

Ninestar Corporation and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Year Ended December 31, 2020

Ninestar Corporation and Subsidiaries

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Auditors' Report

PCPAR [2021] NO. ZM10046

To the shareholders of Ninestar Corporation:

1. Audit Opinion

We have audited the financial statements of Ninestar Corporation (hereinafter referred to as "Ninestar"), including the consolidated and company statements of financial position as of December 31, 2020, the consolidated and company statements of comprehensive income, the consolidated and company statements of cash flows, the consolidated and company statements of changes in shareholders' equity and notes to the financial statements for the Year 2020.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company statements of financial position of Ninestar as of December 31, 2020 and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

2. Basis for opinion

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

3. Key Audit Matters

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

Key Audit Matter	The Audit Procedures to the Key Audit Matter
<p>1. Goodwill impairment</p> <p>The book balance and the net balance of goodwill as of December 31, 2020 were RMB 12,211,177,046.62 with no impairment provision. The composition of goodwill was mainly for the acquisition of Lexmark International Inc. in 2016.</p> <p>The accounting policies and financial notes refer to Note III.20 and Note V.18 to the consolidated financial statements.</p> <p>The management performs the goodwill impairment test at the end of each fiscal year. The management identified the asset group's scope corresponded to the goodwill and reassessed whether the related book value should be reallocated by the end of 2020; Additionally, the management prepared budget for the asset groups and compared their book value with their net present value. When assessing recoverable amounts of those specific asset groups, the management engaged the external assessment specialist to assist to determine the present value of the future cash flow of those specific asset groups. This assessment involved assumptions and estimations of the future situation of those specific asset groups.</p> <p>The preparation of the prediction of the cash flow for the goodwill impairment test was involved significant judgment and estimation. The estimated value is calculated by the revenue growth rate, perpetual revenue growth rate, contributory asset charges and the discount rate adjusted to the risk assessment. Management predilections and inherent uncertainty have an effect on the above key assumptions.</p> <p>Different estimations and judgments prepared by the management may affect the accuracy of goodwill valuation and cause significant financial impact. Therefore, we recognized the impairment test for goodwill as a key audit matter.</p>	<p>We performed the procedures for the goodwill impairment test mainly including:</p> <ol style="list-style-type: none"> 1. Understood, evaluated and tested key internal controls of goodwill; 2. Evaluated the management's competency in the process of the impairment test for goodwill. 3. Reviewed whether the management's recognition of the asset groups met the requirements of the standard, and judge whether the book value of goodwill should be reallocated combine the current business operation as we knew. 4. Assessed the appropriateness of the methods and models of goodwill impairment test and evaluate their consistency by comparing the methods and models used in prior year. 5. Communicated with the external assessment specialist and evaluated their independence and competency through their relevant qualifications. 6. Assigned our internal assessment specialist to assess the key assumptions and judgments (including but not limited to the analysis of indications of impairment, the division of asset groups and the portfolio of asset group, the selection of key parameters for impairment tests etc.) which were prepared by the management in the process of the goodwill impairment test. Understood and evaluated external assessment specialist's (hired by the management) working procession and important judgment, and fully disclose the relevant important information of the impairment of goodwill. 7. Reviewed the deviation between the expected parameters related to impairment test in the previous period and the actual situation after the period to verify the rationality of the relevant parameters. 8. Considered the impact of subsequent events on the goodwill impairment test and its conclusions. 9. Verified the fundamental data and accuracy of calculation of goodwill impairment test.

Key Audit Matter	The Audit Procedures to the Key Audit Matter
2. Impairment test for the intangible assets with infinite life	
<p>The book balance and the net balance of the intangible assets with infinite life as of December 31 2019 were RMB 2,999,766,000.00 with no amortization and impairment provision. The Trade-name “Lexmark” is the main composition of the intangible assets with infinite life.</p> <p>The accounting policies and financial notes refer to Note III.19&20 and Note V.16 to the consolidated financial statements.</p> <p>The management should review and assess whether it meets all requirement of the infinite life at the end of each fiscal year. Furthermore, it is required to perform the impairment test no matter whether there is an indication of the impairment of intangible assets with infinite life. When the recoverable amount is less than the book value, the difference should be recorded as impairment provision. A recoverable amount is the higher one between the fair value net from disposal expense and estimated present value for future cash flow.</p> <p>The recoverable amount estimated by the management is based on income method of the trade-name. The forecast of cash flow involves the usage of significant judgment and estimations including income growth rate, sustainable growth rate, authorized rate and risk-adjusted discount rate. We recognized that there was uncertainty in the above key parameters and the possible impact from management preferences.</p> <p>Different estimations and judgments prepared by the management may affect the accuracy of intangible assets with infinite life and cause significant financial impact. Therefore, we recognized the impairment test for intangible assets with infinite life as a key audit matter.</p>	<p>We performed the procedures on impairment test for the intangible assets with infinite life mainly including:</p> <ol style="list-style-type: none"> 1. Understood, evaluated and tested key internal controls of intangible assets with infinite life; 2. Evaluated the management’s competency in the process of the impairment test for the intangible assets with infinite life. 3. Reviewed whether the management's recognition of the asset groups met the requirements of the standard, and judge whether the life of those intangible asset still met all requirements to be defined as indefinite duration. 4. Assessed the appropriateness of the methods and models of the impairment test for the intangible assets with infinite life and evaluate their consistency by comparing the methods and models which used in prior year. 5. Communicated with the external assessment specialist and evaluated their independence and competency through their relevant qualifications. 6. Assigned our internal assessment specialist to assess the key assumptions and judgments (including but not limited to the analysis of indications of impairment, the division of asset groups and the portfolio of asset group, the selection of key parameters for impairment tests etc.) which created by the management in the process of the impairment test for goodwill. Understood and evaluated external assessment specialist’s (hired by the management) working procession and important judgment, and fully disclose the relevant important information of the impairment test for the intangible assets with infinite life. 7. Reviewed the deviation between the expected parameters related to impairment test in the previous period and the actual situation after the period to verify the rationality of the relevant parameters. 8. Considered the impact of subsequent events on the impairment test for the intangible assets with infinite life and its conclusions. 9. Verified the fundamental data and accuracy of calculation of impairment test for the intangible assets with infinite life.

Key Audit Matter	The Audit Procedures to the Key Audit Matter
3. Revenue recognition	
<p>Ninestar implemented the Accounting Standards for Business Enterprises No. 14 - Revenue which was amended in 2017 by the Ministry of Finance from January 1, 2020.</p> <p>The accounting policies and financial notes refer to Note III.26 and Note V.44 to the consolidated financial statements.</p> <p>Ninestar and its subsidiaries are focus on the production and sales of printer and printing consumables and providing software service.</p> <p>the Group's consolidated operating revenue was RMB 19,585,185,042.24.</p> <p>Since the amount is significant and revenue is one of the key business indicators of Ninestar, and whether it is included in the appropriate accounting period has a significant impact on the financial statements, we considered revenue recognition as a key audit matter.</p>	<p>We performed the procedures on impairment test for the intangible assets with infinite life mainly including:</p> <ol style="list-style-type: none"> 1. Understood, evaluated and tested key internal controls of Revenue recognition; 2. Obtained the corresponding contracts to identify the contract terms and conditions related to revenue recognition and evaluated whether Ninestar revenue recognition meets the provisions of the Accounting Standards for Business Enterprises. 3. Reviewed supporting documents relevant to revenue recognition on a sample basis, including sales invoices, sales contracts/orders, shipping orders, customs declaration, acknowledgement of goods receipts signed by customers, billing agreements with customers, etc.; 4. Carried out analytical procedures for revenue and cost combined with revenue streams, including fluctuation analysis of revenue, cost and gross margin fluctuations in the current period, and comparative analysis with the previous period to identify abnormal fluctuations in the current period; 5. Reviewed supporting documents relevant to revenue recognition on a sample basis for the subsequent period, including sales invoices, sales contracts/orders, shipping orders, customs declaration, acknowledgement of goods receipts signed by customers, billing agreements with customers, etc.; evaluated the appropriateness for the revenue recorded period; 6. Performed the confirmation procedures and checked the transaction amount and the account receivables balance, etc..

4. Other Information

The management of Ninestar (hereinafter referred to as "the management") is responsible for other information. Other information includes information contained in the 2020 Annual Report, but exclude financial statements and our auditor's report.

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

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

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

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

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

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

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

6. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

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

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

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

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

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

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



立信会计师事务所(特殊普通合伙)珠海分所

地址：珠海市香洲区凤凰北路2099号安广世纪大厦15F

邮编：519000

电话：0756-2166662

传真：0756-2166211

SHULUNPAN CERTIFIED PUBLIC ACCOUNTANTS LLP ZHUHAI BRANCH

15/F, An Guang Century Building, 2099 Fenghuang

North Road, Xiangzhou District, Zhuhai, P.R.C

Zhuhai, P.R. China. 519000

Tel : 0756-2166662

Fax: 0756-2166211

BDO China Shu Lun Pan Certified Public Accountants LLP

Shanghai, the People's Republic of China

April 26, 2021

Certified Public Accountant of China: Du Xiaoqiang (Engagement Partner)

Du Xiaoqiang

Certified Public Accountant of China: Liao Mutao Liao Mu Tao

Certified Public Accountant of China: Ye Kuan

Ye Kuan

This auditors' report and the accompanying notes to the financial statements are English translation of the Chinese auditors' report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

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

Assets	Note V	December 31, 2020	December 31, 2019
Current Assets:			
Monetary fund	5.1	6,375,309,505.72	4,349,558,564.16
Provision of settlement fund			
Loans to other banks			
Trading financial assets	5.2	93,688,687.01	42,587,831.81
Financial derivative for assets			
Notes receivable	5.3	6,464,140.27	130,072.87
Accounts receivable	5.4	2,488,340,635.14	2,786,426,965.53
Receivables financing			
Advances to suppliers	5.5	279,262,979.13	163,643,174.08
Insurance premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Other receivables	5.6	84,344,606.79	141,421,393.01
Buying back the sale of financial assets			
Inventories	5.7	2,835,410,047.60	3,035,770,791.74
Assets held for sale			
Contract Asset	5.8	303,022,680.59	
Non-current assets due in one year	5.9	133,991,765.01	162,784,581.29
Other current assets	5.10	1,412,679,277.51	1,433,838,131.22
Total current assets		14,012,514,324.77	12,116,161,505.71
Non-current assets:			
Loans and payments			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investments			
Long-term receivable	5.11	999,687,084.78	382,509,250.21
Long-term investment	5.12	12,927,280.07	3,170,356.84
Investment in other equity instruments	5.13	185,029,520.17	76,374,946.79
Other non-current financial assets			
Investment properties			
Fixed assets	5.14	2,624,617,112.75	3,045,899,899.26
Construction in progress	5.15	460,743,237.49	186,425,298.49
Productive biological assets			
Oil and natural gas assets			
Intangible assets	5.16	6,190,770,336.84	7,153,660,135.02
Development cost	5.17	2,343,082.50	3,957,422.87
Goodwill	5.18	12,211,177,046.62	13,021,757,809.03
Long-term deferred expenses	5.19	287,142,118.07	284,070,925.19
Deferred tax assets	5.20	1,083,304,432.11	1,048,470,685.73
Other non-current assets	5.21	156,160,685.86	496,592,205.93
Total non-current assets		24,213,901,937.26	25,702,888,935.36
Total assets		38,226,416,262.03	37,819,050,441.07

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

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

Liabilities and Shareholders' equity	Note V	December 31, 2020	December 31, 2019
Current Liabilities			
Short-term borrowings	5.22	1,554,651,285.45	1,389,476,317.96
Borrowing from central bank			
Deposit funds			
Trading financial liabilities	5.23	60,135,736.02	21,603,931.07
Financial liabilities measured at fair value of which changes are recorded in current profits and losses			
Financial derivative for liabilities			
Notes payable	5.24	80,793,101.60	56,000,000.00
Accounts payable	5.25	3,135,522,461.25	4,296,679,726.92
Payments received in advance	5.26		614,346,456.19
Contract liability	5.27	593,772,263.98	
Funds from sales of financial assets with repurchase agreement			
Deposits from customers and interbank			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Employee benefits payable	5.28	728,798,451.64	752,484,049.25
Taxes and surcharges payable	5.29	419,504,777.44	449,270,924.77
Other payable	5.30	3,579,769,105.96	4,187,582,171.64
Handling charges and commissions payable			
Cession insurance premiums payable			
Liabilities held for sale			
Non-current liabilities due in one year	5.31	2,705,837,439.94	3,359,529,599.52
Other current liabilities	5.32	1,624,070,720.97	393,829,838.50
Total current liabilities		14,482,855,344.25	15,520,803,015.82
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	5.33	7,470,579,850.69	7,470,579,850.69
Bonds payable			
Including: preference share			
perpetual bond			
Long-term payable	5.34	123,637,606.74	126,769,390.80
Long-term employee benefits payable	5.35	1,174,140,046.77	1,296,338,333.86
Provision for liabilities	5.36	575,300,764.18	641,092,970.59
Deferred income	5.37	55,291,412.48	68,672,910.11
Deferred tax liabilities	5.20	1,585,797,396.39	1,787,703,872.13
Other non-current liabilities	5.38	1,015,905,872.71	1,317,224,253.03
Total non-current liabilities		11,570,303,694.65	12,708,381,581.21
Total liabilities		26,053,159,038.90	28,229,184,597.03
Shareholders' equity:			
Share capital	5.39	1,074,539,741.00	1,063,349,999.00
Other equity instrument			
Including: preference shares			
perpetual bonds			
Capital reserves	5.40	3,804,301,310.69	1,481,544,731.78
Less: treasury stock			
Other comprehensive income	5.41	-168,389,699.59	-8,834,251.37
Special reserve			
Surplus reserve	5.42	239,049,070.87	209,062,389.15
General risk reserve			
Undistributed profit	5.43	3,191,497,567.50	3,025,071,432.18
Total equity attributable to shareholders of parent company		8,140,997,990.47	5,770,194,300.74
Minority interests		4,032,259,232.66	3,819,671,543.30
Total shareholders' equity		12,173,257,223.13	9,589,865,844.04
Total liabilities and shareholders' equity		38,226,416,262.03	37,819,050,441.07

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

Legal representative:

Principle in charge of accounting:

Head of accounting department

Financial Position

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

Assets	Note XV	December 31, 2020	December 31, 2019
Current Assets:			
Monetary fund		1,371,988,868.55	797,821,459.80
Trading financial assets		10,644,344.16	3,506,752.52
Financial derivative			
Notes receivable			
Accounts receivable	15.1	941,189,168.07	914,403,541.10
Receivable financing			
Advances to suppliers		93,608,069.69	108,633,018.52
Other receivables	15.2	1,278,770,880.88	1,185,493,734.18
Inventories		353,758,737.45	345,390,646.16
Contract Asset			
Assets held for sale			
Non-current assets due in one year			
Other current assets		24,463,708.04	15,415,024.59
Total current assets		4,074,423,776.84	3,370,664,176.87
Non-current assets:			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investments			
Long-term receivable		240,534,566.29	255,880,505.11
Long-term investment	15.3	8,348,476,282.85	8,132,896,928.37
Investment in other equity instruments		12,250,000.00	29,209,600.00
Other non-current financial assets			
Investment properties			
Fixed assets		116,365,773.46	103,494,794.89
Construction in progress		2,493,164.52	2,223,440.09
Productive biological assets			
Oil and natural gas assets			
Intangible assets		12,028,396.84	13,064,460.53
Development cost		96,153.85	1,350,568.64
Goodwill			
Long-term deferred expense		3,741,973.15	9,951,608.98
Deferred tax asset			
Other non-current assets		11,390,754.26	19,396,877.90
Total non-current assets		8,747,377,065.22	8,567,468,784.51
Total assets		12,821,800,842.06	11,938,132,961.38

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

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

Liabilities and Shareholders' equity	NoteXV	December 31, 2020	December 31, 2019
Current Liabilities			
Short-term borrowings		901,892,205.56	627,488,328.43
Trading financial liabilities			
Financial derivative for liabilities			
Notes payable		70,793,101.60	56,000,000.00
Accounts payable		591,640,413.73	542,670,545.94
Payments received in advance			36,436,768.23
Contract Liability		426,380.59	
Employee benefits payable		67,625,735.61	67,617,843.85
Taxes and surcharges payable		12,889,020.65	4,333,434.57
Other payables		2,733,048,412.52	3,238,298,073.72
Liability held for sale			
Non-current liabilities due in one year		20,076,266.68	21,407,847.21
Other current liabilities		500,000,000.00	
Total current liabilities		4,898,391,536.94	4,594,252,841.95
Non-current liabilities:			
Long-term borrowings		271,010,749.98	290,000,000.00
Debt securities issued			
Including: preference share			
perpetual bonds			
Long-term payable			
Long-term Employee benefits payable			
Contingent liability			
Deferred income			
Deferred tax liability			
Other non-current liabilities			
Total non-current liabilities		271,010,749.98	290,000,000.00
Total liabilities		5,169,402,286.92	4,884,252,841.95
Shareholders' equity:			
Share capital		1,074,539,741.00	1,063,349,999.00
Other Equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves		4,827,410,062.05	4,437,853,085.59
Less: Treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		222,821,589.81	192,834,908.09
Undistributed profit		1,527,627,162.28	1,359,842,126.75
Total Shareholders' equity		7,652,398,555.14	7,053,880,119.43
Total liabilities and Shareholders' equity		12,821,800,842.06	11,938,132,961.38

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Income Statement
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Items	Note V	Year 2020	Year 2019
I. Total revenue		19,585,185,042.24	23,295,845,261.03
Including: Operating revenue	5.44	19,585,185,042.24	23,295,845,261.03
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
II. Total cost		20,070,375,031.02	22,140,022,022.48
Including: Operating cost	5.44	13,235,341,743.56	15,017,780,128.69
Interest expense			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance liability reserves			
Commissions on insurance policies			
Cession charges			
Taxes and surcharges on operations	5.45	83,977,168.70	106,601,589.43
Selling and distribution expenses	5.46	2,020,925,731.53	2,810,339,307.30
General and administrative expenses	5.47	1,888,328,625.16	1,614,697,062.24
R&D expenses	5.48	1,247,133,389.01	1,456,904,559.90
Financial expenses	5.49	1,594,668,373.06	1,133,699,374.92
including: Interest Expenses		814,223,668.52	875,193,714.60
Interest Incomes		77,707,753.64	39,894,654.02
Plus: Other Incomes	5.50	130,280,268.73	159,789,315.81
Investment income (losses are represented by ‘-’)	5.51	5,084,237.79	12,637,255.29
Including: Investment income of associates and joint ventures		2,359,779.51	-274,293.16
Income generated from the derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by ‘-’)			
Gain on net exposure hedges (losses are represented by ‘-’)			
Gain from change in fair value (losses are represented by ‘-’)	5.52	23,162,808.42	5,212,325.10
Loss on credit impairment (losses are represented by ‘-’)	5.53	6,294,095.68	-35,326,369.39
Loss on assets impairment (losses are represented by ‘-’)	5.54	-145,823,323.61	-96,440,685.79
Gain from disposal of assets (losses are represented by ‘-’)	5.55	-11,621,839.58	-30,627,017.91
III. Profit from operations (losses are represented by ‘-’)		-477,813,741.35	1,171,068,061.66
Plus: Non-operating income	5.56	3,022,123.98	1,106,148.33
Less: Non-operating expenses	5.57	9,558,461.72	14,272,298.84

Items	Note V	Year 2020	Year 2019
IV. Profit before tax (losses are represented by '-')		-484,350,079.09	1,157,901,911.15
Less: Income tax expenses	5.58	-333,851,175.16	291,952,156.88
V. Net profit(losses are represented by '-')		-150,498,903.93	865,949,754.27
(1) Classified by operating sustainability			
a. Net profit from continuing operations (losses are represented by '-')		-150,498,903.93	865,949,754.27
b. Net profit from discontinued operations (losses are represented by '-')			
(2) Classified by ownership			
a. Net profit attributable to shareholders of parent company		87,944,296.65	744,330,183.09
b. Minority interest income		-238,443,200.58	121,619,571.18
VI. Other comprehensive income, net of tax		-363,113,194.78	161,766,661.69
Attributable to: Shareholders of the parent company		-145,086,283.01	80,469,469.79
I. Not reclassified subsequently to profit or loss		97,350,434.17	-4,288,118.23
a. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		-10,763,739.21	5,969,643.10
b. Preferred shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method			
c. Changes in fair value of investments in other equity instruments		108,114,173.38	-10,257,761.33
d. Changes in fair value of credit risks of the enterprise			
ii. Other comprehensive income to be reclassified into the profit or loss		-242,436,717.18	84,757,588.02
a. Other comprehensive income that can be transferred into profit or loss under equity method			
b. Changes in fair value of other debt investments			
c. Reclassified financial assets that are credited to other comprehensive income			
d. Credit impairment provision for other debt investments			
e. Reserve for cash flow hedging		-4,939,513.81	-76,001.28
f. Exchange differences on translation of financial statements denominated in foreign currencies		-237,497,203.37	84,833,589.30
g. Others			
Other comprehensive income attributable to minority shareholders, net of tax		-218,026,911.77	81,297,191.90
VII. Total comprehensive income		-513,612,098.71	1,027,716,415.96
Total comprehensive income attributable to shareholders of parent company		-57,141,986.36	824,799,652.88
Total comprehensive income attributable to minority shareholders		-456,470,112.35	202,916,763.08
VIII. Earnings per share			
a. Basic earnings per share(RMB/share)		0.0819	0.7000
b. Diluted earnings per share(RMB/share)		0.0814	0.6995

