agreement") with Chery Holding Group Co., LTD. ("Chery Holding"), Chery Automobile Co., LTD. ("Chery Automobile") and Chery New Energy Vehicle Co., LTD. ("Chery New Energy") (Chery Holding, Chery Automobile, Chery New Energy and its related parties collectively referred to as "Chery Group"), pursuant to which a strategic partnership between the two parties have been established. On the basis of the Agreement, the Company and Chery New Energy intend to jointly establish a joint venture company which will specialize in developing and manufacturing new energy vehicles, and provide a cutting-edge R&D design, mass production platform and sale

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 "Underlying Shares" together with "Underlying Share 1") of the Underlying Company held by Time Interconnect Holdings Limited ("Seller 2") at a price of HKD 0.8 per share (equivalent to approximately RMB 0.65 per share discounted by the mid-rate of HKD1:RMB 0.81656 as announced by the People's Bank of China on February 11, 2022, the same as below) through LUXSHARE PRECISION LIMITED ("LUXSHARE PRECISION"), a wholly-owned overseas subsidiary of the Company ("Acquisition"). Shares of the Underlying Company involved in the Acquisition totaled in 1,380,000,000 shares, representing approximately 74.67%, with a total consideration amounting to HKD 1,104,000,000.00. In terms of the Acquisition, a Share Purchase Agreement was made and entered into by and among Seller 1, Seller 2, LUXSHARE PRECISION and Lo Chung Wai, Paul on February 11, 2022.

On 17 March 2022, LUXSHARE PRECISION paid the purchase price of HKD 1,104,000,000 in full to Seller 1 and Seller 2 and completed the settlement of all Underlying Shares. Upon completion of the settlement, LUXSHARE PRECISION held 1,380,000,000 shares of Time Interconnect Technology in total, representing approximately 72.18% of the issued shares of Time Interconnect Technology as of the close time on March 16, 2022.

On March 30, 2022, LUXSHARE PRECISION, as the offeror, gave a mandatory unconditional cash offer for acquisition of all issued shares of Time Interconnect Technology and cancellation of all purchase options not exercised yet (excluding those already held by LUXSHARE PRECISION and its parties acting in concert). This offer was terminated at 4:00 p.m. on April 19, 2022, as of which LUXSHARE PRECISION has received valid acceptances of an aggregate of 594,000 offer shares under this offer (the "Accepted Shares"), representing approximately 0.03% of the total issued shares of Time Interconnect Technology as of the close time on April 19, 2022; prior to the commencement of this offer, LUXSHARE PRECISION and its parties acting in concert had held 1,380,000,000 shares of Time Interconnect Technology in total, representing approximately 70.92% of the total issued shares of Time Interconnect Technology as of the close time on March 25, 2022. As of the close time on April 19, 2022, after calculating the sum of the Accepted Shares and the shares of Time Interconnect Technology held by LUXSHARE PRECISION and its parties acting in concert, LUXSHARE PRECISION and its parties acting in concert held 1,380,594,000 shares of Time Interconnect Technology in total, representing approximately 70.95% of the total issued shares of Time Interconnect Technology.

5. According to the resolution of the Eighth Meeting of the Fifth Session of the Board of Directors, the Company intends to take appropriate low-risk investment and wealth management activities to improve the efficiency of using the Company's funds and further increase the Company's proceeds. Therefore, the Company plans to purchase low-risk investment wealth management products with high security and good liquidity by using its independently-owned idle funds with an amount up to RMB 4 billion, with a valid term equal to or less than 12 months from the date of approval, provided that the Company ensures that such purchase will not affect the Company's normal production and operations and risks of such purchase can be effectively controlled.

XVI. Other significant events

1. Correction of previous accounting errors

(1) Retrospective restatement

In RMB

Accounting error corrected	Processing procedure	Name of the affected item in the	Cumulative quantum affected
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		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

(3) Descriptions on reasons why the Company has no reporting segment or cannot disclose the total assets and liabilities of each reporting segment, if any