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation
Income Statement of Parent Company
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Item	Note XV	Year 2020	Year 2019
I. Operating revenue	15.4	2,414,071,251.77	2,412,737,632.77
Less: Operating cost	15.4	1,902,131,144.25	1,914,113,835.41
Taxes and surcharges on operations		4,108,452.98	19,381,084.83
Selling and distribution expenses		49,509,309.36	46,798,710.21
General and administrative expenses		252,867,297.75	198,776,579.70
R&D expenses		104,562,736.47	110,337,816.88
Financial expenses		406,902,849.99	205,632,176.35
including: Interest Expenses		241,130,570.37	237,268,134.00
Interest Incomes		17,302,255.54	19,605,892.68
Plus: Other Incomes		38,589,167.53	19,022,384.07
Investment income (losses are represented by ‘-’)	15.5	570,685,948.81	290,914,306.84
Including: Investment income of associates and joint ventures		1,514,627.33	-274,293.16
Income generated from the derecognition of financial assets measured at amortized cost			
Gains on net exposure hedges (losses are represented by ‘-’)			
Income from change in fair value (losses are represented by ‘-’)		14,455,406.21	4,172,576.33
Loss on credit impairment (losses are represented by ‘-’)		-2,851,847.00	-188,058.17
Loss on assets impairment (losses are represented by ‘-’)		-2,079,436.43	-1,225,020.52
Gain from disposal of assets (losses are represented by ‘-’)		-53,600.58	126,429.40
II. Profit from operations (losses are represented by ‘-’)		312,735,099.51	230,520,047.34
Plus: Non-operating profit		670,740.47	275,883.76
Less: Non-operating expenses		1,848,143.31	4,271,034.95
III. Profit before tax (losses are represented by ‘-’)		311,557,696.67	226,524,896.15
Less: Income tax expenses		11,690,879.52	
IV. Net profit (losses are represented by ‘-’)		299,866,817.15	226,524,896.15
a. Net profit from continuing operations (losses are represented by ‘-’)		299,866,817.15	226,524,896.15
b. Net profit from discontinued operations (losses are represented by ‘-’)			
V. After tax other comprehensive income			
i. Not reclassified subsequently to profit or loss			
a. Changes in net liabilities or assets with a defined benefit plan upon re-measurement			
b. Preferred shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method			
c. Changes in fair value of investments in other equity instruments			
d. Changes in fair value of credit risks of the enterprise			
ii. Other comprehensive income to be reclassified into the profit or loss			
a. Other comprehensive income that can be transferred into profit or loss under equity method			
b. Changes in fair value of other debt investments			
c. Reclassified financial assets that are credited to other comprehensive income			
d. Credit impairment provision for other debt investments			
e. Reserve for cash flow hedging			
f. Exchange differences on translation of financial statements denominated in foreign currencies			
g. Others			
VI. Total comprehensive income		299,866,817.15	226,524,896.15
VII. Earnings per share			
i. Basic earnings per share(RMB/share)			
ii. Diluted earnings per share(RMB/share)			

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Cash Flow Statements
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Items	Note V	Year 2020	Year 2019
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of service		19,528,035,829.45	22,614,545,864.29
Net increase in distributor and inter-bank deposits			
Net increase in borrowing from the central bank			
Net cash increase in borrowing from other financial institutes			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investment			
Cash received from interest, handling fee and commission			
Net increase in cash borrowed			
Net increase in cash for repurchase of businesses			
Net cash received from customer deposits for trading in securities			
Refunds of taxes		678,701,236.78	527,618,901.20
Cash received from other related operating activities	5.60	190,243,788.47	216,740,866.45
Sub-total of cash inflows from operating activities		20,396,980,854.70	23,358,905,631.94
Cash payments for goods purchased and services received		10,230,709,910.30	11,852,569,724.09
Net increase in loans and advances to customers			
Net increase in deposit in central bank and other financial institutions			
Cash paid for claims on original insurance policies			
Net increase in cash lent			
Cash paid for interest, handling fee and commission			
Cash paid for insurance policy dividend			
Cash payments to and on behalf of employees		4,515,796,397.96	4,943,896,091.50
Cash paid for all types of taxes		493,534,933.98	576,842,827.50
Cash paid to other operation related activities	5.60	3,143,829,455.90	3,333,728,815.09
Sub-total of cash outflows from operating activities		18,383,870,698.14	20,707,037,458.18
Net cash flows from operating activities		2,013,110,156.56	2,651,868,173.76
II. Cash flows from investing activities			
Cash received from recovery of investments		2,069,481,651.48	738,000,000.00
Cash receipts from returns on investments		14,176,509.14	5,043,962.78
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		8,559,742.34	88,439,818.27
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities	5.60	34,904,918.08	50,670,670.15
Sub-total of cash inflows from investing activities		2,127,122,821.04	882,154,451.20
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		540,224,680.34	745,851,310.67
Cash paid for investments		2,092,334,350.70	818,937,769.30
Net increase in secured loans			
Net cash paid on acquisitions of subsidiaries and other business entities		26,407,577.35	28,946,838.05
Other cash paid on investment activities	5.60	424,412,320.17	42,989,303.74
Sub-total of cash outflows from investing activities		3,083,378,928.56	1,636,725,221.76
Net cash flows from investing activities		-956,256,107.52	-754,570,770.56
III. Cash flows from financing activities			
Cash receipts from investments		2,000,100,000.00	241,390,000.00
Including: cash received from capital contributions by minority shareholders of subsidiaries		2,000,100,000.00	241,390,000.00
Cash received from borrowings		4,819,746,315.56	1,822,006,374.43
Other cash received from financing activities	5.60	1,710,000,000.00	3,173,714,244.21
Sub-total of cash inflows from financing activities		8,529,846,315.56	5,237,110,618.64
Cash paid on repayment of loans		5,409,792,661.51	4,804,377,669.23
Cash paid on distribution of dividends, profits or repayment of interest expenses		925,947,503.10	891,672,359.51
Including: dividend and profit paid to minority shareholders by subsidiaries		9,237,655.80	242,000.00
Other cash paid to financing activities	5.60	1,080,237,656.38	546,098,085.71
Sub-total of cash outflows from financing activities		7,415,977,820.99	6,242,148,114.45
Net cash flows from financing activities		1,113,868,494.57	-1,005,037,495.81
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-117,931,082.22	34,964,513.49
V. Net increases in cash and cash equivalents		2,052,791,461.39	927,224,420.88
Add: balance of cash and cash equivalents at the beginning of the period		4,140,621,014.01	3,213,396,593.13
VI. Balance of cash and cash equivalents at the end of the period		6,193,412,475.40	4,140,621,014.01

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation
Cash Flow Statements of Parent Company
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Items	Note	Year 2020	Year 2019
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of service		2,346,423,182.87	2,406,179,421.88
Refunds of taxes		125,256,138.39	135,400,214.78
Other cash received from operating activities		144,509,065.40	546,489,348.88
Sub-total of cash inflows from operating activities		2,616,188,386.66	3,088,068,985.54
Cash paid on purchase of goods and services		1,696,551,412.81	1,934,320,843.57
Cash payments to and on behalf of employees		403,789,748.70	401,532,962.82
Cash paid for all types of taxes		5,786,346.48	22,271,760.75
Other cash paid to operation activities		572,415,886.76	383,340,148.99
Sub-total of cash outflows from operating activities		2,678,543,394.75	2,741,465,716.13
Net cash flows from operating activities		-62,355,008.09	346,603,269.41
II. Cash flows from investing activities			
Cash received from recovery of investments		1,616,959,600.00	149,625,000.00
Cash received from return on investments		5,556,822.57	
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		26,593,588.08	731,894.65
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities		17,041,770.64	45,204,595.44
Sub-total of cash inflows from investing activities		1,666,151,781.29	195,561,490.09
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		42,931,008.78	71,519,589.44
Cash paid for investments		430,000,000.00	903,917,698.53
Net cash payments on acquisition of subsidiaries and other operating entities			
Other cash payments ob investment activities		20,363,715.42	21,725,150.64
Sub-total of cash outflows from investing activities		493,294,724.20	997,162,438.61
Net cash flows from investing activities		1,172,857,057.09	-801,600,948.52
III. Cash flows from financing activities			
Cash received from investments			
Cash received from borrowings		1,176,242,905.56	1,119,639,946.67
Other cash received from financing activities		510,000,000.00	3,173,714,244.21
Sub-total of cash inflows from financing activities		1,686,242,905.56	4,293,354,190.88
Cash paid on repayment of borrowings		924,373,200.00	3,633,566,200.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		362,803,827.74	259,588,928.63
Other cash paid on financing activities		931,054,244.21	320,000,000.00
Sub-total of cash outflows from financing activities		2,218,231,271.95	4,213,155,128.63
Net cash flows from financing activities		-531,988,366.39	80,199,062.25
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-12,192,995.42	-561,835.63
V. Net increases in cash and cash equivalents		566,320,687.19	-375,360,452.49
Add: balance of cash and cash equivalents at the beginning of the period		784,907,709.16	1,160,268,161.65
VI. Balance of cash and cash equivalents at the end of the period		1,351,228,396.35	784,907,709.16

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Statements of Changes in Owner's Equity
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Item	2020													
	Equity attributable to owners of the Parent Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Undistributed profit	Sub-total		
Preference share	Preference share	Preference share												
1. Ending Balance for the previous year	1,063,349,999.00				1,481,544,731.78		-8,834,251.37		209,062,389.15		3,025,071,432.18	5,770,194,300.74	3,819,671,543.30	9,589,865,844.04
Plus: Changes in accounting policies											210,563,620.29	210,563,620.29	200,854,160.66	411,417,780.95
Error correction for prior period														
Business combination under common control														
Others														
2. Opening balance for the current year	1,063,349,999.00				1,481,544,731.78		-8,834,251.37		209,062,389.15		3,235,635,052.47	5,980,757,921.03	4,020,525,703.96	10,001,283,624.99
3. Increase/decrease for the current period (decrease is represented by '-')	11,189,742.00				2,322,756,578.91		-159,555,448.22		29,986,681.72		-44,137,484.97	2,160,240,069.44	11,733,528.70	2,171,973,598.14
(1) Total comprehensive incomes							-145,086,283.01				87,944,296.65	-57,141,986.36	-456,470,112.35	-513,612,098.71
(2) Capital injection and reduction by owners	11,189,742.00				2,322,756,578.91		-14,469,165.21					2,319,477,155.70	479,123,333.05	2,798,600,488.75
a. Ordinary shares invested by owners	11,189,742.00				332,846,861.76							344,036,603.76	2,000,100,000.00	2,344,136,603.76
b. Capital contribution by holders of other equity instruments														
c. Share-based payment included in owners' equity					125,200,074.66							125,200,074.66		125,200,074.66
d. Others					1,864,709,642.49		-14,469,165.21					1,850,240,477.28	-1,520,976,666.95	329,263,810.33
(3) Profit distribution									29,986,681.72		-132,081,781.62	-102,095,099.90	-10,919,692.00	-113,014,791.90
a. Withdrawal of surplus reserves									29,986,681.72		-29,986,681.72			
b. Withdrawal of provisions for general risks														

Item	2020													
	Equity attributable to owners of the Parent Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Undistributed profit	Sub-total		
		Preference share	Preference share	Preference share										
c. Distribution to owners (or shareholders)											-102,095,099.90	-102,095,099.90	-10,919,692.00	-113,014,791.90
d. Others														
(4). Internal transfer of owner's equity														
a. Transfer of capital reserves into capital (or share capital)														
b. Transfer of surplus reserves into capital (or share capital)														
c. Surplus reserves used for remedying loss														
d.Changes in defined benefit plans carried forward to retained earnings														
e. Other comprehensive income carried forward to retained earnings														
f. Others														
(5). Specific reserve														
a. Withdrawal for the period														
b. Utilization for the period														
(6). Others														
4. Ending Balance for the period	1,074,539,741.00				3,804,301,310.69		-168,389,699.59		239,049,070.87		3,191,497,567.50	8,140,997,990.47	4,032,259,232.66	12,173,257,223.13

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (continued)
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Item	2019													
	Equity attributable to owners of the Parent Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Undistributed profit	Sub-total		
		Preference share	Preference share	Preference share										
1. Ending Balance for the previous year	1,063,413,323.00				1,675,008,138.09	106,796,397.33	-89,303,721.16		186,409,899.53		2,388,452,240.03	5,117,183,482.16	3,447,459,351.75	8,564,642,833.91
Plus: Changes in accounting policies														
Error correction for prior period														
Business combination under common control														
Others														
2. Opening balance for the current year	1,063,413,323.00				1,675,008,138.09	106,796,397.33	-89,303,721.16		186,409,899.53		2,388,452,240.03	5,117,183,482.16	3,447,459,351.75	8,564,642,833.91
3. Increase/decrease for the current period (decrease is represented by '-')	-63,324.00				-193,463,406.31	-106,796,397.33	80,469,469.79		22,652,489.62		636,619,192.15	653,010,818.58	372,212,191.55	1,025,223,010.13
(1) Total comprehensive incomes							80,469,469.79				744,330,183.09	824,799,652.88	202,916,763.08	1,027,716,415.96
(2) Capital injection and reduction by owners	-63,324.00				-193,463,406.31	-106,796,397.33						-86,730,332.98	169,295,428.47	82,565,095.49
a. Ordinary shares invested by owners	-63,324.00				-980,255.53							-1,043,579.53	233,640,000.00	232,596,420.47
b. Capital contribution by holders of other equity instruments														
c. Share-based payment included in owners' equity					67,009,999.03	-106,796,397.33						173,806,396.36		173,806,396.36
d. Others					-259,493,149.81							-259,493,149.81	-64,344,571.53	-323,837,721.34
(3) Profit distribution									22,652,489.62		-107,710,990.94	-85,058,501.32		-85,058,501.32
a. Withdrawal of surplus reserves									22,652,489.62		-22,652,489.62			

Item	2019													
	Equity attributable to owners of the Parent Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Undistributed profit	Sub-total		
Preference share		Preference share	Preference share											
b. Withdrawal of provisions for general risks														
c. Distribution to owners (or shareholders)											-85,058,501.32	-85,058,501.32		-85,058,501.32
d. Others														
(4). Internal transfer of owner's equity														
a. Transfer of capital reserves into capital (or share capital)														
b. Transfer of surplus reserves into capital (or share capital)														
c. Surplus reserves used for remedying loss														
d.Changes in defined benefit plans carried forward to retained earnings														
e. Other comprehensive income carried forward to retained earnings														
f. Others														
(5). Specific reserve														
a. Withdrawal for the period														
b. Utilization for the period														
(6). Others														
4. Ending Balance for the period	1,063,349,999.00				1,481,544,731.78		-8,834,251.37		209,062,389.15		3,025,071,432.18	5,770,194,300.74	3,819,671,543.30	9,589,865,844.04

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation
Statements of Changes in Shareholders' Equity of Parent Company
For the years ended December 31, 2020 and 2019
(All amounts in "RMB" unless otherwise stated)

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

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

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Ninestar Corporation
Statements of Changes in Shareholders' Equity of Parent Company(continued)
For the years ended December 31, 2020 and 2019
(All amounts in “RMB” unless otherwise stated)

Item	(in amounts in 'LAKS' - unless otherwise stated)										
	2019										
	Share capital	Other equity instrument			Capital reserve	Less: treasury share	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profit	Total owners' equity
Preference shares	perpetual bonds	Others									
1. Ending Balance for the previous year	1,063,413,323.00				4,413,271,920.42	106,796,397.33			170,182,418.47	1,241,028,221.54	6,781,099,486.10
Add: Changes in accounting policies											
Error correction for prior period											
Others											
2. opening balance for the current year	1,063,413,323.00				4,413,271,920.42	106,796,397.33			170,182,418.47	1,241,028,221.54	6,781,099,486.10
3. Increase/ decrease for the current period(decrease is represented by '-')	-63,324.00				24,581,165.17	-106,796,397.33			22,652,489.62	118,813,905.21	272,780,633.33
(1) Total comprehensive income										226,524,896.15	226,524,896.15
(2) Capital injection and reduction by owners	-63,324.00				24,581,165.17	-106,796,397.33					131,314,238.50
a. Ordinary shares invested by owners	-63,324.00				-980,255.53						-1,043,579.53
b. Capital contribution by holders of other equity instruments											
c. Share-based payment included in owners' equity					25,561,420.70	-106,796,397.33					132,357,818.03
d. Others											
(3) Profit distribution									22,652,489.62	-107,710,990.94	-85,058,501.32
a. Withdrawal of surplus reserves									22,652,489.62	-22,652,489.62	
b. Distribution to owners (or shareholders)										-85,058,501.32	-85,058,501.32
c. Others											
(4). Internal transfer of owners' equity											
a. . Transfer of capital reserves into capital (or share capital)											
b. Transfer of surplus reserves into capital (or share capital)											
c. Surplus reserves used for remedying loss											
d. Changes in defined benefit plans carried forward to retained earnings											
e. Other comprehensive income carried forward to retained earnings											
f. Other											
(5). Specific reserve											
a. Withdrawal for the period											
b. Utilization for in the period											
(6). Others											
4. Ending Balance foe the period	1,063,349,999.00				4,437,853,085.59				192,834,908.09	1,359,842,126.75	7,053,880,119.43

The accompanying notes form an integral part of these financial statements

Legal representative:

Principle in charge of accounting:

Head of accounting department:

Financial Position

Ninestar Corporation
Notes to consolidated financial statements
For the year ended December 31, 2020
(All amounts in “RMB” unless otherwise stated)

I. GENERAL INFORMATION OF THE COMPANY

1. Overview of the Company

Ninestar Corporation (hereinafter referred to as “the Company”) formerly was known as Apex Technology Co., Ltd. (hereinafter referred to as “Apex”) and prior name was Zhuhai Wanlida Electric Co., Ltd. (hereinafter referred to as “Wanlida”), which were formerly known as Zhuhai Economic Zone Wanlida Industrial Development Co., Ltd. In August 1998, Wanlida was founded based on Zhuhai Economic Zone Wanlida Industrial Development Co., Ltd. Referring to the resolution of shareholder meeting on May 20, 2004, the promoter's agreement and approval *Agree to found Zhuhai Wanlida Electric Co., Ltd.* (YueBanHan(2004) No.272) granted by government of Guangdong Province on August 4, 2004, Wanlida was changed from limited company to corporation.

In November 2007, with approval *Approval of Initial Public Offering of Zhuhai Wanlida Electric Co., Ltd.* (ZhengJianFaHangZi (2007) No.360) granted by China Securities Regulatory Commission, Wanlida's stock started in trading in Shenzhen Stock Exchange.

On July 23, 2014, with approval *Approval of the Material Asset Restructurings of Zhuhai Wanlida Electric Co., Ltd. by issuing shares to Seine Technology* (ZhengJianXuKe (2014) No.732) granted by China Securities Regulatory Commission, Wanlida and Seine Technology arranged the material asset restructurings by exchanging of asset and issuing of non-public shares.

On September 17, 2014, Wanlida issued 279,006,168 non-public shares to Seine Technology and had received share capital RMB 279,006,168.00 from Seine Technology. Wanlida's registered capital had been increased to RMB 422,736,618 and accumulated paid-in capital was RMB 422,736,618.

On December 5, 2014, with approval (Zhu He Bian Tong Nei Zi (2014) No. zh14120300441) granted by Zhuhai Industrial and Commercial Bureau, the name of Wanlida was changed from “Zhuhai Wanlida Electric Co., Ltd.” to “Zhuhai Apex Technology Co., Ltd.” (Hereinafter referred to as “the Company” or “Company”), and the Company obtained the new business licenses (No. 440000000031618). The registered capital was increased to RMB 422,736,618.

On September 16, 2015, with the approval *Approval of Purchasing Asset by Issuing Shares of Microelectronics to Seine Technology and Raising Relative Funds* (CSRC Approval (2015) No. 2124) granted by China Securities Regulatory Commission, the Company was approved to issue 109,809,663 shares to Seine Technology to purchase the relative assets and issue not more than 36,603,221 non-public shares to finance the relative funds to buy the assets.

As of September 23, 2015, the Company has finished issuing 109,809,663 shares with the price of RMB 20.49 per share;

As of September 30, 2015, the Company had completed the registration procedures for changing received capital and the Company article of association and the filling procedures of foreign investment. The Company's registered capital was changed from RMB 422,736,618.00 to RMB 569,149,502.00.

In November 2016, the company implements restricted stock incentive plan. As of November 10, 2016, except three objects giving up voluntarily their subscription rights, the Company has received subscription fund up to RMB 263,884,352.00 which was collected from the 516 incentive objects by cash. RMB 16,012,400.00 of the funds was recorded in share capital and the rest was recorded in capital reserve.

When finishing the capital shares changes, the Company's registered capital and capital shares were changed to RMB 1,012,024,028.00.

The Company changed the name officially as Ninestar Corporation on May 23, 2017 with the approval (Zhu He Bian Tong Nei Zi [2017] No.zh17052300117) by Zhuhai Administration for Industry and Commerce.

In November 2017, the NON-public shares issuing was finished with the collection of funds at RMB 1,408,606,842.65 including RMB 51,640,230.00 for share capital and RMB 1,356,966,612.65 for reserved capital. The share capital was changed to RMB 1,063,664,258.00 and verified by BDO China Shu Lun Pan Certified Public Accountants LLP with verification report (Xin Kuai Shi Bao Zi (2017) No. ZC10722) on December 6, 2017.

From 2017 to 2019, Because of employees who was qualified to the shares incentive plan dismissed from the Company, the total number of the restricted shares which had been granted but not unlocked yet is 314,259 shares, and accordingly, the total number of shares issued by the company was reduced by 314,259 shares. As of December 31 2019, the Company's issued capital is 1,063,349,999.00 shares and the paid-in capital is RMB 1,063,349,999.00.

In November 2020, approved by China Securities Regulatory Commission (CSRC) [2020] No. 2475, the company issued 6,780,580 ordinary shares (A shares) to Zhao Zhixiang, Yuan Dajiang, Ding Xueping and Zhuhai Chengwei Lixin investment partnership (limited partnership), and purchased 49.00% equity of Zhuhai Xinwei Technology Co., Ltd; The total of 4,322,615 ordinary shares (A shares) were issued to Peng Keyun, Zhao Jiong, Wang Xiaoguang, Zhao zhifen, Bao'an Yong, Pu Yu, Wang Junyu and Zhuhai Zhongrun Chuangda printing technology partnership (limited partnership) to purchase 49.00% equity of Zhuhai Zhongrun Jingjie Printing Technology Co., Ltd.

After the completion of this issuance, the company has finished issuing 1,074,453,194.00 shares in total, which has been verified by BDO China Shu Lun Pan Certified Public with verification report (PCPAR (2020) No. zc10576).

In December 2020, the company increased the issuance of 86,547 shares of common stock (A shares) due to the exercise of incentive objects of the stock option incentive plan.

As of December 31 2020, the Company's issued capital is 1,074,539,741.00 shares and the paid-in capital is RMB 1,074,539,741.00.

The legal representative is Mr. Wang Dongying.

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

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

ink, ink case, ribbon, ribbon frame and computer components; processing and selling the recycled jet printing cartridges and laser toner and the components; investing and managing companies.

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

The consolidated financial statements were approved by the board on April 26, 2021.

2. Consolidation scope

The list of the subsidiaries as at December 31, 2020 is as follow:

Name of the subsidiaries	Abbreviation
Apex Microelectronics Co., Ltd	Microelectronics
Zhuhai Lianxin Investment Limited	Lianxin Investment
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited and subsidiaries	Ninestar Zhishu
Zhuhai Ninestar Enterprise Management Limited	Ninestar Management
Zhuhai G&G Digital Technology Co., Ltd. and its subsidiaries (including Shanghai G&G Computer Technology Co., Ltd.)	G&G
Ninestar Image Tech Limited	Ninestar Image
Seine (Holland) B.V.	Seine Holland
Static Control Holdings Limited	SCC HK Holding
Static Control Components Limited	SCC UK Holding
Static Control Components, Inc. and its subsidiaries	SCC US
Static Control Components (Europe) Limited and its subsidiaries	SCC Europe
Ninestar Technology Company Ltd	Ninestar US
Zhuhai SCC Fine Chemical Company Limited	SCC Fine Chemical
Ninestar Image (USA) Company Limited	Ninestar Image US
Apex R&D (USA) Company Limited	Apex R&D
Ninestar Holdings Company Limited	Lexmark Holding 1
Ninestar Group Company Limited	Lexmark Holding 2
Lexmark International Ltd and its subsidiaries	Lexmark International
Topjet Technology Co., Ltd and its subsidiaries	Topjet
Cinvi Technology Co., Limited and its subsidiaries	Cinvi
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd and its subsidiaries	Zhong Run
Ninestar Electronic Company Limited	Lexmark HK
Zhuhai Ninestar Printing Technology Co., Ltd.	Ninestar Printing
Zhuhai Ninestar Information Technology Limited Company.	Ninestar Information Technology
Zhuhai Ninestar Lehmann Technology Co., Ltd. and its subsidiaries	Ninestar Lehmann

For details regarding the change of consolidation scope and equity in other entities, please refers to notes "VII. Interest in other legal entities" and "VI. Changes of consolidation scope".

II. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation of Consolidated Financial Statements

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

2. Going-Concern

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

III. THE MAIN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notification: The reference format of the notes to the financial statements assumes that the enterprise has implemented the new income standard and made retrospective adjustment since January 1, 2020, but does not adjust the data of the previous comparative financial statements. Therefore, the "important accounting policies and accounting estimates" retain the income related accounting policies applicable before January 1, 2020.

Specific accounting policies and accounting estimation tips:

The following disclosure has covered the specific accounting policies and accounting estimates formulated by the company according to the actual production and operation characteristics. See "III. (10) financial instruments" and "III. (26) Revenue" in the notes for details.

1. Declaration on Following Accounting Standard for Business Enterprises

A declaration from the Company: The consolidated financial statements prepared by the Company meet the requirement of the Accounting Standards for Enterprises promulgated by the Ministry of Finance, which accurately and completely reflected the consolidated financial position of the Company on 31 December 2020, financial performance of 2020 and cash flow.

2. Fiscal Year

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

3. Operating Cycle

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

4. Functional Currency

The subsidiary of the company shall determine its recording currency according to the main economic environment in which it operates (see "V. (63)" of the note for details). RMB is the functional currency of the Company.

5. Accounting method of business combination under the same control and not under the same control

Business combination under common control: The assets and liabilities that the combining

party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party (including goodwill formed from purchasing of business) on the acquisition date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted. Business combination not under common control: The Acquirer shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair values, and shall record the balances between them and their carrying amounts into the profits and losses at the current period. The identifiable assets, liabilities and contingent liabilities of the acquirer meeting the recognition conditions obtained in the merger shall be measured at fair value on the purchase date.

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

6. Basis of consolidation

(1) Scope of consolidation

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

(2) Consolidation process

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

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

① Company Scale Expansion and Business Expanding

During the reporting period, for the added subsidiary companies for business combination under the same control, shall adjust the opening balance of the consolidated balance sheet, and shall involve the incomes, expenses and profits of the

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

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

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

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

②Disposal of The Subsidiary Or Business

A. General disposing method

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

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

B. Disposing Step by Step

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

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

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

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

③Purchasing minority equities of the subsidiaries

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

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

④ Disposing the equity investment of the subsidiaries under the situation not losing the control right

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

7. Accounting Treatment of the Joint Arrangement

The joint arrangements include joint operation and joint ventures.

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

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

- (1) Confirm individual assets and common assets held based on shareholdings;
- (2) Confirm individual liabilities and shared liabilities held based on shareholdings;
- (3) Confirm the income from the sales revenue of co-operate business output;
- (4) Confirm the income from the sales of the co-operate business output based on shareholdings;
- (5) Confirm the individual expense incurred, and share expense by the Company's proportion in joint operation.

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

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

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

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

9. Method of Foreign Currency Translation

(1) Business of Foreign Currencies

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

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

(2) Translation for Foreign Currency Financial Statements

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

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

10. Financial Instrument

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

(1) Categorization of Financial Instruments

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

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

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

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

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

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

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

as the target.

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

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

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

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

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

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

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

(2) Recognition Basis and Calculation Method of Financial Instrument

1) Financial assets measured at amortized cost

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

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

When recovering or disposing, the difference between the acquired price and the book value of the financial asset is included in the current profit and loss.

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

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

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

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

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

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

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

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

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

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

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

6) Financial liabilities measured at amortized cost

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

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

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

(3) Recognition and Measurement of Transfer of Financial Assets

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

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

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

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

- ① The carrying amount of the transferred financial asset;
- ② The sum of the aggregate consideration received from the transfer and the accumulative amount of the changes of the fair value originally recorded in the owner's equities (in the event that the financial asset involved in the transfer is a financial asset (debt instrument) which is measured at fair value and of which changes is included in other comprehensive income and a financial asset available for sale)

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

- ① The carrying amount of the portion whose recognition has stopped;

②The aggregate consideration of the portion whose recognition has stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has stopped (in the event that the financial asset involved in the transfer is a financial asset (debt instrument) which is measured at fair value and of which changes is included in other comprehensive income and a financial asset available for sale).

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

(4) Termination of Recognition of Financial Liabilities

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

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

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

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

(5) Determination of The Fair Value of Financial Assets And Financial Liabilities

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

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

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

(6) Testing Method of Impairment And Withdrawal Method of Provision For Impairment On Financial Assets

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

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

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

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

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

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

basis.

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

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

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

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

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

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

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

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

11. Inventories

(1) Classification of Inventories

Inventories of the Company are classified into raw materials, consumption materials, finished goods, work-in-process, semi-finish goods, materials for consigned processing, goods sold but not billed, goods in transit. etc.

(2) Valuation

Dispatch by using weighted average method.

(3) Measurement of Net Realizable Value of Inventories

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

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

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

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

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

(4) Inventory system

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

(5) The low-value consumption goods and packaging materials amortization method

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

12. Contract Asset

Accounting policies from 1 January 2020

1. Confirmation methods and standards of contract assets

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

2. Determination and accounting treatment of expected credit loss of contract assets

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

13. Assets Held For Sale

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

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

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

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

14. Long-Term Investment

(1) Criterion for Judgement for Jointly Control and Significant Influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. When the Company and other parties have joint control to the investee and have the rights of the owner's equity, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control and joint of those policies. When the

Company can exercise significant influence over the investee, the investee is its associate.

(2) The confirmation of initial investment

① The initial investment cost of a long-term equity investment acquired through a business combination shall be determined as follows:

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

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

② The long-term equity investments acquired by other ways

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

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

(3) Subsequent Measurements & Recognition of Profits or Losses

① Cost method

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

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

② The equity method

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

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

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

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

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

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

③ Disposal of long-term investment

When disposing of a long-term equity investment, the difference between its book

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

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

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

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

15. Investment Properties

The term investment properties refer to the properties held for generating rent and/or capital appreciation, including the right to use any land which has already been rented, the right to

use any land which is held and prepared for transfer after appreciation & the right to use any building which has already been rented.

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

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

16. Fixed Assets

(1) Confirmation Conditions

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

- ① Financial benefits attached to the fixed asset are possibly following into the Company;
- ② The cost of the fixed asset can be reliably measured.

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

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

(2) Depreciation Method

Depreciation of fixed assets is calculated using straight line method based on the fixed asset class, estimated useful life and the estimated net residual value to determine the depreciation rate. For fixed assets with provision for impairment, the amount of depreciation shall be determined in the future according to the book value after deducting the provision for impairment and the remaining useful life. If the life of the various components of the fixed assets are different, or ways to provide economic benefits to the enterprise are different, then apply a different depreciation rate or different depreciation method and account for them separately.

The asset leased by finance lease which can be reasonably determined that the leased asset will be obtained at the end of the lease term can be depreciated using the useful life of the leased asset. If it cannot be reasonably determined that the leased asset will be obtained at the end of the lease term, then the shorter of lease term and remaining useful life of the leased asset should be used for depreciation. For the fixed assets after the impairment provision withdrawn, the amount of depreciation shall be recognized according to the book value after the impairment provision deducted and the usable

service life in the future. The Company determines the service life and the estimated net residual value of the fixed assets according to the nature and use of the fixed assets, reviews the service life, the estimated net residual value and depreciation method of the fixed assets at the end of the year, and makes the corresponding adjustment if it is different to the original estimated value.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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

(3) The fixed assets acquired under finance leases

The fixed assets acquired by the Company in line with the following one or several criteria shall be recognized as the fixed assets acquired under finance leases:

- ① At the expiration of the lease, the ownership of the leased assets shall be transferred to the Company;
- ② The Company has the option to purchase the leased assets, the purchase price is expected be far lower than the fair value of the leased assets under the implementation of option right, so that it can be reasonably determined that the Company shall exercise the option on the acquisition date;
- ③ The lease term is the majority for the leased assets even if the ownership not transferred;
- ④ The present value of the minimum lease payments of the Company almost is equal to the fair value of the leased assets at the acquisition date.

For the fixed assets acquired under finance leases, the Company takes less of the fair value of the leased asset at the acquisition date and the present value of the minimum lease payments as recorded value. Also, the minimum lease payments are accounted as the recorded value for the long-term payables, and the difference is as the unconfirmed financing fees.

- ⑤ The nature of the leased assets is special. Only the lessee can use the leased assets without major transformation.

For the fixed assets acquired under finance leases, the Company takes less of the fair value of the leased asset at the acquisition date and the present value of the minimum lease payments as recorded value. Also, the minimum lease payments are accounted as the recorded value for the long-term payables, and the difference is as the unconfirmed financing fees.

17. Construction in progress

Construction in progress is measured according to the actual cost. The actual cost includes the construction cost, the installation cost, the borrowing cost meeting the capitalization

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

18. Borrowing cost

(1) Recognition principles for capitalizing of Borrowing cost

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

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

The assets meeting capital conditions refer to the fixed assets, investment real estates and inventories which are constructed or produced in a long time to reach the predicted use or to-be-sale status.

(2) Duration of capitalization of loan costs

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

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

- ① Expenditures on assets have taken place. Asset expenditures include the assets used to construct or produce the assets which meet the capitalization conditions, and expend in cash or transferring non-cash assets or bearing interest debt;
- ② Loan costs have taken place;
- ③ The construction or production activities to make assets to reach the status of ready for sale or the producing activities has begun.

(3) Capitalization suspension period

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recorded into the profits & losses in the current period, as of the acquisition and construction or production of the asset restarts.

(4) Calculation of the amount of capitalization of loan costs

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

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

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

19. Intangible Assets

(1) Measurement

① The initial measurement of intangible assets

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

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

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

② Subsequent measurement

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

For intangible assets with limited useful life, they shall be amortized by the straight-line method within the period of bringing economic benefits to the enterprise; if the period of intangible assets that bring economic benefits to the enterprise cannot

be foreseen, it is regarded as intangible assets with indefinite useful life, and shall not be amortized.

(2) The Estimated Useful Lives for Intangible Assets with Finite Useful Lives are as below:

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

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

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

(3) Judgement Basis for Intangible Assets with Infinite Life and Process to Access the Life Time

The trade-name “Lexmark” owned by the Company are widely used in printers, consumables and other products; the Company believes that these products would provide economic interests in the process of continuous operation of the Company. The Company assesses the infinite life based on the contract rights and other lawfully rights, industry situation, historical experiences and experts’ investigation. When the Company cannot identify the infinite life of the intangible assets, the intangible assets are recognized as the uncertain infinite life intangible assets.

Company expected that the offshore land right with infinite life will be used in operating business and can generate cash inflow, so Company treat it as intangible asset with infinite life. At the end of the year, the Company should reassess the infinite life of the uncertain infinite life intangible assets.

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

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

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

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

production or put to use.

(5) The Special Standards of the Conformation of Capitalization for the Expenditure in Development Stage

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

- ① Complete the intangible assets to make it usable or for sale and have the technical feasibility;
- ② Have the intention to complete the intangible assets for using or sales;
- ③ The mode for the economic interest produced by the intangible assets includes the evidence of there being in the market for the products produced by the intangible assets or for the intangible assets by self, and the usefulness of the assets used internal;
- ④ There are sufficient technical, financial resources and other resources for support to complete the development of the intangible assets and there is ability to use or sell the intangible assets;
- ⑤ The expenditure belongs to the intangible assets in the development stage can be reliably measured.

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

20. Impairment of Non-Current Assets

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

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

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

of the business combination, and conduct a goodwill impairment test on this basis.

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

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

21. Long-Term Deferred Expenses

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

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

Item	Amortized method	Amortized period
Decoration	Amortized averagely over the useful life	3-10
Server assemblies	Amortized averagely over the useful life	3-10
Guarantee fee	Amortized averagely over the useful life	3-10
Technical service expenses	Amortized averagely over the useful life	3-10
Patent service expenses	Amortized averagely over the useful life	3-10
Software service expenses	Amortized averagely over the useful life	3-10

22. Contract liability

Accounting policy from January 1st, 2020

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

23. Employee Benefits

(1) Short-Term Employee Benefits

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

Payments of social security contributions for employees, payments of housing funds, union running costs and employee education costs provided in accordance with

relevant requirements are, in the accounting period in which employees provide services, calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits and recognized relevant liabilities.

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

(2) Post-Employment Benefits

① Defined contribution plan

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

In addition to pensions, the Company establishes its own compensatory endowment insurance bases on Chinese enterprise annuity system. The Company pays a certain proportion of the total wages of its employees to the local social insurance institutions/payment bases on annuity plan, the related cost is recorded in profit or loss for the current period or the cost of a relevant asset.

② Defined benefit plan

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

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

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

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

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

the present value of the defined benefit plan obligation and settlement price.

(3) Termination of Benefits

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

- ① When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal;
- ② When the Company recognizes costs or expenses related to a restructuring that involves the payment of a termination benefit.

(4) Accounting Method of Other Long-Term Employee Benefits

Other long-term staff's benefit refers to all staff's benefit except short-term employee benefits, post-employment benefits and termination benefits. For those other long-term employee benefits which meet requirements of defined contribution plan, the amount of payable recognized as liability and records in profit or loss for the current period or the cost of a relevant asset. For other long-term employee benefits other than those mentioned above, on the balance sheet date, the benefits and obligation which comes from defined benefit plan assign to the period of employees provide service and record in profit or loss for the current period or the cost of a relevant asset.

24. Provision for liabilities

The Company should recognize the provision when the Company is in the event of lawsuits, debt guarantee, loss contracts and restricting with measured amount for the delivery of the property or the supplying services.

(1) Recognition of provision

The obligation pertinent to a contingency shall be recognized as estimated debts when the following conditions are satisfied simultaneously:

- ① The obligation is a current obligation of the enterprise;
- ② It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation;
- ③ The amount of the obligation can be evaluated reliably.

(2) Accounting treatment for provision

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

If there is a continuous range for the necessary expenses and the same result possible within the range, the optimum estimate is recognized according to the middle value, namely the average of the upper limit and lower limit of amount within the range.

If there no exits a continuous range for the necessary expenses or the different result possibility within the range even if there is a continuous range, and if there are contingent matters related to individual item, the optimum estimates are conducted as follows:

the optimum estimate is recognized according to the amount that has most possibility to occur;

If there are contingent matters involving multiple items, the optimum estimate is counted and confirmed as per all the possible results and associated probabilities.

It can be recognized separately as assets when estimated liabilities are paid by the Company but can be fully or partly compensated by a third party and the compensation mostly sure can be received, which does not exceed the book value of estimated liabilities.

The company reviews the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

The estimated liabilities are initially measured according to the best estimate of the expenses required to fulfill the relevant current obligations.

25. Share-Based Payment

Share-based payment refers to a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. Share-based payment divides into equity settlement and cash settlement.

(1) Methods for equity settled share-based payment

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

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

During the waiting period, if the granted equity instruments are cancelled, the company will treat the cancellation of the granted equity instruments as accelerated

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

(2) A cash-settled share-based payment

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

26. Revenue

(1) Sales of goods

① Fundamental principle

Accounting policies from 1 January 2020

1. Accounting policies adopted for revenue recognition and measurement

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

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

Transaction price refers to the amount of consideration that the company is expected to be entitled to receive due to the transfer of goods or services to customers,

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

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

- When the customer performs the contract in the company, he obtains and consumes the economic benefits brought by the company's performance.
- Customers can control the goods under construction during the performance of the contract.
- The goods produced by the company in the process of performance have irreplaceable uses, and the company has the right to collect money for the performance part that has been completed so far in the whole contract period.

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

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

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

2. Specific principles of sales revenue:

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

(1) Specific principles of sales revenue:

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

(2) Specific principles of service income for extended warranty period:

① When the number of services is uncertain but the contract period is fixed, the revenue is recognized by stages according to the straight-line method within the contract range;

② Revenue of single service is recognized by times.

(3) The specific principles for the recognition of technical service revenue are as follows:

After the service contract is approved and signed with the customer, the service personnel shall provide the design service according to the terms of the service contract, and submit the approval letter for payment, design document confirmation

form, design scheme or drawing to the customer according to the completion schedule agreed in the service contract. After receiving the design document confirmation form confirmed by the customer (such as the work confirmation opinions at the project stage), the service personnel shall, Design revenue is recognized.

(4) Software licensing and services

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

Accounting policies before January 1, 2020

1. Sales of goods

① Fundamental principle

- A. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- B. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- C. The amount of revenue can be measured reliably;
- D. It is probable that the associated economic benefits will flow to the enterprise;
- E. The associated costs incurred or to be incurred can be measured reliably.

② Specific principle

The Company recognizes the revenue which meets all the condition listed as below: transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; clients received the goods or there are not any other unfinished obligations effected on clients receiving the goods.

The reorganization for the aboard sales revenue are as follow:

The Company sent out the goods; received the export bills and customs declaration; clients confirmed there was no unfinished obligation by the Company.

The reorganization for the domestic sales revenue:

The Company sent out the goods; clients received the goods; clients confirmed there was no unfinished obligation by the Company.

The principles of extended warranty revenue recognition are as follows:

- 1. If the contract service times are not fixed but the contract period is fixed, the revenue is recognized equally under straight-line method
- 2. Revenue is recognized when service perform

2. Services Revenue

① Fundamental principle

Services revenue is recognized using the percentage of completion method when the outcome of the transaction can be measured reliably, which needs to fulfill the following criteria:

- A. The amount of revenue can be measured reliably;
- B. It is probable that the associated economic benefits will flow to the enterprise;
- C. The completion of stage can be measured reliably;
- D. The associated costs incurred or to be incurred can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably at the balance sheet date, different accounting treatment is employed depending on the circumstances:

A. When the costs incurred are expected to be recoverable, the revenue is recognized to the extent of costs incurred that are expected to be recoverable and an equivalent amount is charged to profit or loss as service costs.

B. When the costs incurred are not expected to be recoverable, the cost incurred is recognized in profit or loss for the current period and no service revenue is recognized.

② Specific Principle

The Company's services revenue are mainly technical services revenue and extended warranty revenue, the principles for the different revenue are as follows:

A. Technical service revenue recognition:

When the technical service contract is approved and signed by the customer, designers provide design services in accordance with the requirements of the design contract, according to the completion the schedule, submitted to the customer request approval letter and design document confirmation form, design proposal or drawing; receiving these things, the finance department will issue an invoice and book the revenue.

B. Extended warranty revenue recognition:

- a) Book revenue using straight line method when the contact cannot confirm the fixed time in providing service;
- b) The single service is recognized by times.

27. Contract Cost

Accounting policies from 1 January 2020

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

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

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

If the incremental cost incurred by the company to obtain the contract is expected to be

recovered, it shall be recognized as an asset as the cost of contract acquisition.

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

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

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

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

28. Government Grants

(1) Classification

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

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

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

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

(2) Time of recognition

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

(3) Accounting treatment for repayment of government grants

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

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

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

The discount interest of policy preferential loans obtained by the company shall be handled separately according to the following two situations:

(1) If the finance allocates the discount fund to the lending bank, and the lending bank provides the loan to the company at the preferential policy interest rate, the company takes the actual amount of the loan received as the entry value of the loan, and calculates the relevant borrowing costs according to the loan principal and the preferential policy interest rate.

(2) If the finance allocates the discount funds directly to the company, the company

will offset the corresponding discount against the relevant borrowing costs.

29. Deferred Tax Assets and Deferred Tax Liabilities

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

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

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

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

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

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

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

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

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

At the balance sheet date, When the Company has the statutory right to account for current tax assets and current tax liabilities with their net amounts, and the deferred tax assets and the deferred tax liabilities are related to income taxes imposed on the same taxpayer by the same tax authority or albeit they are related to income taxes imposed on different taxpayers, they have the intention to account for current tax assets and current tax liabilities with their net amounts or the recovery of assets and the settlement of liabilities are achieved

simultaneously during each accounting period in the future when material deferred tax assets and deferred liabilities are reversed, the Company shall present its current tax assets and current tax liabilities at the net amounts as the result of one offsetting another.

30. Lease

(1) Accounting treatment of operational lease

① Lease payments under an operating lease are recognized by the Company on a straight-line basis over the lease term (including the rent-free period) and charged to profit or loss for the current period. Initial direct costs incurred by the Company are charged to profit or loss for the current period.

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

② Lease income of the Company is recognized over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company are recognized as expenses in the current period; if the amounts are material, they are capitalized and amortized over the lease term on the same basis as the recognition of lease income.

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

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

(2) Criteria and accounting treatment of finance lease

① Lease: At the commencement of the lease term, a lessee shall record the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge. Unrecognized finance charge shall be allocated to each period during the lease term. The finance charge for the current period shall be recognized by the effective interest method and charged to financial expenses for the current period. The initial direct costs of a lease shall be charged to the cost of the leased assets.

② Lessor: At the inception of the lease, the difference between the aggregate of the receivable lease payments, the initial direct costs and the unsecured residual value of the leased asset, and the aggregate of its present value shall be recognized as unearned finance income, which shall be allocated to each period during the lease term.

31. Termination of Operation

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

- (1) The component stands for an independent primary business or district;
- (2) The component relates to an independent primary business or district which is going to dispose;
- (3) The component is the subsidiary gained for transfer.

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

32. Hedge Accounting

(1) Hedge Classification:

- ① A fair value hedging refers to a hedging of the risk to changes in the fair value of a recognized asset or liability or a previously unrecognized firm commitment, or to changes in the identifiable portion of the fair value of a recognized asset or liability or a previously unrecognized firm commitment.
- ② A cash flow hedging refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk related to a recognized asset or liability or a highly probable forecast transaction or the currency risks from the unrecognized commitments' obligation.
- ③ A net investment hedging in an overseas operation refers to hedge of the foreign exchange risk arising from net investment in an overseas operation. The "net investment in an overseas operation" refers to an enterprise' equity of rights and interests in the net assets in an overseas operation.