(4) Other descriptions

7. Other important transactions and events that have an impact on investors' decision-making

8. Others

XVII. Notes to key items in financial statements of the company

1. Accounts receivable

(1) Categorized disclosure of accounts receivable

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivable for which bad-debt provision is made individually	241,403.36	0.01 %	241,403.36	100.00 %		241,403.36	0.01 %	241,403.36	100.00 %	
Including:										
Entity 1	241,403.36	0.01 %	241,403.36			241,403.36	0.01 %	241,403.36		
Accounts receivable for which bad-debt provision is made by group	2,908,049,591.01	99.99 %	6,424,422.80	0.22 %	2,901,625,168.21	6,927,999,417.25	99.99 %	4,846,817.94	0.07 %	6,923,152,599.31
Including:										
Group by aging	1,358,822,492.40	46.72 %	6,424,422.80	0.47 %	1,352,398,069.60	1,023,149,566.63	14.76 %	4,846,817.94	0.47 %	1,018,302,748.69
Related party group in the scope of consolidation	1,549,227,098.61	53.27 %			1,549,227,098.61	5,904,849,850.62	85.23 %			5,904,849,850.62
Total	2,908,290,994.37	100.00 %	6,665,826.16		2,901,625,168.21	6,928,240,820.61	100.00 %	5,088,221.30		6,923,152,599.31

Provision for bad debts made individually:

In RMB

Description	Closing balance			
	Book balance	Bad-debt provision	Provision proportion	Reason for provision
Entity 1	241,403.36	241,403.36	100 %	It cannot be recovered
Total	241,403.36	241,403.36	--	--

Provision for bad debts made individually:

In RMB

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

Provision for bad debts made by group:

In RMB

Description	Closing balance		
	Book balance	Bad-debt provision	Provision proportion
Undue	1,338,844,558.04	669,422.28	0.05 %
1 to 60 days overdue	8,650,481.16	432,524.06	5.00 %
61 to 120 days overdue	2,581,119.38	774,335.81	30.00 %
121 to 180 days overdue	2,885,223.98	1,154,089.59	40.00 %
181 to 365 days overdue	4,934,117.57	2,467,058.79	50.00 %
1 to 2 years(excluding 1 year)			
Over 2 years	926,992.27	926,992.27	100.00 %
Total	1,358,822,492.40	6,424,422.80	--

Descriptions on basis for determining the group:

Provision for bad debts made by group:

In RMB

Description	Closing balance		
	Book balance	Bad-debt provision	Provision proportion

Descriptions on basis for determining the group:

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

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including 1 year)	2,907,122,598.74
Over 3 years	1,168,395.63
3-4 years	1,168,395.63

Total	2,908,290,994.37
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(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision in the current period:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recover or reversal	Write off	Other	
Provision on an individual basis	241,403.36					241,403.36
Provision on a group basis	4,846,817.94	1,577,604.86				6,424,422.80
Total	5,088,221.30	1,577,604.86				6,665,826.16

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

In RMB

Entity name	Amount recovered or reversed	Recovery method

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

In RMB

Item	Write-off amount

Including the write-off of significant accounts receivable:

In RMB

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

Descriptions on the write-off of other receivables:

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

In RMB

Entity name	Closing balance of accounts receivable	Proportion in total closing balance of accounts receivable	Closing balance of bad-debt provision
Entity 1	1,370,318,350.67	47.12 %	
Entity 2	521,621,195.14	17.94 %	260,810.60
Entity 3	142,965,001.18	4.92 %	71,482.50
Entity 4	91,442,885.66	3.14 %	

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

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

None

Other descriptions:

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

None

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividends receivable	211,543,626.19	11,543,626.19
Other receivables	423,508,501.65	543,164,102.94
Total	635,052,127.84	554,707,729.13

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

In RMB

Item	Closing balance	Opening balance

2) Significant overdue interest

In RMB

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

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
Wan'an Xiexun Electronic Co., Ltd.	11,543,626.19	11,543,626.19
Lanto Electronic Limited	200,000,000.00	
Total	211,543,626.19	11,543,626.19

2) Significant dividends receivable with aging over 1 year

In RMB

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

3) Bad-debt provision

Applicable 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	33,273.76	49,663.76
Security deposit	31,756,216.84	
Import tax rebate receivable		20,052,713.03
Other	142,559,720.70	191,697,001.27
Current account	250,035,350.00	332,444,406.04
Total	424,384,561.30	544,243,784.10

2) Bad-debt provision

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (without	Lifetime ECL (with credit	

		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	424,384,561.30

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

Bad-debt provision in the current period:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recover or reversal	Write off	Other	
Group by aging	1,079,681.16		203,621.51			876,059.65
Total	1,079,681.16		203,621.51			876,059.65

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

In RMB

Entity name	Amount reserved or recovered	Recovery method

4) Other receivables actually written off in the current period

In RMB

Item	Write-off amount

Including the write-off of significant other receivables:

In RMB

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

					related-party transactions
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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	Opening balance (book value)	Increase and decrease in the current period				Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduced investment	Provision for impairment	Other		
ASAP Technology (Jiangxi) Co., Ltd.	271,442,772.21	3,004,414.72	981,742.65			273,465,444.28	
Xiexun Electronic (Ji'an) Co., Ltd.	243,789,479.70	1,145,191.62				244,934,671.32	
Suining Luxshare Precision Industry Co., Ltd.	2,291,444.90		104,692.66			2,186,752.24	
Luxshare Precision Technology Co., Ltd.	158,059,935.32					158,059,935.32	
ICT-LANTO LIMITED	534,084,500.26	453,278,000.00				987,362,500.26	
Luxshare Precision Limited	32,423,829.90					32,423,829.90	
Lanto Electronic Limited	3,288,818,885.56	24,089,698.93				3,312,908,584.49	
Dongguan Leader Precision	64,694,688.88	1,147,637.34				65,842,326.22	

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-IC T 株式会社	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	

Limited							
Luxshare-ICT,inc.	26,152,599.41	8,623,986.15				34,776,585.56	
Korea Luxshare-ICT Co.,Ltd.	4,069,963.65	1,090,328.95				5,160,292.60	
LUXSHARE-ICT EUROPE LIMITED	458,762.29	-276,555.97				182,206.32	
Merry Electronics (Suzhou) Co., Ltd.	3,496,808.33	1,294,333.06				4,791,141.39	
Kunshan-Luxshare RF Technology Co., Ltd.	22,320,648.93	8,568,147.74				30,888,796.67	
M&A Merry Electronics (Huizhou) Co., LTD.	417,479.98	2,102,915.10				2,520,395.08	
Jiangxi ASAP Electronic Co., Ltd.	1,508,715.42	477,815.16				1,986,530.58	
Luxshare Precision Industry (Baoding) Co., Ltd.	682,828.16	675,585.46				1,358,413.62	
Luxshare Precision Industry (Shanxi) Co., Ltd.	1,370,774.17	355,294.53				1,726,068.70	
Guangdong Luxshare Smart-Link Electronic Technology Co., Ltd.		467,029.39				467,029.39	
Guangdong	1,058,103.73					1,058,103.73	

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-ICT (VIETNAM) LIMITED		1,790,298.57				1,790,298.57	
Hangzhou Xuntao Technology Co., Ltd.		9,999,497.45				9,999,497.45	
Total	13,377,693,523.62	7,853,464,562.49	118,026,125.62			21,113,131,960.49	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	Investment profit or loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other		
I. Joint ventures											
II. Associates											
Siliconch	22,663,5			-394,382.						22,269,1	

	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:				

By the period of transferring products				
Including:				
By contract term				
Including:				
By sales channel				
Including:				
Total				

Information related to performance obligations:

N/A

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 recognized in , RMB is expected to be recognized in , and RMB is expected to be recognized in .

Other descriptions:

5. Investment income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Long-term equity investment income accounted for using the cost method	2,242,183,081.46	3,325,246,159.60
Long-term equity investment income accounted for using the equity method	-4,411,361.63	452,498.12
Investment income from disposal of long-term equity investment		-58,000.00
Investment income from held-for-trading financial assets during holding period	30,531,053.98	14,791,876.12
Income from wealth management products	41,433,412.36	69,496,746.15
Gains from derecognition of financial assets measured at amortized cost.	-41,003,477.92	
Total	2,268,732,708.25	3,409,929,279.99

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	
Other non-operating income and expenses except the above items	-12,600,634.71	
Other profit and loss items satisfying the definition of non-recurring profit and loss	-170,939,666.46	Mainly refer to gains from derecognition of financial assets measured at amortized cost.
Less: Affected quantum of income tax	211,043,425.20	
Affected quantum of minority interest	61,644,659.76	

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)
Net profit attributable to ordinary shareholders of the Company	22.35 %	1.01	0.99
Net profit after deduction of non-recurring profit and loss attributable to ordinary shareholders of the Company	19.34 %	0.86	0.84

3. Accounting data differences under domestic and foreign accounting standards**(1) Differences of net profit and net assets in financial reports disclosed according to International Accounting Standards and Chinese Accounting Standards at the same time**

Applicable N/A

(2) Difference of net profit and net asset in financial reports disclosed according to overseas accounting standards and Chinese Accounting Standards at the same time

Applicable N/A

(3) Descriptions on the reasons for the differences of accounting data under the accounting standards at home and abroad, and the name of the overseas institution if difference adjustment is made to the data audited by an overseas audit institution**4. Others**

Luxshare Precision Industry Co., Ltd.

Chairman: WANG Laichun

April 27, 2022