(2) Designation of the Hedging Relationship and Reorganization of the Effectiveness of Hedging

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

The Company continuously evaluates the effectiveness of hedging to determine whether the hedging meets the effectiveness requirements of using hedging accounting within the accounting period specified by the hedging relationship. If it is

not satisfied, the hedging relationship should be terminated.

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

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

(3) Accounting treatment for hedge:

① Fair value hedge

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

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

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

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

② Cash flow hedge

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

If a hedged item is a forecast transaction and if the forecast transaction makes the enterprise subsequently recognize a financial asset or financial liability, the relevant profit or loss is directly recognized as the owner's equity originally shall be shifted out

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

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

③ Hedging of net investment in an overseas operation

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

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

33. Segment report

The company determines the operating segment based on the internal organization structure, management requirements and internal reporting system, and determines the report segment based on the operating segment and discloses the segment information.

Business segment refers to the component part of the company that meets the following conditions simultaneously: (1) the component can generate income and expenses in daily activities.(2) The management of the company can evaluate the operating results of the component regularly to decide to allocate resources and evaluate its performance.(3) The company can obtain the financial status, operating results and cash flow of the component. If two or more business segments have similar economic characteristics and meet certain conditions, they can be combined into one business segment.

34. Statement of Changes in Accounting Policies and Accounting Estimates

(1) Changes in Significant Accounting Policies

1) Implementation of accounting standards for Business Enterprises No. 14 - Revenue (revised in 2017) (hereinafter referred to as "new revenue standards")

The Ministry of Finance revised the "accounting standards for Business Enterprises No. 14 - Revenue" in 2017. According to the revised standards, the amount of retained earnings and other relevant items in financial statements at the beginning of the year shall be adjusted according to the cumulative impact number when the standards are first implemented, and the information of comparable periods shall not be adjusted.

The company will implement the new revenue standard from January 1, 2020. According to the standards, the company only adjusts the amount of retained earnings and other related items in the financial statements at the beginning of 2020 for the cumulative impact of contracts that have not been completed on the first execution date, and does not make any adjustment when comparing the financial statements. For the first time to implement the new income standard adjustment, please refer to "III.34(3)" of the notes for details of the relevant items of the financial statements at the beginning of the year of the first implementation

Compared with the original income standard, the impact of the implementation of the new income standard on the related items of financial statements in 2020 is as follows (increase / (decrease)):

Balance sheet items affected	Amount of impact on balance as at December 31, 2020 (increase "+" / decrease "-")	
	Merge	Parent company
Contract assets	303,022,680.59	
Accounts receivable	-303,022,680.59	
Contractual liabilities	593,772,263.98	426,380.59
Advance payment	-596,553,606.06	-426,380.59

Balance sheet items affected	Amount of impact on balance as at December 31, 2020 (increase "+" / decrease "-")	
	Merge	Parent company
Other current liabilities	2,781,342.08	
Operating Cost	530,873,358.85	21,632,002.66
Selling expense	-530,873,358.85	-21,632,002.66

On Decembe

On December 10, 2019, the Ministry of Finance issued the Interpretation No. 13 of accounting standards for business enterprises (CaiKuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13"), which will come into force on January 1, 2020 and does not require retrospective adjustment.

① Identification of related parties

Interpretation No. 13 defines the following situations as related parties: joint ventures or joint ventures between an enterprise and other member units of its enterprise group (including parent company and subsidiary company); The joint venture of the enterprise and other joint ventures or joint ventures of the enterprise. In addition, Interpretation No. 13 also makes it clear that two or more enterprises that are only significantly affected by one party do not constitute related parties, and adds that joint ventures include joint ventures and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② Definition of business

Explanation No. 13 perfects the three elements of business composition, refines the judgment conditions of business composition, and introduces the selection of "concentration test" to simplify the judgment of whether the combination obtained under different control constitutes business to a certain extent.

Since January 1, 2020, the company has implemented Interpretation No. 13, and the comparative financial statements have not been adjusted. The implementation of Interpretation No. 13 has not had a significant impact on the company's financial position and operating results.

(2) Changes in Material Accounting Estimates

There is no change in material accounting estimates in the reporting period.

(3) The first implementation of the new income standard to adjust the first implementation of the financial statements at the beginning of the year

Consolidated balance sheet

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			Reclassification	measurement	Total
Current Assets:					
Monetary fund	4,349,558,564.16	4,349,558,564.16			
Provision of settlement fund					
Loans to other banks					
Trading financial assets	42,587,831.81	42,587,831.81			
Financial derivative for assets					
Notes receivable	130,072.87	130,072.87			
Accounts receivable	2,786,426,965.53	2,791,769,327.73		5,342,362.20	5,342,362.20
Receivables financing					
Advances to suppliers	163,643,174.08	163,643,174.08			
Insurance premiums receivable					
Cession premiums receivable					
Provision of cession receivable					
Other accounts receivables	141,421,393.01	141,421,393.01			
Buying back the sale of financial assets					
Inventories	3,035,770,791.74	3,035,770,791.74			
Assets held for sale		415,332,493.67		415,332,493.67	415,332,493.67
Contract Asset					
Non-current assets due within one year	162,784,581.29	162,784,581.29			
Other current assets	1,433,838,131.22	1,447,290,202.24		13,452,071.02	13,452,071.02
Total current assets	12,116,161,505.71	12,550,288,432.60		434,126,926.89	434,126,926.89
Non-current assets:					
Loans and payments					
Debt investment					
Available-for-sale financial assets					
Other debt investment					

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			Reclassification	measurement	Total
Held-to-maturity investments					
Long-term receivable	382,509,250.21	404,857,193.33		22,347,943.12	22,347,943.12
Long-term investment	3,170,356.84	3,170,356.84			
Investment in other equity instruments	76,374,946.79	76,374,946.79			
Other non-current financial assets					
Investment properties					
Fixed assets	3,045,899,899.26	3,045,899,899.26			
Construction in progress	186,425,298.49	186,425,298.49			
Productive biological assets					
Oil and natural gas assets					
Intangible assets	7,153,660,135.02	7,153,660,135.02			
Development cost	3,957,422.87	3,957,422.87			
Goodwill	13,021,757,809.03	13,021,757,809.03			
Long-term deferred expenses	284,070,925.19	284,070,925.19			
Deferred tax assets	1,048,470,685.73	988,405,699.24		-60,064,986.49	-60,064,986.49
Other non-current assets	496,592,205.93	496,592,205.93			
Total non-current assets	25,702,888,935.36	25,665,171,891.99		-37,717,043.37	-37,717,043.37
Total assets	37,819,050,441.07	38,215,460,324.59		396,409,883.52	396,409,883.52
Current Liabilities					
Short-term borrowings	1,389,476,317.96	1,389,476,317.96			
Borrowing from central bank					
Deposit funds					
Trading financial liabilities	21,603,931.07	21,603,931.07			
Financial derivative for liabilities					
Notes payable	56,000,000.00	56,000,000.00			
Accounts payable	4,296,679,726.92	4,296,679,726.92			
Payments received in advance	614,346,456.19		-605,783,412.94	-8,563,043.25	-614,346,456.19

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			Reclassification	measurement	Total
Contract liability		604,641,876.82	604,641,876.82		604,641,876.82
Funds from sales of financial assets with repurchase agreement					
Deposits from customers and interbank					
Funds received as agent of stock exchange					
Funds received as stock underwrite					
Employee benefits payable	752,484,049.25	752,484,049.25			
Taxes and surcharges payable	449,270,924.77	479,246,128.17		29,975,203.40	29,975,203.40
Other payable	4,187,582,171.64	4,187,582,171.64			
Handling charges and commissions payable					
Cession insurance premiums payable					
Liabilities held for sale					
Non-current liabilities due within one year	3,359,529,599.52	3,359,529,599.52			
Other current liabilities	393,829,838.50	394,971,374.62	1,141,536.12		1,141,536.12
Total current liabilities	15,520,803,015.82	15,542,215,175.97		21,412,160.15	21,412,160.15
Non-current liabilities:					
Insurance contract reserve					
Long-term borrowings	7,470,579,850.69	7,470,579,850.69			
Debt securities issued					
Including: preference share					
perpetual bond					
Long-term payable	126,769,390.80	126,769,390.80			
Long-term employee benefits payable	1,296,338,333.86	1,296,338,333.86			
Contingent liabilities	641,092,970.59	641,092,970.59			
Deferred income	68,672,910.11	68,672,910.11			
Deferred tax liabilities	1,787,703,872.13	1,801,517,746.98		13,813,874.85	13,813,874.85
Other non-current liabilities	1,317,224,253.03	1,266,990,320.60		-50,233,932.43	-50,233,932.43
Total non-current liabilities	12,708,381,581.21	12,671,961,523.63		-36,420,057.58	-36,420,057.58

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			Reclassification	measurement	Total
Total liabilities	28,229,184,597.03	28,214,176,699.60		-15,007,897.43	-15,007,897.43
Shareholders' equity:					
Share capital	1,063,349,999.00	1,063,349,999.00			
Other equity instrument					
Including: preference shares					
perpetual bonds					
Capital reserves	1,481,544,731.78	1,481,544,731.78			
Less: Treasury stock					
Other comprehensive income	-8,834,251.37	-8,834,251.37			
Special reserve					
Surplus reserve	209,062,389.15	209,062,389.15			
General risk reserve					
Undistributed profit	3,025,071,432.18	3,235,635,052.47		210,563,620.29	210,563,620.29
Total equity attributable to shareholders of parent company	5,770,194,300.74	5,980,757,921.03		210,563,620.29	210,563,620.29
Minority interests	3,819,671,543.30	4,020,525,703.96		200,854,160.66	200,854,160.66
Total shareholders' equity	9,589,865,844.04	10,001,283,624.99		411,417,780.95	411,417,780.95
Total liabilities and shareholders' equity	37,819,050,441.07	38,215,460,324.59		396,409,883.52	396,409,883.52

Balance sheet of Parent Company

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			reclassification	measurement	Total
Current Assets:					
Monetary fund	797,821,459.80	797,821,459.80			
Trading financial assets	3,506,752.52	3,506,752.52			
Financial derivative					
Notes receivable					
Accounts receivable	914,403,541.10	914,403,541.10			

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			reclassification	measurement	Total
Receivable financing					
Advances to suppliers	108,633,018.52	108,633,018.52			
Other receivables	1,185,493,734.18	1,185,493,734.18			
Inventories	345,390,646.16	345,390,646.16			
Contract Asset					
Assets held for sale					
Non-current assets due within one year					
Other current assets	15,415,024.59	15,415,024.59			
Total current assets	3,370,664,176.87	3,370,664,176.87			
Non-current assets:					
Debt investment					
Available-for-sale financial assets					
Other debt investment					
Held-to-maturity investments					
Long-term receivable	255,880,505.11	255,880,505.11			
Long-term investment	8,132,896,928.37	8,132,896,928.37			
Investment in other equity instruments	29,209,600.00	29,209,600.00			
Other non-current financial assets					
Investment properties					
Fixed assets	103,494,794.89	103,494,794.89			
Construction in progress	2,223,440.09	2,223,440.09			
Productive biological assets					
Oil and natural gas assets					
Intangible assets	13,064,460.53	13,064,460.53			
Development costs	1,350,568.64	1,350,568.64			
Goodwill					
Long-term deferred expense	9,951,608.98	9,951,608.98			

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			reclassification	measurement	Total
Deferred tax asset					
Other non-current assets	19,396,877.90	19,396,877.90			
Total non-current assets	8,567,468,784.51	8,567,468,784.51			
Total assets	11,938,132,961.38	11,938,132,961.38			
Current Liabilities					
Short-term borrowings	627,488,328.43	627,488,328.43			
Trading financial liabilities					
Financial derivative for liabilities					
Notes payable	56,000,000.00	56,000,000.00			
Accounts payable	542,670,545.94	542,670,545.94			
Payments received in advance	36,436,768.23		-36,436,768.23		-36,436,768.23
Contract Liability		32,573,688.34	32,573,688.34		32,573,688.34
Employee benefits payable	67,617,843.85	67,617,843.85			
Taxes and surcharges payable	4,333,434.57	4,333,434.57			
Other payables	3,238,298,073.72	3,238,298,073.72			
Liability held for sale					
Non-current liabilities due within one year	21,407,847.21	21,407,847.21			
Other current liabilities		3,863,079.89	3,863,079.89		3,863,079.89
Total current liabilities	4,594,252,841.95	4,594,252,841.95			
Non-current liabilities:					
Non-current liabilities:	290,000,000.00	290,000,000.00			
Debt securities issued					
Including: preference share					
perpetual bonds					
Long-term payable					
Long-term Employee benefits payable					
Contingent liability					

Items	Ending Balance of prior year	Opening balance of current year	Adjustments		
			reclassification	measurement	Total
Deferred income					
Deferred tax liability					
Other non-current liabilities					
Total non-current liabilities	290,000,000.00	290,000,000.00			
Total liabilities	4,884,252,841.95	4,884,252,841.95			
Shareholders' equity:					
Share capital	1,063,349,999.00	1,063,349,999.00			
Other Equity instruments					
Including: Preference shares					
Perpetual bonds					
Capital reserves	4,437,853,085.59	4,437,853,085.59			
Less: Treasury stock					
Other comprehensive income					
Special reserve					
Surplus reserve	192,834,908.09	192,834,908.09			
Undistributed profit	1,359,842,126.75	1,359,842,126.75			
Total Shareholders' equity	7,053,880,119.43	7,053,880,119.43			
Total liabilities and Shareholders' equity	11,938,132,961.38	11,938,132,961.38			

IV. MAIN TAXES

1. Major tax types and tax rates applicable to the Company

Tax type	Basis of tax assessment	Tax rate
Valued added tax (VAT)	VATs which paid by domestic companies and subsidiaries, are calculated on taxable revenues from selling goods and rendering services; VATs are paid at the net amounts after deducting input VATs for the current period (tax rates are 13%(from April 1 st , 2019), 6%, duty-free) ^{Note 1} . Foreign subsidiaries pay VATs based on local policies and other sales and use tax.	
Urban maintenance and construction tax (Domestic business)	Calculated and paid on the sum of turnover tax.	7%
Education supplementary tax (Domestic business)	Calculated and paid on the sum of turnover tax.	3%
Local education supplementary tax (Domestic business)	Calculated and paid on the sum of turnover tax.	2%
Land use tax	Fixed payment on approved land grade	
Enterprise income tax	Paid on taxable profits	Refer to Note 2

Note 1: According to “Notice of the Ministry of Finance, the General Administration of Taxation and the General Administration of Customs on the Deepening of VAT Reform Policies”(The General Administration of Customs, State Administration of Finance and Taxation Announcement No. 39 of 2019), the original applicable tax rate of 16% and 10% adopted by the taxpayers for sales activities or imported goods will be decreased to 13% and 9% respectively from April 1, 2019.

Note 2: EIT rate of the Company and main subsidiaries:

Company name	Tax rate applicable for the current period
Ninestar Corporation	15.00%
Apex Microelectronics Co., Ltd.	15.00%
Zhuhai Jihai Semiconductor Co., Ltd.	25.00%
Hangzhou Shuo Tian Technology Co., Ltd	15.00%
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited	25.00%
Zhuhai Ninestar Enterprise Management Limited	25.00%
Zhuhai G&G Digital Technology Co., Ltd.	25.00%
Topjet Technology Co., Ltd and its subsidiaries	15.00%
Cinvi Technology Co., Limited and its subsidiaries	25.00%
Zhongshan Chengwei Technology Co., Ltd.(Cinvi's subsidiary)	15.00%
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd	15.00%

Company name	Tax rate applicable for the current period
Ninestar Image Tech Limited and its subsidiaries registered in Hong Kong	The profits tax rate for the first 2 million yuan of assessable profits of the corporation is 8.25%, and the subsequent profits are taxed at 16.5%; for the sole proprietorship or partnership business, the profits tax rate for the two levels is 7.5% and 15% respectively.
Ninestar Image (Malaysia) Sdn Bhd	Government-approved expropriation method
Ninestar Electronic Company Limited	Filed for offshore trade, tax-free
Ninestar Printing Technology Co., Ltd.	25.00%
Overseas subsidiaries of Lexmark International, Ninestar America, SCC US and other registered places in the United States	Federal tax and state tax
Foreign subsidiaries registered in countries or regions other than the United States	Refer to local tax rules

2. Tax Preferences

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

(1) Enterprise income tax

① The Company and its subsidiaries were identified as high-tech enterprises, and they can enjoy high-tech enterprises tax incentives, the details are as followings:

Company name	High-tech certificate number	Period
Ninestar Corporation	GR202044012822	Year 2020 to year2022
Apex Microelectronics Co., Ltd	GR202044005297	Year 2020 to year2022
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd	GR202044002730	Year 2020 to year2022
Zhongshan Chengwei Technology Co., Ltd.	GR202044005585	Year 2020 to year2022
Hangzhou Shuo Tian Technology Co., Ltd.	GR202033001682	Year 2020 to year2022
Topjet Technology Co., Ltd and its subsidiaries	GR201944000935	Year 2020 to year2022

② According to the Notice of Further Enlarging the Scope of the Preferential Policy for Small and Meager Enterprise Income Tax (Caishui [2018] No. 77) which issued on July 17, 2019, and the Notice on implementing the preferential tax reduction and exemption policies for small and micro enterprises(Caishui [2019] No. 13) jointly issued by the Ministry of Finance and the State Administration of Taxation on January 17, 2019: From January 1, 2019 to December 31, 2020, for small profit-making enterprises with taxable income less than or equal to RMB1, 000,000.00, they are taxed on a half of their taxable income, and use 20 % tax rate pays to calculate the corporate income tax. The company's subsidiaries

microelectronics, Jihai semiconductor and Hangzhou shuotan are applicable to the above provisions Notice of the Ministry of Finance and the State Administration of Taxation on Further Enlarging the Scope of the Preferential Policy for Small and Meager Enterprise Income Tax are able to use preferential tax treatment.

(2) Value added tax

① According to Policies to encourage software industry and integrated Circuit industry (GuoFa [2000] No.18), Announcement for more policies to encourage industry and integrated Circuit industry by the state council(GuoFa [2011] No.4), Announcement for policies of VAT for software product by China Finance Bureau and State Taxation Bureau (Mainland China) (CaiShui [2011] No.100), 16% VAT (16% applicable this year, shall be 13% from April 1st) paid on sales of own-produced software product can get a tax refund immediately for portion more than 3% of sales revenue.

The Company and Some subsidiaries enjoy the VAT refund this current year according to the above tax preference.

② According to (CaiShui (2016) No.36) Notice for including metro transportation and postal industry in the tax reform for changing from business tax to value added tax by China Finance Bureau and State Taxation Bureau (Mainland China), the pilot taxpayer will be free from value added tax who transfers and develops technology, and provides relevant consulting service. Pilot taxpayer should apply for the above preference for technology transfer and development contract to provincial level department where the taxpayer located, and also should send the contract and approved document to State Taxation Bureau (Mainland China) for backup records.

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

③ According to the Announcement of the General Administration of Customs, State Administration of Finance and Taxation on Deepening the VAT Reform Policy (General Administration of Taxation of the Ministry of Finance Announcement No. 39 of 2019): From April 1, 2019 to December 31, 2021, taxpayers in the production and lifestyle service industries are allowed to add 10% of the input tax deductible in the current period to deduct the tax payable.

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

V. NOTES TO DATA OF THE FINANCIAL STATEMENTS

Notification 1: the reference format of the notes to the financial statements is to assume that the enterprise has implemented the new income standard and made retrospective adjustment since January 1, 2020, without adjusting the data of the previous comparative financial statements. Therefore, the notes on the comparative data of statement items in the notes are disclosed in the original format.

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

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

1. Monetary Fund

Item	Ending Balance	Opening Balance
Cash on hand	264,015.58	215,819.53
Bank balance	6,182,654,231.52	4,088,648,575.12
Other monetary funds	189,706,490.39	258,176,872.32
Bank deposits-accrued interest	2,684,768.23	2,517,297.19
Total	6,375,309,505.72	4,349,558,564.16
Including: Deposit offshore	893,622,637.70	1,691,547,104.50

Notes:

(1) As of December 31, 2020, there are no monetary funds stored aboard with restriction of transferring back.

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

Item	Ending Balance	Opening Balance
Credit card deposit	93,643,068.50	20,000,000.00
Performance bond	100,000.00	280,000.00
Custom tax payment deposit	8,787,833.38	5,000,000.00
Foreign exchange margin	57,237,453.24	181,140,252.96
Others	19,443,906.97	
Total	179,212,262.09	206,420,252.96

2. Trading financial assets

Item	Ending Balance	Opening Balance
Financial asset measured at fair value and change of which included in current profit and loss	93,688,687.01	42,587,831.81
Including: Derivative financial asset	61,703,878.28	21,572,559.07
Others (including forward exchange settlement products, etc.)	31,984,808.73	21,015,272.74
Financial assets designed to be measured at fair value changes of which are recorded in current profits and losses		
Total	93,688,687.01	42,587,831.81

3. Notes Receivable

(1) Notes Receivable

① Classification

Item	Ending Balance	Opening Balance
Bank acceptance	6,464,140.27	130,072.87
Trade acceptance		
Total	6,464,140.27	130,072.87

② Pledged notes receivable at the end of the current year

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

③ Notes receivable endorsed or discounted but not matured at the end of the current year

Item	Derecognized Amount	Underecognized Amount
Bank acceptance	11,275,495.25	
Total	11,275,495.25	

④ Notes transferred to accounts receivable at the end of the current year

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

4. Accounts Receivable

① Classification by aging

Aging	Ending Balance	Opening Balance
Within 1 year (including 1 year)	2,612,585,638.72	2,948,524,483.68
1 to 2 years (including 2 years)	22,746,695.04	14,103,523.29
2 to 3 years (including 3 years)	1,710,300.87	308,345.55
3 to 4 years (including 4 years)	90,624.89	9,262.50
4 to 5 years (including 5 years)	6,517.82	
More than 5 years		
Subtotal	2,637,139,777.34	2,962,945,615.02
Less: bad debt	148,799,142.20	176,518,649.49
Total	2,488,340,635.14	2,786,426,965.53

② Classification by bad debt method

Categories	Ending Balance					Opening Balance				
	Balance		Allowance for bad debt		Net book value	Balance		Allowance for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Allowance for bad debts by single item	30,467,609.87	1.16	14,394,909.59	47.25	16,072,700.28	40,471,487.52	1.37	26,773,214.64	66.15	13,698,272.88
Allowance for bad debts by combination	2,606,672,167.47	98.84	134,404,232.61	5.16	2,472,267,934.86	2,922,474,127.50	98.63	149,745,434.85	5.12	2,772,728,692.65
Total	2,637,139,777.34	100.00	148,799,142.20	5.64	2,488,340,635.14	2,962,945,615.02	100.00	176,518,649.49	5.96	2,786,426,965.53

Allowance for bad debts by single item:

Name	Ending Balance			
	Balance	Allowance for bad debt	Percentage (%)	Reasons for accruing bad debts
Fazteck Limited	2,109,964.29	210,996.43	10.00	Overdue, accrued according to insurance rules
BAWABT ALAHBAR TRADING EST (INK GA)	2,197,234.82	219,723.48	10.00	Overdue, accrued according to insurance rules
DELTA PI SERVICE SRL	1,299,760.47	389,928.14	30.00	Overdue, accrued according to insurance rules
All4 Printing GmbH	995,658.00	497,829.00	50.00	Overdue, accrued according to insurance rules

Name	Ending Balance			
	Balance	Allowance for bad debt	Percentage (%)	Reasons for accruing bad debts
ERAY BILISIM GERI DONUSUM DANISMANL	735,211.05	147,042.21	20.00	Overdue, accrued according to insurance rules
MS COPIER	645,144.27	96,771.64	15.00	Overdue, accrued according to insurance rules
WILD LIFE PRINTING SOLUTIONS	638,102.60	127,620.52	20.00	Overdue, accrued according to insurance rules
ACCEAREA,S	633,478.65	63,347.91	10.00	Overdue, accrued according to insurance rules
Print Plus America LLC	506,560.22	50,656.04	10.00	Overdue, accrued according to insurance rules
Others	20,706,495.50	12,590,994.22	60.81	Overdue, accrued according to insurance rules
Total	30,467,609.87	14,394,909.59	47.25	/

Allowance for bad debts by combination:

Name	Ending Balance		
	Accounts Receivable	Allowance for bad debt	Percentage (%)
Aging combination	2,606,672,167.47	134,404,232.61	5.16
Merging related party combinations			
Total	2,606,672,167.47	134,404,232.61	5.16

③ Provision for bad debts accrued, regain or switch back in the period

Categories	Ending Balance at 31 December,2019	Opening Balance at 1 January ,2020	Changes in the current period					Ending Balance
			bad debts accrued	regain or switch back	Written down or write-off	Increase in Business combination not under common control	Others	
Allowance for bad debts by single item	26,773,214.64	26,773,214.64	867,936.13	6,306,545.34	5,995,138.94		-944,556.90	14,394,909.59
Allowance for bad debts by combination	149,745,434.85	150,026,611.81	11,481,133.09	11,002,493.73	10,577,831.39	49,560.04	-5,572,747.21	134,404,232.61
Total	176,518,649.49	176,799,826.45	12,349,069.22	17,309,039.07	16,572,970.33	49,560.04	-6,517,304.11	148,799,142.20

④Accounts receivable being written-off during the current period

Item	Written-off Amount
Written-off Amount	16,572,970.33

⑤Terminate to recognize account receivable due to financial asset transfer

There is no account receivable terminate to recognize due to transfer of financial asset during 2020.

⑥The amount of assets and liabilities that are transferred and continued to be involved in the transfer of accounts receivable

There is no issue involved in this situation.

⑦Restriction account receivable at the year-end

At the end of the reporting period, please refer to "V. (62)" for details of the company's accounts receivable for loan mortgage restrictions.

5. Advances to Suppliers

The aging of advances to suppliers

Aging	Ending Balance		Opening Balance	
	Balance	Percentage (%)	Balance	Percentage (%)
Within 1 year (including 1 year)	278,044,273.13	99.56	160,503,227.29	98.08
1-2 years (including 2 years)	1,198,832.86	0.43	2,662,201.26	1.63
2-3 years (including 3 years)	19,873.14	0.01	477,745.53	0.29
More than 3 years				
Total	279,262,979.13	100.00	163,643,174.08	100.00

There is no over 1-year significant advance to supplier at the end of the current year.

6. Other Receivable

Item	Ending Balance	Opening Balance
Interest receivable		
Dividend receivable		
Other receivables	84,344,606.79	141,421,393.01
Total	84,344,606.79	141,421,393.01

(1) Other receivable

① Disclosure by aging

Aging	Ending Balance	Opening balance
Within 1 year (including 1 year)	78,065,734.74	132,495,459.82
1 to 2 years (including 2 years)	8,250,019.72	3,350,291.52
2 to 3 years (including 3 years)	435,262.67	26,916,553.19
3 to 4 years (including 4 years)	18,543,215.53	646,195.89
4 to 5 years (including 5 years)	268,592.14	2,512,605.96
More than 5 years	835,348.77	403,683.40
Subtotal	106,398,173.57	166,324,789.78
Less: allowance for bad debt	22,053,566.78	24,903,396.77
Total	84,344,606.79	141,421,393.01

② Classified disclosure according to bad debt accrual method

category	Ending Balance					Opening balance				
	Balance		Allowance for bad debt		Net book value	Balance		Allowance for bad debt		Net book value
	Amount	Percentage(%)	Amount	Percentage(%)		Amount	Percentage(%)	Amount	Percentage(%)	
Allowance for bad debts by single item						1,697,914.85	1.02	466,924.87	27.50	1,230,989.98
Allowance for bad debts by combination	106,398,173.57	100.00	22,053,566.78	20.73	84,344,606.79	164,626,874.93	98.98	24,436,471.90	14.84	140,190,403.03
Total	106,398,173.57	100.00	22,053,566.78	20.73	84,344,606.79	166,324,789.78	100.00	24,903,396.77	14.97	141,421,393.01

Allowance for bad debt by combination:

Name	Ending Balance		
	Other receivable	Allowance for bad debt	Percentage(%)
Aging combination	106,398,173.57	22,053,566.78	20.73
Merging related party combinations			
Total	106,398,173.57	22,053,566.78	20.73

③ Allowance for bad debt

Allowance for bad debt	phase I	phase II	phase III	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (no credit impairment occurred)	
Opening balance	24,436,471.90		466,924.87	24,903,396.77
Opening balance in current year				
--Enter into phase II				
--Enter into phase III				
--Return to phase II				
--Return to phase I				
Accrued	3,672,143.45			3,672,143.45
Switched back	4,982,543.50		23,725.77	5,006,269.27
Written-down			443,199.10	443,199.10
Written-off				
Other changes	-1,072,505.07			-1,072,505.07
Ending Balance	22,053,566.78			22,053,566.78

④ Provision for bad debts accrued, collected or switched back in the period

Categorie	Opening balance	Changes in the current period				Ending Balance
		bad debts accrued	regain or switch back	Written down or write-off	Others	
Allowance for bad debts by single item	466,924.87		23,725.77	443,199.10		
Allowance for bad debts by combination	24,436,471.90	3,672,143.45	4,982,543.50		-1,072,505.07	22,053,566.78
Total	24,903,396.77	3,672,143.45	5,006,269.27	443,199.10	-1,072,505.07	22,053,566.78

⑤ Other receivable being written-off during the current period

Item	Amount
Written-off	443,199.10

⑥ Classified by the nature of the payment

Categories	Ending Balance	Opening balance
Tax receivables from Kofax Limited for sale settlement	17,064,601.70	23,579,860.93
Sales-buy back receivables	19,921,820.31	93,594,757.05
VAT Export Tax Refund & Consumption Tax Refund	13,249,038.51	19,410,960.37
Current account	1,845,354.80	4,287,677.42
Employee reserve / employee loan	5,159,719.46	4,856,936.70
Cash deposit	14,155,566.40	9,381,182.48
Personal social security, personal accumulation fund	2,298,678.23	1,795,572.76
Stock purchase deposit	20,000,000.00	
Other receivable	12,703,394.16	9,417,842.07
Total	106,398,173.57	166,324,789.78

⑦ Other receivable related to government grant

There is no receivable related to government grant during 2020.

⑧ Other receivables derecognized due to transfer of financial asset

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

⑨ The amount of assets and liabilities that are transferred and continued to be involved in the other receivable

There is no issue involved this situation.

⑩ Restriction other receivable at the year-end

At the end of the reporting period, please refer to "V. (62)" for details of the company's other receivables for loan mortgage restrictions.

7. Inventory

(1) Classification

Item	Ending Balance			Opening balance		
	Balance	Provision for written down	Net book value	Balance	Provision for written down	Net book value
Raw materials	452,820,646.36	38,000,315.83	414,820,330.53	497,337,432.42	47,649,524.03	449,687,908.39
Materials in transit	235,326,075.69		235,326,075.69	199,846,686.05		199,846,686.05
Consumption materials	6,464,626.93	54,874.24	6,409,752.69	7,893,799.50	570,871.78	7,322,927.72
Materials for consigned processing	44,191,041.11		44,191,041.11	53,842,070.01		53,842,070.01
Semi-finished goods	573,004,848.04	25,790,479.90	547,214,368.14	535,204,805.84	37,761,695.34	497,443,110.50
Finished goods	1,730,965,606.59	339,333,954.89	1,391,631,651.70	1,985,576,306.83	360,248,405.34	1,625,327,901.49
Work-in-process	46,263,575.14		46,263,575.14	71,155,671.61		71,155,671.61
Goods sold but not billed	149,553,252.60		149,553,252.60	131,144,515.97		131,144,515.97
Total	3,238,589,672.46	403,179,624.86	2,835,410,047.60	3,482,001,288.23	446,230,496.49	3,035,770,791.74

(2) Provision for written down and provision for impairment of contract performance costs

Item	Ending Balance in the previous year	Opening balance	Increase during 2020		Decrease during 2020		Ending Balance
			Accrued	Others	Switch-off or written-off	Others	
Raw materials	47,649,524.03	47,649,524.03	91,728,922.49	1,790,413.00	101,360,467.84	1,808,075.85	38,000,315.83
Consumption materials	570,871.78	570,871.78	17,601.07		328,925.31	204,673.30	54,874.24
Semi-finished goods	37,761,695.34	37,761,695.34	23,387,582.50		33,650,628.38	1,708,169.56	25,790,479.90
Finished goods	360,248,405.34	360,248,405.34	29,174,134.00	57,809.75	27,099,636.15	23,046,758.05	339,333,954.89
Total	446,230,496.49	446,230,496.49	144,308,240.06	1,848,222.75	162,439,657.68	26,767,676.76	403,179,624.86

(3) Capitalization of finance cost in the year-end inventory balance

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

(4) Restriction on year-end inventory

At the end of the reporting period, please refer to "V. (62)" for details of the company's inventory for loan mortgage restrictions.

8. Contract assets

(1) Details

Item	Ending Balance		
	Balance	provision of Impairment	Net book value
Less than 1 year(including 1 year)	318,971,242.71	15,948,562.12	303,022,680.59
1 to 2 years(including 2 years)			
2 to 3 years(including 3 years)			
3 to 4 years(including 4 years)			
4 to 5 years(including 5 years)			
More than 5 years			
Total	318,971,242.71	15,948,562.12	303,022,680.59

(2) Contract assets are disclosed according to the method of impairment provision

category	Ending Balance				
	Balance		Provision for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single item					
Provision for bad debts by combination	318,971,242.71	100	15,948,562.12	5.00	303,022,680.59
Total	318,971,242.71	100	15,948,562.12	5.00	303,022,680.59

Provision for impairment by combination

Name	Ending Balance		
	Contract assets	provision for impairment	Percentage (%)
Aging group	318,971,242.71	15,948,562.12	5.00
Combination of related Parties			
Total	318,971,242.71	15,948,562.12	5.00

(3) Provision for impairment of contract assets in the current period

Item	Opening balance	Accrued	switch back	written-down/written off	other changes	Ending Balance
Provision for impairment by single item						
Provision for impairment by combination			4,751,364.84		20,699,926.96	15,948,562.12
Total			4,751,364.84		20,699,926.96	15,948,562.12

Note: Other changes in the provision for impairment of contract assets during the current period include the adjustment of the balance of impairment provision at the beginning of the year of RMB21,859,604.93 due to the implementation of the new income standard, and the reduction of RMB 1,159,677.97 due to the difference in the conversion of statements.

9. Non-Current Assets Due in One Year

Item	Ending Balance	Opening balance
Long-term receivable due within one year	133,991,765.01	162,784,581.29
Total	133,991,765.01	162,784,581.29

10. Other Current Assets

Item	Ending Balance	Opening balance
Bank Financial product	740,658,658.47	771,152,637.90
Factoring fund receivable	13,872,809.58	14,215,672.58
Deferred expense	228,293,927.50	207,448,571.69
Provisional for purchase discount	1,415,838.31	1,855,240.30
Payment for taxes in advance	395,553,044.11	431,393,801.80
Others	32,884,999.54	7,772,206.95
Total	1,412,679,277.51	1,433,838,131.22

11. Long-Term Receivable

Item	Ending Balance			Opening balance			Discount rate interval
	Balance	Bad debt provisions	Net book value	Balance	Bad debt provisions	Net book value	
Financial lease	189,952,761.95		189,952,761.95	241,218,409.45		241,218,409.45	
Include: Unrealized financing income	-32,474,054.08		-32,474,054.08	-38,242,944.07		-38,242,944.07	
Tax return on enterprise income tax receivable	127,760,053.83		127,760,053.83	131,834,363.21		131,834,363.21	
Installment sales of goods	16,625,559.26		16,625,559.26				
Provide labor service by installment collection	4,701,905.32		4,701,905.32				
Corporate loan	658,894,473.69		658,894,473.69				
Others	1,752,330.73		1,752,330.73	9,456,477.55		9,456,477.55	
Total	999,687,084.78		999,687,084.78	382,509,250.21		382,509,250.21	

Notes:

(1) The corporate loan is the payment of the principal and interest receivable of Zhuhai Hainayuan Real Estate Co., Ltd. (hereinafter referred to as "Hainayuan") for the subsidiary Zhuhai Ninestar Printing Technology Co., Ltd. According to the "Contract No.: 440401-2019-000039) of the "Contract for Assignment of State-owned Construction Land Use Rights" signed by both parties, Ninestar Printing has registered the change of the owner of the state-owned construction land use rights under the contract as Hainayuan.. According to the loan agreement signed by Ninestar Printing and Hainayuan, the two parties agreed to convert the actual land price, related costs, taxes and fees paid by Ninestar Printing for the purchase of the project land, The Commercial and residential project land where located on the east side of Meiping 3rd Street, Pingsha Town, Gaolangang Economic Zone, Zhuhai City, and

the north side of Pingnan Road, to Ninestar Printing's loan to Hainayuan. The loan principal was total 655,000,000.00 yuan, the interest receivable during the reporting period was 3,082,138.89 yuan, and the remaining 812,334.80 yuan were interest-free current accounts.

12. Long-term equity investment

Invested entities	Opening balance	Changes in the current period								Ending Balance	Impairment preparation
		Increase	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declare cash dividends or profits	Provision for impairment	Others		
1. Joint venture											
Zhuhai Hainayuan Real Estate Co., Ltd											
Subtotal											
2. Associate											
Huai'an Xinzhan Polymer Technology Co., Ltd	3,170,356.84			1,514,627.33						4,684,984.17	
Toner-dumping.de Orh&Baer GmbH		7,397,143.72		845,152.18						8,242,295.90	
Subtotal	3,170,356.84	7,397,143.72		2,359,779.51						12,927,280.07	
Total	3,170,356.84	7,397,143.72		2,359,779.51						12,927,280.07	

Note: During the reporting period, the joint venture Zhuhai Hainayuan Real Estate Co., Ltd. has not yet carried out substantive business activities, and the company has not actually contributed capital.

13. Investment in other equity instruments

Item	Ending Balance	Opening balance
AQA S.R.L	1,733,701.88	1,733,701.88
Shenzhen Fangdian Technology Co., Ltd.	1,000,000.00	1,000,000.00
Zhuhai Zhongke Jinqiao Technology Holdings Co., Ltd	750,000.00	750,000.00
Zhuhai Xielong Plastic Electronics Co., Ltd.	11,250,000.00	11,250,000.00
Lenovo Image (Tianjin) Technology Co., Ltd		16,959,600.00
Chengdu Analog Circuit Technology Inc	135,894,700.00	33,950,000.00
Beijing Zhizu Technology Co., Ltd.	500,000.00	500,000.00
Jadi Imaging Holdings Berhad (MY)	16,401,118.29	10,231,644.91
Zhongshan ruiyuanxiang Technology Co., Ltd	17,500,000.00	
Total	185,029,520.17	76,374,946.79

14. Fixed Assets

(1) Fixed assets and disposal of fixed assets

Item	Ending Balance	Opening balance
Fixed assets	2,624,617,112.75	3,045,899,899.26
Disposal of fixed assets		
Total	2,624,617,112.75	3,045,899,899.26

(2) Details

Item	Building	Machinery and equipment	Motor vehicle	Office equipment	Total
1. Cost					
(1) Opening balance	1,704,888,782.83	3,296,903,778.21	16,929,065.02	294,162,551.99	5,312,884,178.05
(2) Increase	15,102,397.68	332,603,718.00	2,591,774.59	25,578,161.66	375,876,051.93
—purchase		213,450,300.41	2,582,692.70	19,089,698.33	235,122,691.44
—transfer from construction in progress	13,880,294.97	89,861,575.07		3,260,257.39	107,002,127.43
—Increase in business combination					
—others	1,222,102.71	29,291,842.52	9,081.89	3,228,205.94	33,751,233.06
(3) Decrease	131,642,028.88	534,322,385.07	1,425,789.49	36,508,942.52	703,899,145.96
—sale or disposal	7,188,116.50	298,200,268.51	850,499.94	24,816,482.14	331,055,367.09
—others	124,453,912.38	236,122,116.56	575,289.55	11,692,460.38	372,843,778.87
(4) Ending Balance	1,588,349,151.63	3,095,185,111.14	18,095,050.12	283,231,771.13	4,984,861,084.02
2. Accumulated depreciation					
(1) Opening balance	173,258,106.09	1,903,790,149.43	11,156,336.37	178,779,686.90	2,266,984,278.79
(2) Increase	53,917,861.75	489,683,530.02	2,254,001.29	31,784,174.63	577,639,567.69
—accrued	48,069,297.24	481,636,830.66	2,242,315.34	31,325,853.87	563,274,297.11
—others	5,848,564.51	8,046,699.36	11,685.95	458,320.76	14,365,270.58
(3) Decrease	39,758,099.52	398,053,099.72	1,505,567.63	53,063,318.83	492,380,085.70

Item	Building	Machinery and equipment	Motor vehicle	Office equipment	Total
—sale or disposa	3,221,797.74	290,562,084.24	1,041,985.40	21,095,686.65	315,921,554.03
—others	36,536,301.78	107,491,015.48	463,582.23	31,967,632.18	176,458,531.67
(4) Ending Balance	187,417,868.32	1,995,420,579.73	11,904,770.03	157,500,542.70	2,352,243,760.78
3. Provision for impairment					
(1) Opening balance					
(2) Increase	6,878,976.21	559,183.42		1,014,728.72	8,452,888.35
—accrued	6,878,976.21	559,183.42		1,014,728.72	8,452,888.35
(3) Decrease	368,390.08	29,945.98		54,341.80	452,677.86
—sale or disposa					
—others	368,390.08	29,945.98		54,341.80	452,677.86
(4) Ending Balance	6,510,586.13	529,237.44		960,386.92	8,000,210.49
4. Net book value					
(1) Ending Balance	1,394,420,697.18	1,099,235,293.97	6,190,280.09	124,770,841.51	2,624,617,112.75
(2) Opening Balance	1,531,630,676.74	1,393,113,628.78	5,772,728.65	115,382,865.09	3,045,899,899.26

(3) Idle fixed assets

There are no idle fixed assets during 2020.

(4) Capital lease of fixed assets through finance lease

There is no capital lease of fixed assets through finance lease during 2020.

(5) Fixed asset is lent through operating lease during 2020

Item	Final book value
Machinery and equipment	266,362,956.93
Total	266,362,956.93

(6) Fixed asset absent of certificate of right at 2020 year-end

There are no fixed assets absent of certificate of right at 2020 year-end.

(7) Restriction fix assets at the year-end

At the end of the reporting period, please refer to "V. (62)" for details of the company's fix assets for loan mortgage restrictions.

15. Construction In Progress

(1) Construction in progress & construction materials

Item	Ending Balance	Opening balance
Construction in progress	460,743,237.49	186,425,298.49
Construction materials		
Total	460,743,237.49	186,425,298.49

(2) Details

Item	Ending Balance			Opening balance		
	Balance	Provision for written down	Net book value	Balance	Provision for written down	Net book value
Self-made equipment / equipment to be installed	79,653,672.17		79,653,672.17	104,955,369.66		104,955,369.66
Software system implementation program	3,096,530.80		3,096,530.80	12,140,180.04		12,140,180.04
Housing and building renovation project	1,372,005.14		1,372,005.14	11,285,930.47		11,285,930.47
Factory building decoration project	1,260,635.46		1,260,635.46			
Printer industrial park	375,360,393.92		375,360,393.92	58,043,818.32		58,043,818.32
Total	460,743,237.49		460,743,237.49	186,425,298.49		186,425,298.49

(3) Changes in important construction in progress projects in the current period

Name	budgeted amounts	Opening balance	Increase	Amount transferred to fixed assets this period	Other in decrease	Ending Balance	Proportion of total project investment in budget (%)	project progress	Cumulative amount of interest capitalization	Of which: the amount of interest capitalized in the current period	Current interest capitalization rate (%)	Sources of funds
Printer industrial park (Pingsha)		58,043,818.32	317,316,575.60			375,360,393.92		Part of the main building of the first phase has been capped	545,372.51	545,372.51	0.17	Self-raised + bank loan
Total		58,043,818.32	317,316,575.60			375,360,393.92			545,372.51	545,372.51		

(4) Restriction Construction In Progress at the year-end

At the end of the reporting period, please refer to "V. (62)" for details of the company's construction in progress for loan mortgage restrictions.

16. Intangible asset

(1) Details

Item	Software	Patent	Patent exclusive use right	Trade name	Land use right	Consumer relationship	Favorable lease	Nonproprietary technology	Total
1. Cost									
(1) Opening balance	1,348,370,733.16	123,799,233.12	5,659,730.00	3,013,270,083.87	376,006,464.67	3,404,333,506.76	102,889,594.71	1,255,716,000.00	9,630,045,346.29
(2) Increase	30,703,787.83	1,337,121.08			1,660,893.89				33,701,802.80
—purchase	2,761,215.85	319,508.32							3,080,724.17
—increase from internal development	1,318,565.73	1,017,612.76							2,336,178.49
—Transfer from construction in progress	26,623,071.44								26,623,071.44
—others	934.81				1,660,893.89				1,661,828.70
(3) Decrease	163,287,672.79	3,565,428.02		194,916,470.00	14,617,052.93	204,255,155.97	7,132,669.11	81,234,000.00	669,008,448.82
—sale	19,583,783.22	529,111.11			344,705.00		5,116,108.51		25,573,707.84
—others	143,703,889.57	3,036,316.91		194,916,470.00	14,272,347.93	204,255,155.97	2,016,560.60	81,234,000.00	643,434,740.98
(4) Ending Balance	1,215,786,848.20	121,570,926.18	5,659,730.00	2,818,353,613.87	363,050,305.63	3,200,078,350.79	95,756,925.60	1,174,482,000.00	8,994,738,700.27
2. Accumulated									

Item	Software	Patent	Patent exclusive use right	Trade name	Land use right	Consumer relationship	Favorable lease	Nonproprietary technology	Total
amortization									
(1) Opening balance	1,127,426,493.85	44,444,470.92	5,628,278.71	5,993,174.28	10,309,318.25	707,597,612.17	21,872,863.20	553,112,999.89	2,476,385,211.27
(2) Increase	128,462,615.42	51,749,147.26	18,593.31	1,342,213.99	6,306,801.39	225,435,422.52	5,645,976.42	177,276,857.11	596,237,627.42
—accrued	122,016,872.44	51,749,147.26	18,593.31	1,342,213.99	6,137,081.33	225,435,422.52	5,645,976.42	177,276,857.11	589,622,164.38
—others	6,445,742.98				169,720.06				6,615,463.04
(3) Decrease	160,661,476.74	1,526,497.29		448,863.83	493,134.23	54,550,014.86	5,699,131.31	45,275,357.00	268,654,475.26
—sale	17,365,051.02	246,919.12					4,674,969.80		22,286,939.94
—others	143,296,425.72	1,279,578.17		448,863.83	493,134.23	54,550,014.86	1,024,161.51	45,275,357.00	246,367,535.32
(4) Ending Balance	1,095,227,632.53	94,667,120.89	5,646,872.02	6,886,524.44	16,122,985.41	878,483,019.83	21,819,708.31	685,114,500.00	2,803,968,363.43
3. Provision for impairment									
(1) Opening balance									
(2) Increase									
(3) Decrease									
(4) Ending Balance									
4. Net book value									
(1) Ending Balance	120,559,215.67	26,903,805.29	12,857.98	2,811,467,089.43	346,927,320.22	2,321,595,330.96	73,937,217.29	489,367,500.00	6,190,770,336.84
(2) Opening Balance	220,944,239.31	79,354,762.20	31,451.29	3,007,276,909.59	365,697,146.42	2,696,735,894.59	81,016,731.51	702,603,000.11	7,153,660,135.02

(2) Absence with certificate of land use right

At the end of the reporting period, the Company had no land use rights without a property right certificate.

(3) Intangible assets of limited use

At the end of the reporting period, please refer to "V. (62)" for details of the company's construction in progress for loan mortgage restrictions.

17. Development Cost

Item	Opening balance	Increase		Decrease			Ending Balance	The point at which capitalization begins	Specific basis for capitalization	Final r&d progress
		Internal development costs	purchase	Recognize as intangible asset	Convert to profit or loss	Others				
Trademark patent	2,606,854.23		806,480.96	1,017,612.76	236,246.61		2,159,475.82			
Management system	1,350,568.64		64,150.94	1,318,565.73			96,153.85			
Software			87,452.83				87,452.83			
Total	3,957,422.87		958,084.73	2,336,178.49	236,246.61		2,343,082.50			

18. Goodwill

(1) Goodwill at cost

Company name or events which create goodwill	Opening balance	Increase		Decrease		Ending Balance
		Formed from consolidation	Others	Sale	Others	
Original book value						
Static Control Components, Inc.	25,167,632.15					25,167,632.15
Zhuhai YingXin Technology Co., Ltd	12,360,409.61					12,360,409.61
Nihon Ninestar Company Limited	727,310.86					727,310.86
Lexmark International Inc.	12,529,965,659.14		-		810,580,762.41	11,719,384,896.73
Topjet Technology Co., Ltd	177,995,238.78					177,995,238.78
Cinvi Technology Co., Limited	165,111,056.65					165,111,056.65
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd	110,097,168.84					110,097,168.84
Haozheng Information Technology (Shanghai) Co., Ltd.	333,333.00					333,333.00
subtotal	13,021,757,809.03				810,580,762.41	12,211,177,046.62
Provision for impairment						
Static Control Components, Inc.						
Zhuhai YingXin Technology Co., Ltd						

Company name or events which create goodwill	Opening balance	Increase		Decrease		Ending Balance
		Formed from consolidation	Others	Sale	Others	
Nihon Ninestar Company Limited						
Lexmark International Inc.						
Topjet Technology Co., Ltd						
Cinvi Technology Co., Limited						
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd						
Haozheng Information Technology (Shanghai) Co., Ltd.						
subtotal						
net book value	13,021,757,809.03				810,580,762.41	12,211,177,046.62

Notes: The decrease of goodwill in 2020 is due to the fluctuation of exchange rate.

(2) The Information of Asset Groups in Related to Goodwill

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

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

The table of asset groups is shown below:

The name of asset group	Scope
SCC	Static Control Components, Inc., Static Control Components (Europe) Limited and subsidiaries
Yingxin	Zhuhai YingXin technology Co., Ltd and subsidiaries
Nihon Ninestar Company Limited	Nihon Ninestar Company Limited
Lexmark International	Lexmark International Inc. and subsidiaries
Topjet	Topjet Technology Co., Ltd and subsidiaries
Cinvi	Cinvi Technology Co., Limited and subsidiaries
Zhuhai National Resources & Jingjie Printing	Zhuhai National Resources & Jingjie Printing Technology Co., Ltd and subsidiaries
Wuzhen Information Technology (Shanghai) Co., Ltd	Wuzhen Information Technology (Shanghai) Co., Ltd

As of December 31, 2020, the reported segmentation mentioned above have not change ranges of asset groups through restructuring, changing assets and so forth(Except for Lexmark International Asset Group's sale of Kofax Limited's equity in 2017, its corresponding goodwill was transferred out of adjustment accordingly).

(3) Goodwill impairment test process, key parameters

1) SCC

The recoverable amount of SCC assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2021 budget with permission from the management and the forecasting data from 2022 to 2025. The key assumption parameter to estimate the amount of future cash flow is as follows:

parameter	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Sustainable growth
Expected revenue growth rate(%)	1.62	5.66	5.66	5.66	5.66	5.66
Discount Rate(%)						11.47

The sensitivity analysis is launched according to assumption mentioned above. The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of SCC asset group on 31st December 2020.

2) Yingxin

The recoverable amount of Yingxin assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2021 budget with permission from the management and the forecasting data from 2022 to 2025. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

parameter	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Sustainable growth
Expected revenue growth rate(%)	8.00	5.00	5.00	4.00	4.00	0.00
Discount Rate(%)						12.71

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Yingxin asset group on 31st December 2020.

3) Lexmark International

The recoverable amount of Lexmark International assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2021 budget with permission from the management and the forecasting data from 2022 to 2029. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

parameter	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029	Sustainable growth
Expected revenue growth rate(%)	13.19	13.71	6.92	5.27	5.36	4.23	3.84	3.48	3.34	2.75
Ratio of EBITDA to revenue(%)	10.53	12.17	12.80	9.88	10.23	10.57	10.91	10.98	11.05	11.06
Discount Rate(%)										10.94

Based on forecasting data and assumption mentioned above, The Company invited Ernst & Young LLP to assess the amount of goodwill in related to Lexmark International asset group by the end of 2020. The assessment report is issued by Ernst & Young LLP on January 27, 2021 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Lexmark asset group on December 31, 2020.

4) Topjet

The recoverable amount of Topjet assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2021 budget with permission from the management and the forecasting data from 2022 to 2025. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

parameter	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Sustainable growth
Expected revenue growth rate(%)	10.05	9.52	9.39	7.81	5.33	0.00
Discount Rate(%)						11.19

Based on forecasting data and assumption mentioned above, The Company invited Yinxin Property Assessment Co., Ltd. to assess the amount of goodwill in related to Topjet asset group by the end of 2020. The assessment report (Yinxin PingBao (2021) Hu No.0871) is issued by Yinxin Property Assessment Co., Ltd. on April, 2021 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management think that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Topjet asset group on 31st December 2020.

5) Zhuhai National Resources & Jingjie Printing

The recoverable amount of Zhuhai National Resources & Jingjie Printing assets group is identified as the present value of future cash flow. The amount of future

cash flow is calculated based on 2021 budget with permission from the management and the forecasting data from 2022 to 2025. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

parameter	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Sustainable growth
Expected revenue growth rate(%)	11.02	4.53	4.11	2.64	1.72	0.00
Discount Rate(%)						11.19

Based on forecasting data and assumption mentioned above, The Company invited Yinxin Property Assessment Co., Ltd. to assess the amount of goodwill in related to Zhuhai National Resources & Jingjie Printing asset group by the end of 2020. The assessment report (Yinxin PingBao (2021) Hu No.0719) is issued by Yinxin Property Assessment Co., Ltd. on April, 2021 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Zhuhai National Resources & Jingjie Printing asset group on December 31, 2020.

6) Cinv

The recoverable amount of Cinv assets group is identified as the present value of future cash flow. The amount of future cash flow is calculated based on 2021 budget with permission from the management and the forecasting data from 2022 to 2025. The key assumption parameter which use to estimate the amount of future cash flow is shown on below table:

parameter	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Sustainable growth
Expected revenue growth rate(%)	29.84	5.74	5.40	4.54	3.61	0.00
Discount Rate(%)						12.36

Based on forecasting data and assumption mentioned above, The Company invited Yinxin Property Assessment Co., Ltd. to assess the amount of goodwill in related to Cinv asset group by the end of 2020. The assessment report (Yinxin PingBao

(2021) Hu No.0851) is issued by Yinxin Property Assessment Co., Ltd. on April, 2020 and impairment test for goodwill is 0 as stated from the report.

According to the above assumptions for calculation and sensitivity analysis, The management thinks that any reasonable changes within assumption mentioned above will not affect the recoverable amount of Cinvi asset group on 31st December 2020.

(4) Influence of Goodwill Impairment Test

After carrying out the year-end impairment test, the Company did not find any goodwill that required impairment provision.

19. Long-Term Deferred Expense

Item	Opening balance	Increase	Amortization	Decrease	Ending Balance
Decoration	118,993,396.71	14,851,305.05	34,568,111.52	10,669,599.76	88,606,990.48
Server assemblies	92,062.45	62,962.12	99,058.25		55,966.32
Technical service expenses	28,113.18	5,491,510.71	1,044,308.82		4,475,315.07
Patent service expenses	38,982,120.11		4,025,277.47	-344,271.82	35,301,114.46
Software service expenses	125,220,024.41	84,681,486.41	40,797,807.23	10,443,941.30	158,659,762.29
Guarantee fee	755,208.33		755,208.33		
Other deferred expense		87,100.00	44,130.55		42,969.45
Total	284,070,925.19	105,174,364.29	81,333,902.17	20,769,269.24	287,142,118.07

20. Deferred Tax Asset/Liability

(1) Deferred tax asset recognized

Items	Ending Balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of assets	534,522,085.56	129,563,362.12	203,161,231.22	76,950,703.12
Warranties of goods	41,712,429.35	10,459,992.60	64,180,321.45	16,704,999.23
Deferred revenue	5,291,412.48	793,711.87	18,672,910.11	2,800,936.52
Accrued sales rebate	7,221,657.60	1,805,414.40	11,784,075.05	2,946,018.76
Loss relief carried forward	240,065,795.26	56,895,938.71	762,644,550.38	76,374,540.23
Unrealized gains and losses on internal transactions	164,458,629.63	24,709,457.31	116,218,303.80	17,401,860.63

Items	Ending Balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Share compensation expenses	47,828,878.02	8,159,566.06	22,886,273.16	3,765,851.76
Pension and retirement plans	961,486,850.97	235,167,463.92	1,031,366,444.82	249,387,178.84
Accrued expenses	487,366,782.96	121,982,248.61	50,638,219.68	12,368,244.50
Deferred revenue	55,104,050.13	18,376,408.64	327,146,534.07	89,446,450.54
Inventory tax cost variance	92,034,704.84	23,693,896.29	147,284,003.98	57,788,540.68
Interest expense to be deducted	486,503,181.56	134,970,386.04	898,990,721.68	234,013,194.45
Others	526,175,572.33	146,171,193.51	971,803,858.99	138,596,058.34
Goodwill adjustment	2,333,179,059.79	170,555,392.03	995,713,925.93	69,926,108.13
Total	5,982,951,090.48	1,083,304,432.11	5,622,491,374.32	1,048,470,685.73

(2) Deferred tax liability recognized

Items	Ending Balance		Opening balance	
	Temporary taxable difference	Deferred tax liability	Taxable temporary difference	Deferred tax liability
Fair value adjustment to identifiable net asset due to business combination not under common control	5,754,693,776.19	1,184,963,346.78	6,584,294,995.48	1,359,772,583.84
Withholding tax on undistributed profits of overseas subsidiaries	644,036,783.25	135,247,722.66	740,665,414.29	155,539,736.72
Others	478,502,545.37	77,597,172.95	293,196,318.90	41,385,994.81
Accelerated depreciation of fixed assets	847,005,557.09	187,388,768.11	1,052,680,267.43	231,005,556.76
Changes in fair value of financial assets	3,754,192.55	600,385.89		
Total	7,727,992,854.45	1,585,797,396.39	8,670,836,996.10	1,787,703,872.13

21. Other Non-Current Assets

Item	Ending Balance			Opening balance		
	Balance	Provision for impairment	Net book value	Balance	Provision for impairment	Net book value
Receivable cash deposit	46,265,677.72		46,265,677.72	34,990,812.92		34,990,812.92
Pension plan assets	46,011,461.09		46,011,461.09	88,821,931.56		88,821,931.56
Prepaid rent	16,672,293.39		16,672,293.39	17,329,987.02		17,329,987.02

Item	Ending Balance			Opening balance		
	Balance	Provision for impairment	Net book value	Balance	Provision for impairment	Net book value
Prepayment of long-term asset purchases (including: equipment, land, decoration costs, etc)	41,746,209.98		41,746,209.98	344,782,169.61		344,782,169.61
Others	5,465,043.68		5,465,043.68	10,667,304.82		10,667,304.82
Total	156,160,685.86		156,160,685.86	496,592,205.93		496,592,205.93

22. Short-Term Borrowing

(1) Classification

Item	Ending Balance	Opening balance
Mortgage loan	100,207,066.98	108,500,261.73
Guaranteed loan	500,000,000.00	192,543,120.00
Credit loan	300,000,000.00	339,524,000.00
Pledged, secured loans	652,490,000.00	747,620,000.00
Accrued interest on short-term loans	1,954,218.47	1,288,936.23
Total	1,554,651,285.45	1,389,476,317.96

(2) Overdue short-term borrowings

There are no overdue short-term borrowings at 2020 year-end.

23. Trading financial liabilities

Item	Opening balance	Increase	Decrease	Ending Balance
Trading financial liabilities	21,603,931.07	60,135,736.02	21,603,931.07	60,135,736.02
Including: Issued tradable bond				-
Derivative financial liabilities	21,603,931.07	60,135,736.02	21,603,931.07	60,135,736.02
Others				
Financial liabilities designed as measured at fair value of which changes are included in current profits and losses				
Total	21,603,931.07	60,135,736.02	21,603,931.07	60,135,736.02

24. Notes Payable

Categories	Ending Balance	Opening balance
Bank acceptance	10,000,000.00	
Trade acceptance	70,793,101.60	56,000,000.00
Total	80,793,101.60	56,000,000.00

25. Accounts Payable

(1) Details

Item	Ending Balance	Opening balance
Within 1 year (including 1 year)	3,098,433,104.28	4,286,627,896.02
1-2 years (including 2 years)	37,085,519.15	9,468,952.51
2-3 years (including 3 years)	3,837.82	378,584.92
More than 3 years		204,293.47
Total	3,135,522,461.25	4,296,679,726.92

(2) Significant accounts payable aged over 1 year

Item	Ending Balance	Reasons for outstanding or carry forward
Russian customs	26,077,893.75	Unpaid taxes
Total	26,077,893.75	

26. Payments received in advance

(1) Details

Item	Ending Balance	Opening balance
Within 1 year (including 1 year)		610,416,835.36
1-2 years (including 2 years)		3,894,609.75
2-3 years (including 3 years)		35,011.08
More than 3 years		
Total		614,346,456.19

27. Contract liabilities

(1) Details

Item	Ending Balance
Within 1 year (including 1 year)	590,811,732.12

Item	Ending Balance
1-2 years (including 2 years)	444,580.45
2-3 years (including 3 years)	2,515,951.41
More than 3 years	-
Total	593,772,263.98

28. Employee benefits payable

(1) General Details

Item	Opening balance	Increase	Decrease	Ending Balance
Short-term salary	705,749,879.81	4,336,563,594.52	4,507,913,734.46	534,399,739.87
Post-employment benefits-defined contribution plans	39,105,318.08	146,679,323.70	144,355,203.09	41,429,438.69
Termination benefit	7,628,851.36	190,125,363.28	44,784,941.56	152,969,273.08
Other employee benefit maturing within one year				
Total	752,484,049.25	4,673,368,281.50	4,697,053,879.11	728,798,451.64

(2) Short-term salary

Item	Opening balance	Increase	Decrease	Ending Balance
(1) Salary, bonus and other allowance	590,757,157.28	3,626,755,917.48	3,820,061,761.28	397,451,313.48
(2) Employee welfare	28,713,867.44	367,638,951.56	342,699,041.98	53,653,777.02
(3) Social insurance	25,071,845.89	225,870,763.10	234,690,529.41	16,252,079.58
Including: Medical insurance	25,068,435.40	219,314,769.67	228,147,836.07	16,235,369.00
Work-related injury insurance	1,148.90	112,321.59	111,793.16	1,677.33
Maternity insurance	1,333.50	1,492,903.47	1,483,483.61	10,753.36
Other social insurance (disability employment allowance)	928.09	4,950,768.37	4,947,416.57	4,279.89
(4)Housing accumulation fund	2,702,678.56	17,141,850.74	17,381,572.79	2,462,956.51
(5)Labor union dues & personnel education expense	1,481,553.42	34,053,647.74	34,054,182.85	1,481,018.31
(6)Short-term paid leave				

Item	Opening balance	Increase	Decrease	Ending Balance
(7)Short-term profit sharing plan	13,357,466.50	7,868,396.46	9,940,721.64	11,285,141.32
(8)Other short-term benefits	43,665,310.72	57,234,067.44	49,085,924.51	51,813,453.65
Total	705,749,879.81	4,336,563,594.52	4,507,913,734.46	534,399,739.87

(3) Defined contribution plan

Item	Opening balance	Increase	Decrease	Ending Balance
Basic pension insurance	365,970.17	35,624,041.17	35,665,925.42	324,085.92
Unemployment insurance	664,999.51	3,939,752.81	3,995,184.35	609,567.97
Supplied endowment insurance	360,493.41	388,853.19		749,346.60
Others	37,713,854.99	106,726,676.53	104,694,093.32	39,746,438.20
Total	39,105,318.08	146,679,323.70	144,355,203.09	41,429,438.69

29. Taxes And Surcharges Payable

Item	Ending Balance	Opening balance
Value added tax	229,832,882.41	229,517,839.11
Enterprise income tax	42,323,977.81	127,336,205.75
Individual income tax	74,912,017.62	62,541,088.38
Urban maintenance and construction tax	1,618,628.88	3,303,296.68
Education supplementary tax (including local education supplementary tax)	866,848.39	1,862,825.70
Stamp duty	1,571,156.66	1,354,074.89
Property tax	60,042,745.49	19,002,485.41
Others	8,336,520.18	4,353,108.85
Total	419,504,777.44	449,270,924.77

30. Other Payable

Item	Ending Balance	Opening balance
Interest payable		
Dividend payable		
Other payable	3,579,769,105.96	4,187,582,171.64
Total	3,579,769,105.96	4,187,582,171.64

(1) Others payable

① Listed by nature of payable

Item	Ending Balance	Opening balance
Current account – Seine Technology(Loan principle and interest)	2,567,612,011.49	2,990,468,902.66
Current account – PAG & Shanghai Shuoda	609,312,791.17	651,456,404.51
Current Account - other	5,812,335.87	14,980,012.88
Accrued expenses (including the cost of utilities, rent, rebate etc.)	287,441,169.42	316,622,866.99
Deposit	5,998,113.28	4,903,132.01
Other payable	28,780,184.73	66,818,123.84
Payable for equity transfer	74,812,500.00	142,332,728.75
Total	3,579,769,105.96	4,187,582,171.64

② Significant other payable aged over one year

Item	Ending Balance	Reasons for unpaid or carried forward
Current account – PAG & Shanghai Shuoda	609,312,791.17	Current money, no repayment period agreed
Current account – Seine Technology(Loan principle and interest)	1,846,326,356.56	Shareholders' loans, the repayment deadline has not yet expired
Yugan County Xinsi Enterprise Management Consulting Partnership (Limited Partnership)	56,525,000.00	The equity transfer payment paid in installments, the payment period is not due
Yan Xiaolang	18,287,500.00	The equity transfer payment paid in installments, the payment period is not due

Note: as of December 31, 2020, the company's total balance of principal and interest payable to the controlling shareholder of Seine technology is 2,567,612,011.49 yuan, including 1,846,326,356.56 yuan aging more than one year and 721,285,654.93 yuan aging less than one year.

31. Non-Current Liabilities Due in One Year

Item	Ending Balance	Opening balance
Long-term borrowing due in one year	2,684,517,699.10	943,231,169.07
Bonds due in one year		2,324,240,273.84
Long-term payable due within one year		21,788,360.97
Long-term employee compensation due within one year	8,000,000.00	6,000,000.00

Item	Ending Balance	Opening balance
Accrued interest payable on bonds due within one year		49,420,964.79
Accrued interest on long-term loans due within one year	13,319,740.84	14,848,830.85
Total	2,705,837,439.94	3,359,529,599.52

32. Other Current Liabilities

Item	Ending Balance	Opening balance
Sales rebate accrued	1,038,756,000.03	275,543,747.37
Accrued extended warranty	82,533,378.86	118,286,091.13
Advance receipt of shares transfer payment	500,000,000.00	
Output tax to be wrote-off	2,781,342.08	
Total	1,624,070,720.97	393,829,838.50

33. Long-Term Borrowings

Item	Ending Balance	Opening balance
Mortgage loan		38,898,154.08
Pledge/Guaranteed loan	6,659,219,845.40	7,141,617,646.72
Credit loan	270,000,000.00	290,000,000.00
Guarantee, mortgage, pledge loan	110,000,000.00	
Long-term borrowings-accrued interest	1,010,749.98	64,049.89
Total	7,040,230,595.38	7,470,579,850.69

34. Long-term payable

Item	Ending Balance	Opening balance
Long-term Payable	123,637,606.74	126,769,390.80
Special payable		
Total	123,637,606.74	126,769,390.80

(1) Details of long-term payable

Item	Ending Balance	Opening balance
Corporate loans payable	123,637,606.74	126,769,390.80
Total	123,637,606.74	126,769,390.80

35. Long-term employee benefit payable

(1) Details

Item	Ending Balance	Opening balance
I. post-employment benefits - net liability of defined benefit plan	1,123,167,392.64	1,232,935,448.41
II. dismissal benefits		
III. other long-term benefits	50,972,654.13	63,402,885.45
Total	1,174,140,046.77	1,296,338,333.86

(2) Changes in Defined Benefit Plan Liabilities

① Present value of defined benefit plan

Item	Ending Balance	Opening Balance
1. Ending Balance of prior year	5,513,078,557.14	5,224,518,919.30
2. Defined benefit cost included in P&L	50,714,244.20	65,736,624.98
(1)Cost in current period	17,360,176.54	21,093,333.96
(2)Cost in prior period		
(3)Gain (+) / Loss (-)	178,363,656.83	284,325.06
(4)Net Interests	-145,009,589.17	44,358,965.96
3. Defined benefit cost included in OCI	59,785,684.77	505,701,613.23
(1)Actuarial gain (+) / loss (-)	59,785,684.77	505,701,613.23
(2)Others		
4. Other changes	-361,569,157.15	-282,878,600.37
(1)Payment in settlement		
(2)Benefit paid	-15,917,194.87	-33,015,330.48
(3)Others	-345,651,962.28	-249,863,269.89
5. Ending Balance of the current year	5,262,009,328.96	5,513,078,557.14

② Plan assets

Item	Ending Balance	Opening Balance
1. Ending Balance of prior year	4,280,143,108.73	3,969,178,040.64
2. Defined benefit cost included in P&L		
(1)Net Interests		
(2)Others		
3. Defined benefit cost included in OCI		532,195,789.23
(1)Return on planned assets (excluding net interest)		532,195,789.23
(2)Change in the effect of the asset upper limit (excluding the net interest)		
(3)Others		
4. Other changes	-141,301,172.41	-221,230,721.14

Item	Ending Balance	Opening Balance
(1)Payment in settlement		
(2)Employer deposit	104,473,063.51	104,190,647.89
(3)Others	-245,774,235.92	-325,421,369.03
5. Ending Balance of the current year	4,138,841,936.32	4,280,143,108.73

③ Net liability (net asset) of defined benefit plan

Item	Ending Balance	Opening Balance
1. Ending Balance of prior year	1,232,935,448.41	1,255,340,878.66
2. Defined benefit cost included in P&L	50,714,244.20	65,736,624.98
3. Defined benefit cost included in OCI	59,785,684.77	-26,494,176.00
4. Other changes	-220,267,984.74	-61,647,879.23
5. Ending Balance of the current year	1,123,167,392.64	1,232,935,448.41

36. Provision for liabilities

Item	Ending Balance of prior year	Opening balance	Increase	Decrease	Ending Balance	Reason
Estimated restoration cost of rental plant	54,985,525.07	54,985,525.07	4,646,304.01		59,631,829.08	Plant repair and restoration costs
Expected tax liability	547,470,235.57	547,470,235.57		37,796,935.73	509,673,299.84	Anticipated tax obligations such as mergers and acquisitions
Product Quality Assurance Obligation	5,505,157.66	5,505,157.66	490,477.60		5,995,635.26	
Pending action	33,132,052.29	33,132,052.29		33,132,052.29		Expected indemnity obligation in pendency of action
Total	641,092,970.59	641,092,970.59	5,136,781.61	70,928,988.02	575,300,764.18	

37. Deferred Income

Item	Opening balance	Increase	Decrease	Ending Balance	Reason of formation
Government subsidy	68,672,910.11	9,741,500.00	23,122,997.63	55,291,412.48	
Total	68,672,910.11	9,741,500.00	23,122,997.63	55,291,412.48	

Significant government subsidies are as follows:

Item	Opening balance	Increase	Amount in the current period	Other change	Ending Balance	Relate to asset / profit or loss
Based on Domestic Embedded CPU Scale Application Project (Nuclear High Base Project)	10,991,850.67	9,741,500.00	20,733,350.67			Relate to profit & loss ^{note1}
Afterwards Reward and Compensation for Technological Reform of Industrial Enterprises(Inclusive, Technological Reform Projects)	5,521,491.44		1,146,714.96		4,374,776.48	Relate to asset ^{note2}
Development project of high-end intelligent color printing equipment based on independent security SoC	1,067,068.00		532,932.00		534,136.00	Relate to profit & loss
Development project of high-speed black-and-white laser scanning unit based on independent safety driver chip	892,500.00		510,000.00		382,500.00	Relate to profit & loss
Gaolan Port Modern Industry Development Bureau key industry project support funds	50,000,000.00				50,000,000.00	Relate to asset
2019 Zhongshan City Industrial Development Special Fund SME Development Special Project	200,000.00			200,000.00		Relate to asset
Total	68,672,910.11	9,741,500.00	22,922,997.63	200,000.00	55,291,412.48	

Notes:

- (1) In September 2017, “Domestic Embedded CPU Scale Application Project” (Project number: 2017ZX01030102) was approved by subsidiary company Microelectronics. Base on *National Science and Technology Major Special Core Electronic Devices, High-end Universal Chip and Basic Software Products*, the R&D cycle is from January 2017 to June 2020, a total of 3.5 years. The project is led by Microelectronics and jointly participated by

Zhuhai Pantum Electronics Co., Ltd. (hereinafter referred to as "Pantum Electronics") and Zhejiang University (hereinafter referred to as "Zhejiang University"). The project budget subsidy is allocated annually by the central and local Government of Financial Department to compensate for the R&D expenditure of the project, so the subsidy is accounted for as a "revenue-related government subsidy".

- (2) In December 2018, the subsidiary company Microelectronics received subsidies for technological reform projects from Zhuhai Government of Financial Department RMB 9,993,600.00. Base on the Project Contract and Notification Document from Zhuhai Government of Financial Department, the RMB 6,668,206.40 is related to the purchase of assets, should be treated as an asset-related government subsidy, accreditation of proceeds by amortization of assets within the benefit period; the other RMB 3,325,393.60 is to compensate for the expenses incurred in the previous period and is directly included in the "other income" in the year of 2018.

38. Other Non-Current Liabilities

Item	Ending Balance	Opening balance
Long-term tax liability for overseas subsidiaries' profit share	357,274,527.35	483,263,307.17
Deferred income and extended warranty income	615,080,409.71	829,390,270.70
Long term rent payable	5,540,774.45	4,262,889.12
Others	38,010,161.20	307,786.04
Total	1,015,905,872.71	1,317,224,253.03

39. Share Capital

Item	Opening balance	Increase (+) and decrease (-)					Ending Balance
		New issued	Stock dividend	Capitalization of capital reserve	Other	Total	
Total share capital	1,063,349,999.00	11,189,742.00				11,189,742.00	1,074,539,741.00

Note: see note "I. (I)" for details of the changes in the current period of share capital.

40. Capital Reserve

Item	Opening balance	Increase	Decrease	Ending Balance
Capital premium (share premium)	1,340,480,735.61	2,197,556,504.25		3,538,037,239.86
Other capital reserve	141,063,996.17	125,200,074.66		266,264,070.83
Total	1,481,544,731.78	2,322,756,578.91		3,804,301,310.69

Notes:

1. The main changes in share premium are:

- (1) The newly issued shares in the current period increase the share capital premium by 332,846,861.76 yuan;
- (2) In the current period, shares were issued to purchase minority shares of subsidiaries, subsidiaries introduced new shareholders to increase capital and transfer of subsidiaries' equity, etc., In accordance with the principle of equity transactions, the total adjustment increased the equity premium by 1,876,400,522.01 yuan. Please refer to "VII. (2)" of this Note for the business details corresponding to the adjustment of share premium based on equity transaction principle;
- (3) In the current period, the company disposes of the equity of subsidiaries without losing control. Therefore, the current income tax expense recognized at the individual statement level is 11,690,879.52 yuan, which offsets the share premium at the merger level.

2. The increase in other capital reserves was mainly due to the equity incentive expenses recognized in the current period.

41. Other Comprehensive Income

Item	Opening balance	Increase or decrease						Ending Balance
		Enterprise income tax occurred	Less: Pervious years' other comprehensive income convert to profit or loss in 2020	Less: Pervious years' other comprehensive income convert to retained earnings in 2020	Less: income tax	Net profit attributable to parent company	Net profit attributable to non-controlling interest	
1. Other comprehensive income cannot reclassify to profit or loss	-91,847,530.33	72,596,688.08				82,864,092.30	-10,267,404.22	-8,983,438.03
Include:								
Recalculation of net liability and asset's movement in defined benefit plan	-81,589,769.00	-21,031,143.43				-10,763,739.21	-10,267,404.22	-92,353,508.21
Share of investee's movement in other comprehensive income under equity method which cannot reclassify to profit and loss								
Changes in fair value of other equity instrument investments	-10,257,761.33	93,627,831.51				93,627,831.51		83,370,070.18
Changes in fair value of the enterprise's own credit risk								
2. Other comprehensive income can reclassify to profit or loss	83,013,278.96	-450,179,048.07				-242,419,540.52	-207,759,507.55	-159,406,261.56

Item	Opening balance	Increase or decrease						Ending Balance
		Enterprise income tax occurred	Less: Pervious years' other comprehensive income convert to profit or loss in 2020	Less: Pervious years' other comprehensive income convert to retained earnings in 2020	Less: income tax	Net profit attributable to parent company	Net profit attributable to non-controlling interest	
Include:								
Share of investee's movement in other comprehensive income under equity method which can reclassify to profit and loss								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified and included in other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve	-238,558.84	-9,651,257.94				-4,939,513.81	-4,711,744.13	-5,178,072.65
Foreign exchange difference	83,251,837.80	-440,527,790.13				-237,480,026.71	-203,047,763.42	-154,228,188.91
Total	-8,834,251.37	-377,582,359.99				-159,555,448.22	-218,026,911.77	-168,389,699.59

42. Surplus Reserve

Item	Ending Balance of prior year	Opening balance	Increase	Decrease	Ending Balance
Statutory surplus reserve	209,062,389.15	209,062,389.15	29,986,681.72		239,049,070.87
Total	209,062,389.15	209,062,389.15	29,986,681.72		239,049,070.87

43. Undistributed Profits

Item	Year 2020	Year 2019
Opening balance before adjustment	3,025,071,432.18	2,388,452,240.03
Adjustment (Adjust plus+, minus-)	210,563,620.29	
Opening Balance after adjustment	3,235,635,052.47	2,388,452,240.03
Add: Net profit attributable to parent company	87,944,296.65	744,330,183.09
Less: Accrued statutory surplus reserve	29,986,681.72	22,652,489.62
Accrued Discretionary surplus reserve		
Accrued general risk reserve		
Dividend payable	102,095,099.90	85,058,501.32
Stock dividend		
Ending Balance	3,191,497,567.50	3,025,071,432.18

Note: The company has implemented the new revenue standard since the current period, and adjusted the undistributed profit at the beginning of the year by 210,563,620.29 yuan accordingly.

44. Operating revenue and operating cost

(1) Details

Item	Year 2020		Year 2019	
	Operating income	Operating cost	Operating income	Operating cost
Main business	19,340,023,992.16	13,125,682,503.89	23,089,032,069.51	14,906,282,933.90
Other business	245,161,050.08	109,659,239.67	206,813,191.52	111,497,194.79
Total	19,585,185,042.24	13,235,341,743.56	23,295,845,261.03	15,017,780,128.69

The details of operating income:

Item	Year 2020	Year 2019
Operating revenue from main business	19,340,023,992.16	23,089,032,069.51
Include: Sale of goods	17,500,857,244.94	21,563,381,323.58

Item	Year 2020	Year 2019
Rendering of service	1,839,166,747.22	1,525,650,745.93
Operating revenue from other business	245,161,050.08	206,813,191.52
Include: Royalty income	82,504,110.19	103,571,859.22
Sale of materials	113,897,884.31	89,123,618.36
Others	48,759,055.58	14,117,713.94
Total	19,585,185,042.24	23,295,845,261.03

45. Tax and Surcharges on Operations

Item	Year 2020	Year 2019
Turnover tax	9,382,967.15	9,432,231.40
Urban maintenance and construction tax	15,219,160.62	25,698,899.17
Education supplementary tax (including local education supplementary tax)	11,810,908.57	19,012,976.49
Property Tax	27,477,289.86	27,845,912.87
Stamp duty	6,564,060.76	5,128,064.43
Others	13,522,781.74	19,483,505.07
Total	83,977,168.70	106,601,589.43

46. Selling and Distribution Expenses

Item	Year 2020	Year 2019
Salaries (Including wages, welfare benefit, etc)	1,370,065,083.92	1,450,488,543.76
Transportation fees	8,500,971.87	542,424,050.64
Intermediary and outsourcing service fee	123,009,048.52	137,306,337.53
Administration expense	79,346,766.18	133,561,360.91
Travel expense	27,710,761.07	90,914,824.45
Advertising fee and business promotion fee	133,829,112.84	100,057,846.88
Rental expense	94,564,665.12	96,510,128.35
Depreciation expense, amortization expense	31,036,084.37	65,367,935.07
Insurance fee (credit and property insurance)	35,139,934.06	33,077,405.21
Marketing expense	24,490,193.15	30,642,583.47
Others	93,233,110.43	129,988,291.03
Total	2,020,925,731.53	2,810,339,307.30

Note: In accordance with the new revenue standards, 530,873,358.85 yuan of transportation expenses related to sales orders are listed in the "Operating Costs" subject. For details, please refer to "3. (34)" in this note.

47. General and Administrative Expenses

Item	Year 2020	Year 2019
Salaries (Including wages, welfare benefit, etc)	1,053,835,085.26	730,141,748.52
Depreciation expense, amortization expense	335,266,716.05	458,809,451.84
Intermediary and outsourcing service fee	242,659,330.72	267,901,682.15
Equity incentive plan fee	112,545,407.55	62,541,250.12
Rental expense	37,561,924.97	35,895,495.17
Others	106,460,160.61	59,407,434.44
Total	1,888,328,625.16	1,614,697,062.24

Note: During the current period, the subsidiary Lexmark International implemented the employee dismissal plan, and the dismissal expenses were estimated at about 29 million US dollars, which were calculated in administrative expenses.

48. Research and Development Expenses

Item	Year 2020	Year 2019
Salaries (Including wages, welfare benefit, etc)	844,726,908.69	847,799,372.24
R&D expenses - expensed cost	37,165,059.38	43,300,657.33
Administration expense	76,821,177.05	176,998,360.97
Travel expense	2,413,339.32	17,029,916.04
Charges for water and electricity	15,623,701.23	14,599,036.79
Depreciation expense, amortization expense	56,838,186.37	52,915,461.68
Patents, copyrights expenses, royalties	20,146,762.02	27,579,135.62
Intermediary and outsourcing service fee	32,585,082.10	76,469,622.66
Material and low consumption	116,864,832.17	146,448,302.76
Testing and laboratory processing fee	5,551,145.73	24,349,925.53
Others	38,397,194.95	29,414,768.28
Total	1,247,133,389.01	1,456,904,559.90

49. Financial expenses

Item	Year 2020	Year 2019
Interest expense	814,223,668.52	875,193,714.60
Less: interest income	77,707,753.64	39,894,654.02
Exchange gains/losses (gains (-)/losses (+))	769,717,038.78	-64,790,999.56
Handling fee and others	47,644,919.07	111,527,288.75
Financing fees and cash discounts, etc.	40,790,500.33	251,664,025.15
Total	1,594,668,373.06	1,133,699,374.92

50. Other incomes

Item	Year 2020	Year 2019
Government grants	130,091,906.00	159,512,577.88
Extra deduction for Input tax	146,198.34	260,610.95
Returned handling fee for withholding personal income tax	41,644.16	16,126.98
Direct exemption for VAT	520.23	
Total	130,280,268.73	159,789,315.81

Government subsidies included in other income

Items	Year 2020	Year 2019	Related to assets/related to income
VAT levy tax refund (software product tax rebate)	39,160,387.49	54,160,206.02	related to income
Based on domestic embedded CPU scale application subsidy(SOC budget subsidy)	20,733,350.67	68,951,189.87	related to income
Support funds of promotion of the steady growth of foreign trade		1,500,000.00	related to income
Top 500 Private Enterprises Award		3,000,000.00	related to income
Export credit insurance subsidies	9,377,381.23	1,300,259.47	related to income
Development project of high-end intelligent color printing equipment based on independent security SoC	532,932.00	532,932.00	related to income
Steady-job subsidies, job subsidies, social insurance subsidies	11,929,802.58	1,758,056.54	related to income

Items	Year 2020	Year 2019	Related to assets/related to income
Subsidy from applying for patent	1,012,252.00	793,000.00	related to income
Development project of high-speed black-and-white laser scanning unit based on independent safety driver chip	510,000.00	382,500.00	related to income
Rent subsidy	48,200.00	657,100.00	related to income
Special fund for technological innovation	300,000.00	1,261,000.00	related to income
Subsidies for High-tech enterprises	2,300,000.00	241,074.00	related to income
Afterwards reward and compensation for technological reform of industrial enterprises (Inclusive)	1,146,714.96	1,146,714.96	Refer to "V.37"
Encouraging enterprises to enlarge and strengthen supporting funds	1,547,000.00		related to income
Special Subsidies for Software and Integrated Circuit Design Industry	1,052,100.00		related to income
Research and development financial subsidy fund	250,000.00	840,000.00	related to income
Increase capital and increase output award		1,000,000.00	related to income
Special funds for domestic and foreign economic and trade development	8,373,524.45	1,153,373.42	related to income
Special funds to promote high-quality economic development	9,113,700.00	8,711,169.23	related to income
Subsidies for promoting a new generation of IT	5,000,000.00	6,370,000.00	related to income
Supporting financial subsidies to promote the development of the digital economy industry		1,908,400.00	related to income
Support funds for smart equipment		2,019,833.00	related to income
Other	3,269,925.62	1,825,769.37	related to income
E-commerce special subsidy	500,000.00		related to income
Industrial Internet Development Fund	1,630,000.00		related to income
Technological transformation project funds	8,304,635.00		related to income
City headquarters entity support funds	4,000,000.00		related to income
Total	130,091,906.00	159,512,577.88	/

51. Investment Income

Item	Year 2020	Year 2019
Long-term equity investment income calculated by equity method	2,359,779.51	-274,293.16
Investment income from disposal of long-term investment	-12,660,867.67	
Investment income of trading financial assets during the holding period	6,469,247.85	18,366,798.32
Investment income from disposal of trading financial assets	1,473,077.69	-10,265,470.00
Others (including bank entrusted wealth management income, etc.)	7,443,000.41	4,810,220.13
Total	5,084,237.79	12,637,255.29

52. Income from change in fair value

Source	Year 2020	Year 2019
Trading Financial Assets	23,162,808.42	4,061,944.52
Including: Fair value movement of derivative financial instrument	381,579.78	722,600.00
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		1,150,380.58
Total	23,162,808.42	5,212,325.10

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

Item	Year 2020	Year 2019
Bad debts losses on accounts receivable	-4,959,969.86	32,381,855.44
Bad debts losses on other receivable	-1,334,125.82	2,944,513.95
Total	-6,294,095.68	35,326,369.39

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

Item	Year 2020	Year 2019
Loss on inventory written down and impairment of contract performance costs	140,916,019.12	96,440,685.79
Loss on contract assets impairment	-4,751,364.84	
Loss on fixed assets impairment	8,452,888.34	
Others	1,205,780.99	
Total	145,823,323.61	96,440,685.79

Note: Others are impairment losses accrued for long-term deferred expenses of the subsidiary SCC.

55. Gains from Disposal of Assets

Item	Year 2020	Year 2019	Amount included in current non-recurring gains and losses
Gains on disposal of fix assets	-11,190,539.65	-30,627,017.91	-11,190,539.65
Gains on disposal of intangible assets	-431,299.93		-431,299.93
Total	-11,621,839.58	-30,627,017.91	-11,621,839.58

56. Non-operating Income

Item	Year 2020	Year 2019	Amount included in current non-recurring gains and losses
Others	3,022,123.98	1,106,148.33	3,022,123.98
Total	3,022,123.98	1,106,148.33	3,022,123.98

57. Non-operating Expenses

Item	Year 2020	Year 2019	Amount included in current non-recurring gains and losses
Losses on scrapping of long-term assets	2,658,392.55	2,440,705.86	2,658,392.55
Donation	1,362,624.74	1,370,000.00	1,362,624.74
Including: Public welfare donation	1,245,945.40	1,370,000.00	1,245,945.40
Fine, indemnity, overdue fees	123,154.10	766,205.14	123,154.10
Losses on scrapping of inventory	1,476,187.63	200,859.33	1,476,187.63
Others	3,938,102.70	9,494,528.51	3,938,102.70
Total	9,558,461.72	14,272,298.84	9,558,461.72

58. Income Tax Expenses

(1) Statement of income tax expenses

Item	Year 2020	Year 2019
Current income tax expense	-135,678,122.03	332,703,846.01
Deferred income tax expense	-198,173,053.13	-40,751,689.13
Total	-333,851,175.16	291,952,156.88

(2) Reconciliation between accounting profit and income tax expenses

Items	Year 2020
Total profit	-484,350,079.09
Income tax expense calculated pursuant to statutory/applicable tax rate	-72,652,511.86
Impact from different tax rates applicable to subsidiaries	-83,141,820.38
Impact from adjustment to income tax in prior periods	-68,883,945.07
Impact from non-taxable income	
Impact from non-deductible cost, expense and loss	30,295,622.46
Impact of the use of deductible losses on the use of unrecognized deferred income tax assets in the prior period	-4,986,822.49
Impact from deductible temporary differences or deductible losses of unrecognized deferred tax assets from this period	-73,588,844.24
Impact of R&D costs	-60,979,969.67
Calculation of tax rate changes applicable to deferred income tax assets/liabilities	-163,310.96
Government approved levy	211,586.00
Others	38,841.05
Income tax expense	-333,851,175.16

59. Earnings per share

(1) Basic earnings per share

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

Item	Year 2020	Year 2019
Consolidated net profit attributable to shareholders of ordinary shares of the parent company	87,944,296.65	744,330,183.09
The weighted average number of ordinary shares issued by the company	1,074,453,194.00	1,063,349,999.00
Basic earnings per share	0.0819	0.7000
Include: Basic earnings per share for continuing operations	0.0819	0.7000
Basic earnings per share discontinued		

Note: The company implemented the business of issuing shares to purchase assets in November 2020, and in December 2020, due to the exercise of the incentive objects of the stock option incentive plan, the newly issued shares will increase the

share capital of the current period accordingly. According to the standards, the calculation process of the weighted average number of ordinary shares issued by the company is briefly listed as follows:

Item	No.	Amount
1. Newly issued shares for asset purchase business in November		
The number of newly issued shares (shares) for the business of issuing shares to purchase assets in November	A1	11,103,195.00
Number of months remaining from the issuance time of newly issued shares to the end of the reporting period ^{note 1}	A2	12.00
Weighted average number of newly issued shares issued for asset purchase business (shares)	$A=A1 \times A2 / 12$	11,103,195.00
2. New shares issued in December when stock options are exercised		
Number of newly issued shares (shares) for exercise of stock options in December	B1	86,547.00
Number of months remaining from the issuance time of newly issued shares to the end of the reporting period	B2	0.00
Weighted average number of newly issued shares outstanding for exercise of stock options (shares)	$B=B1 \times B2 / 12$	0.00
Plus: the weighted average number of common shares outstanding at the beginning of the year (shares)	C	1,063,349,999.00
The weighted average number of common shares issued by the company (shares)	$D=A+B+C$	1,074,453,194.00

Note 1: The actual completion time of the shares issuance is November 2, 2020.

According to the "Asset Purchase Agreement" signed by both parties to the transaction, it is agreed that the profits and losses of the underlying assets during the transition period (i.e. the base date from December 31, 2019 to the delivery date) shall be owned by the company, so the profits and losses attributable to the ordinary shareholders of the parent company shall be used. , The number of remaining months from the issuance of newly issued shares to the end of the reporting period is calculated based on 12 months.

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stock shareholders of the parent company (diluted) by

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

Item	Year 2020	Year 2019
Consolidated net profit attributable to shareholders of ordinary shares of the parent company (diluted)	87,944,296.65	744,330,183.09
The weighted average number of ordinary shares issued by the company (diluted)	1,080,119,896.00	1,064,049,441.00
Diluted earnings per share	0.0814	0.6995
Include: Basic earnings per share for continuing operations	0.0814	0.6995
Basic earnings per share discontinued		

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

- (1) On October 31, 2019, 48,533,000.00 stock options were granted to employees (the first grant of options), which were exercised in four phases. The original exercise price was 27.73 yuan per share. After the implementation of cash dividend distribution in 2020, the exercise price will be adjusted to 27.63 yuan per share;
- (2) On August 27, 2020, 9,879,300.00 employee stock options were granted (reserved for granting options), which were exercised in three phases, and the exercise price was 37.77 yuan per share.

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

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

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

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

①First grant of option

Item	No.	Amount
Number of options granted for the first time (shares)		48,533,000.00
Include: the number of shares exercised in the second period	B2	11,940,100.00

Number of shares exercised in the third to fourth periods ^{note1}	B3	23,880,200.00
Number of shares exercisable in the second period (after adjustment) ^{note2}	$B4=B2 \times \text{Performance completion rate}$	0.00
Number of exercisable shares in the first period	B1	10,654,478.00
Less: the actual number of shares exercised in the first period	B5	86,547.00
The number of stock options that are expected to be exercisable	$C=B1+B3+B4-B5$	34,448,131.00
Average market price of common shares in the current period (yuan/share) ^{note3}	D	33.07
Exercise price (RMB / share)	E	27.63
Number of common shares added when stock options are to be exercised	$F=C \times (D-E)/D$	5,666,702.00
The number of ordinary shares to be issued when stock options are to be exercised (months)	G	12.00
Weighted average of the number of ordinary shares increased by assuming that diluted potential ordinary shares are converted into issued ordinary shares (shares)	$H=F \times G/12$	5,666,702.00

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

Note 2: According to the stock option incentive plan, the company's 2020 net profit completion rate has not reached 80% of the promised profit target of the incentive plan, so it is estimated that the number of shares that are expected to be exercised in the second phase is 0.00 shares;

Note 3: The "average market price of ordinary shares for the period" is calculated based on the weighted average of the closing prices of the company every week from January 1, 2020 to December 31, 2020.

②Reserved grant option

Item	No.	Amount
Number of options reserved (shares)		9,879,300.00
Including: the number of shares that are expected to be exercisable in the first period	B1	2,963,790.00
Number of shares exercised in the second period ^{note1}	B2	2,963,790.00
Number of shares exercised in the third period ^{note1}	B3	3,951,720.00
Number of shares exercised in the first period (after adjustment) ^{note2}	$A=B1 \times \text{Performance completion rate}$	0.00

Item	No.	Amount
The number of stock options that are expected to be exercisable	$C=A+B2+B3$	6,915,510.00
Average market price of common shares in the current period (yuan/share) ^{note3}	D	30.25
Exercise price (yuan/share)	E	37.77
Number of common shares added when stock options are to be exercised ^{note4}	$F=C*(D-E)/D$	0.00
The number of ordinary shares to be issued when stock options are to be exercised (months)	G	4.00
Weighted average of the number of ordinary shares increased by assuming that diluted potential ordinary shares are converted into issued ordinary shares (shares)	$H=F*G/12$	0.00

Note 1: According to the management's best estimate, all options in the third to fourth phases of the first grant of options are expected to be exercised.

Note 2: According to the stock option incentive plan, the company's 2020 net profit completion rate has not reached 80% of the promised profit target of the incentive plan, so it is estimated that the number of shares that are expected to be exercised in the second phase is 0.00 shares;

Note 3: The "average market price of common stocks for the current period" is calculated based on the weighted average of the closing prices of the company every week from August 27, 2020 to December 31, 2020.

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

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

Item	No.	Amount
The weighted average number of ordinary shares (shares) that assumes the conversion of dilutive potential ordinary shares into issued ordinary shares and the increase in the number of ordinary shares-first grant option	A1	5,666,702.00
The weighted average number of ordinary shares (shares) that assumes the dilution of potential ordinary shares to be converted into issued ordinary shares and the number of ordinary shares ---- reserved for granting options	A2	
Plus: the weighted average number of common shares issued by the company	A	1,074,453,194.00
Weighted average number of common shares issued by the company (diluted)	$B=A+A1+A2$	1,080,119,896.00

60. Cash Flow Statement Partly Details

(1) Other cash receipts relating to operating activities

Item	Year 2020	Year 2019
Government subsidy income	77,959,236.57	145,281,432.81
Deposit interest	44,426,533.54	39,837,992.93
current payments	3,640,687.74	2,745,313.60
Received the restricted funds related to operating activities	25,625,622.40	3,093,650.28
Others	38,591,708.22	25,782,476.83
Total	190,243,788.47	216,740,866.45

(2) Other cash payments relating to operating activities

Item	Year 2020	Year 2019
Period costs	3,114,854,977.28	3,280,447,918.36
Transferred the restricted funds related to operating activities	5,764,466.01	25,300,000.00
Others	23,210,012.61	27,980,896.73
Total	3,143,829,455.90	3,333,728,815.09

(3) Other cash receipts relating to investing activities

Item	Year 2020	Year 2019
Received for Kofax Limited's sales	5,272,187.14	13,788,800.00
Recovery of the prepayment for land		10,515,083.00
Received the restricted funds related to investing activities	15,129,538.80	24,519,937.94
Obtain the net cash paid by the subsidiary (negative reclassification)	3,295,742.14	
Investment income from forward foreign exchange settlement contracts	9,139,220.00	
Others	2,068,230.00	1,846,849.21
Total	34,904,918.08	50,670,670.15

Note: In this period, when the company purchased the equity of five online marketing companies including Acartridge B.V., the cash consideration paid was less than the booked cash balance of the purchaser on the purchase date, and the total amount was RMB 3,295,742.14.

(4) Other cash payments relating to investing activities

Item	Year 2020	Year 2019
Payment of related party loans	338,812,334.80	
Loss on forward settlement contract		10,257,170.00
Foreign exchange contract deposit	46,202,586.62	23,732,133.74
Prepaid deposit for the purchase of equity		9,000,000.00
Others	39,397,398.75	
Total	424,412,320.17	42,989,303.74

(5) Other cash receipts relating to financing activities

Item	Year 2020	Year 2019
Receipt of related party loans	510,000,000.00	3,173,714,244.21
Cash received from disposing of part of the equity of the subsidiary without losing control	1,200,000,000.00	
Total	1,710,000,000.00	3,173,714,244.21

Note: In December 2020, the company received a total of 1.2 billion yuan for the transfer of part of the equity of the subsidiary Apex Microelectronics Co., Ltd. After the equity transfer, the company did not lose its control over Microelectronics. At the merger level, the equity transfer amount was reclassified to "other cash received related to financing activities" for presentation.

(6) Other cash payments relating to financing activities

Item	Year 2020	Year 2019
Repayment of related party loans	928,714,244.21	320,000,000.00
Financing-related costs(including issues shares/bond expense/Bill discount, etc.)	64,489,296.39	53,773,911.30
Payments for purchasing the equity held by the minority shareholders of subsidiaries	81,520,228.75	172,324,174.41
Others	5,513,887.03	
Total	1,080,237,656.38	546,098,085.71

61. Supplementary Information of the Statement of Cash Flows

(1) Supplementary information of the Statement of Cash Flow

Items	Year 2020	Year 2019
1.Reconciliation of net profit to cash flows from operating activities		
Net Profit	-150,498,903.93	865,949,754.27
Add:Credit impairment losses	-6,294,095.68	35,326,369.39
Impairment losses on assets	145,823,323.61	96,440,685.79
Depreciation of fixed assets	563,274,297.11	574,668,072.86
Depreciation of productive biological assets		
Depletion of oil and gas assets		
Amortization of intangible assets	589,622,164.38	725,600,031.43
Amortization of long-term prepayments	81,333,902.17	62,886,113.86
Loss on disposal of fixed assets, intangible assets and other long-term assets ('-' represents 'gains')	11,621,839.58	30,627,017.91
Loss on scrapping of fixed assets ('-' represents 'gains')	2,658,392.55	2,440,705.86
Loss on change of fair value ('-' represents 'gains')	-23,162,808.42	-5,212,325.10
Financial expenses ('-' represents 'gains')	1,359,194,323.82	845,816,767.26
Loss on investments ('-' represents 'gains')	-5,084,237.79	-12,637,255.29
Decrease in deferred tax assets ('-' represents 'increase')	-106,711,631.47	22,333,893.69
Increase of deferred tax liabilities ('-' represents 'decrease')	-91,461,421.66	-63,025,868.79
Decrease in inventories ('-' represents 'increase')	377,286,708.18	-476,107,989.38
Decrease in operating receivables ('-' represents 'increase')	-307,001,322.64	-452,317,997.65
Increase in operating payables ('-' represents 'decrease')	-584,762,913.56	314,225,353.68
Others	157,272,540.31	84,854,843.97
Net cash flows from operating activities	2,013,110,156.56	2,651,868,173.76
2.Significant investing and financing activities not involving cash inflows and outflows		
Capital transferred from debts		
Convertible corporate bonds due within 1 year		
Fixed assets under finance lease		
3.Net changes of cash and cash equivalents:		
Cash balance at the end of the period	6,193,412,475.40	4,140,621,014.01
Less: Cash balance at the beginning of the period	4,140,621,014.01	3,213,396,593.13

Items	Year 2020	Year 2019
Add: Cash equivalents balance at the end of the period		
Less: Cash equivalents balance at the beginning of the period		
Net increase of cash and cash equivalents	2,052,791,461.39	927,224,420.88

Note: Others mainly include the amount of factors such as equity incentive expenses, changes in deferred income and changes in restricted funds related to operating activities.

(2) Net cash payment for acquiring subsidiaries and other business units

	Amount
Cash or cash equivalents paid in the current period for consolidation that occurred in the current period	2,908,726.16
Including: Plenty Talent Corp.	2,908,726.16
Less: the cash and cash equivalents held by the company on the purchase day	615,324.21
Including: Plenty Talent Corp.	615,324.21
Add: Cash or cash equivalents paid in the current period for consolidation that occurred in the previous period	24,114,175.40
Including: Static Control Components Inc.	7,882,845.40
Verisiti LLC	16,231,330.00
Net cash payment for acquiring subsidiaries and other business entities	26,407,577.35

(3) Information of cash and cash equivalents

Item	Ending Balance	Opening balance
1. Cash	6,193,412,475.40	4,140,621,014.01
Including: Cash on hand	264,015.58	215,819.53
Bank deposits always available for payment	6,182,654,231.52	4,088,648,575.12
Other monetary funds always available for payment	10,494,228.30	51,756,619.36
Deposit in central bank always available for payment		
Deposit in Interbank		
Deposit from Inter for interbank		
2. Cash equivalents		
Including: Bond investments due within three months		
3. Ending Balance of cash and cash equivalents	6,193,412,475.40	4,140,621,014.01

Item	Ending Balance	Opening balance
Including: Cash and cash equivalents of the parent company or the subsidiaries in the group with restricted use		

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

Item	Ending Balance	Reason for restriction
Monetary fund	179,212,262.09	Guranted fund, etc.
Accounts receivable	1,063,463,059.58	Loan mortgage/pledge, etc.
Inventory	731,616,860.25	Loan mortgage/pledge, etc.
Fixed asset	1,773,111,420.50	Loan mortgage/pledge, etc.
Intangible assets	2,776,185,766.39	Loan mortgage/pledge, etc.
Other receivables	22,839,167.43	Loan mortgage/pledge, etc.
Contract assets	119,591,655.88	Loan mortgage/pledge, etc.
Other current assets	751,323,910.73	Loan mortgage/pledge, etc.
Long-term receivables	165,875,543.68	Loan mortgage/pledge, etc.
Long-term receivables within the group	831,385,446.59	Loan mortgage/pledge, etc.
Investment in subsidiaries	8,030,713,314.91	Loan mortgage/pledge, etc.
Construction in progress	41,610,525.14	Loan mortgage/pledge, etc.
Other non-current assets	193,897,726.87	Loan mortgage/pledge, etc.
Trading financial assets	861,495.60	Loan mortgage/pledge, etc.
Total	16,681,688,155.64	/

Notes:

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

(2) The above-listed investment in subsidiaries, long-term accounts receivable within the group (including: 831,385,446.59 yuan from internal transactions) and other current accounts due to internal transactions have been offset during the consolidation process.

63. Monetary items in foreign currency

(1) Monetary items in foreign currency			
Item	Balance in foreign currency	Exchange rate	Balance in RMB
Monetary funds			1,645,726,131.57
Including: USD	223,142,425.34	6.5249	1,455,982,011.09
EUR	7,422,516.87	8.0250	59,565,697.90
JPY	421,266,467.00	0.063236	26,639,206.31
HKD	16,951,235.81	0.841640	14,266,838.11
GBP	1,709,948.88	8.8903	15,201,958.53
Others	175,562,470.85	According to the exchange rate of each currency	74,070,419.63
Accounts receivables			2,317,504,003.47
Including: USD	143,393,895.82	6.5249	935,630,830.82
EUR	111,032,909.52	8.0250	891,039,098.90
JPY	224,806,011.52	0.063236	14,215,832.94
GBP	13,349,595.11	8.8903	118,681,905.41
Others	160,196,138.34	According to the exchange rate of each currency	357,936,335.40
Other receivable			51,224,641.78
Including: USD	7,343,659.40	6.5249	47,916,643.22
EUR	87,479.42	8.0250	702,022.35
JPY	7,137,760.00	0.063236	451,363.39
HKD	59,563.00	0.841640	50,130.60
Others	1,301,264.49	According to the exchange rate of each currency	2,104,482.22
Contract assets			266,965,713.54
Including: USD	35,215,206.36	6.5249	229,775,699.98
Others	44,070,591.80	According to the exchange rate of each currency	37,190,013.56
Long-term receivables			340,789,780.32
Including: USD	38,074,567.54	6.5249	248,432,745.77
EUR	9,246,922.07	8.0250	74,206,549.61
Others	33,671,183.36	According to the exchange rate of each currency	18,150,484.94
Short-term borrowings			652,759,079.89
Including: USD	100,041,238.93	6.5249	652,759,079.89
Accounts payable			2,606,298,863.40
Including: USD	346,103,948.66	6.5249	2,258,293,654.61
EUR	15,730,196.42	8.0250	126,234,826.27
JPY	37,388,091.00	0.063236	2,364,273.32
HKD	264,980.00	0.841640	223,017.76

Item	Balance in foreign currency	Exchange rate	Balance in RMB
Others	191,956,970.99	According to the exchange rate of each currency	219,183,091.44
Other payable			69,553,887.08
Including: USD	8,076,485.10	6.5249	52,698,257.63
EUR	725,987.97	8.0250	5,826,053.46
JPY	15,382,725.00	0.063236	972,742.00
HKD	471,704.00	0.841640	397,004.95
Others	5,080,490.92	According to the exchange rate of each currency	9,659,829.04
Non-current liabilities within one year			2,677,623,548.25
Including: USD	410,370,051.38	6.5249	2,677,623,548.25
Long-term borrowing			6,659,219,845.40
Including: USD	1,020,585,732.41	6.5249	6,659,219,845.40
Long-term payable			123,637,606.74
Including: USD	18,948,582.62	6.5249	123,637,606.74

(2) Foreign legal enterprise, which is disclosed including main operation office overseas, functional currency and the basis for the currency choose of the important foreign legal enterprise, if the functional currency changed in this year, it should also disclose the change reason.

During the reporting period, the material foreign legal enterprise's main operation office locations and functional currency are shown as follows:

Company name	Main operation office	Functional currency
Ninestar Image Tech Limited	Hong Kong, China	RMB
Seine (Holland) B.V.	Holland	EUR
Ninestar Image(Malaysia) Sdn Bhd.	Malaysia	RMB
Static Control Components, Inc.	United State	USD
Static Control Components (Europe) Limited	Britain	GBP
Static Control Components (Hong Kong) Limited	Hong Kong, China	USD
Static Control Components (South Africa) (Proprietary) Limited	South Africa	ZAR
Static Control Components Turkey Elektronik Yedek Parca Ticaret Anonim Sirketi	Turkey	YTL
Nihon Ninestar Company Limited	Japan	JPY
Ninestar Technology Company Ltd	United State	USD
Lexmark International II LLC.and its subsidiaries	United State	USD
Ninestar Electronic Company Limited	Hong Kong, China	RMB
Cartridge Tech Pty Ltd	Australia	澳元
Verisiti LLC	United State	USD

Company name	Main operation office	Functional currency
Acartridge B.V.	Holland	EUR
ICartridge Corp.	United State	USD
Plenty Talent Corp.	United State	USD
Superpage Inc	United State	USD
Lemero B.V.	Holland	EUR
Lemero	United State	USD

64. Government Grants

During the period of this annual report, detailed information on the Company's government grants refer to "V.37" and "V.50" in this note.

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

VI. CHANGES OF CONSOLIDATION SCOPE

1. Consolidation not Under Common Control

(1) Consolidation not Under Common Control in the current period

The name of acquirees	Time point of equity acquisition	Equity acquisition cost	Proportion of equity acquisition (%)	Method of obtaining equity	acquisition date	The basis for determining the acquisition date	The income of the purchased party from the date of purchase to the end of the period	Net profit of the purchased party from the purchase date to the end of the period
Acartridge B.V.	2020.1.1	7.71	100.00	purchase	2020.1.1	Obtained the right of management decision control	26,058,007.72	-1,004,353.84
ICartridge Corp.	2020.1.1	27,633.09	100.00	purchase	2020.1.1	Obtained the right of management decision control	1,260,293.88	-190,283.42
Plenty Talent Corp.	2020.1.1	2,908,726.16	100.00	purchase	2020.1.1	Obtained the right of management decision control	51,096,080.19	235,862.25
Superpage Inc	2020.1.1	32,777.92	100.00	purchase	2020.1.1	Obtained the right of management decision control	61,719,022.81	536,815.50
Lemero B.V.	2020.1.1	7.71	100.00	purchase	2020.1.1	Obtained the right of management decision control	27,189,289.03	47,311.56
Lemero	2020.1.1	29,128.25	100.00	purchase	2020.1.1	Obtained the right of management decision control	34,241,453.25	797,226.49

Note: In January 2020, the company purchased 100% equity of six overseas online marketing companies through its overseas subsidiaries.

(2) Consolidation costs and goodwill

Item	Six online marketing companies including Acartridge B.V. etc
Consolidation costs	
—Cash	2,998,280.84
—Others	
Total	2,998,280.84
Less: the fair value share of identifiable net assets obtained	2,792,332.23
Goodwill/consolidation cost is less than the amount of the fair value share of identifiable net assets obtained	205,948.61

Note: The difference between the consolidation cost and the fair value share of the acquired party's identifiable net assets on the acquisition date is very small.

Goodwill is not recognized in the current period, and the difference is included in non-operating income at one time.

(3) The identifiable assets and liabilities of the acquirees on the acquisition date

Item	Six online marketing companies including Acartridge B.V. etc	
	Fair value on acquisition date	Book value on acquisition date
Assets:	44,509,639.76	44,509,639.76
Monetary fund	4,000,292.99	4,000,292.99
Accounts receivable	11,612,583.62	11,612,583.62
Inventories	28,896,763.15	28,896,763.15
Liabilities:	41,717,307.53	41,717,307.53
Accounts payable	41,717,307.53	41,717,307.53
Net assets	2,792,332.23	2,792,332.23
Less: minority interests		
Net assets acquired	2,792,332.23	2,792,332.23

(4) The gains or losses arising from the remeasurement of the equity held before the acquisition date at fair value

During the reporting period, the company did not achieve business integration step by step through multiple transactions and obtained control during the reporting

period.

2. Consolidation Under Common Control

There is no consolidation under common control in 2020.

3. Reverse Merger

There is no reverse merger occurring in 2020.

4. Disposal of Subsidiary

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

5. Other Reasons for Consolidation Scope Changes

In 2020, the Company set up new subsidiaries as follows:

Name of subsidiaries
Yiqi New Service (Zhuhai) Enterprise Management Co., Ltd. (G&G's subsidiary)
Zhuhai Tuoja Enterprise Management Co., Ltd. (Topjet's subsidiary)
Zhuhai Zhituo Electronic Commerce Co., Ltd. (Topjet's subsidiary)
Zhuhai Zhituo Chuangxiang Industrial Investment Partnership (Limited Partnership) (Topjet's subsidiary)
APEX SEMICONDUCTORS(USA) COMPANY LIMITED (the subsidiary of Apex Microelectronics)
Zhuhai Ninestar Lehman Technology Co., Ltd.
Zhuhai Haina Borui Investment Center (Limited Partnership) (the subsidiary of Ninestar Lehman)
Zhuhai Haina Chuangxiang Investment Center (Limited Partnership) (the subsidiary of Ninestar Lehman)
Zhuhai Lianchuang Intelligent Manufacturing Technology Co., Ltd. (the subsidiary of Ninestar Lehman)
Zhuhai Jianuote Technology Co., Ltd. (Cinvi's subsidiary)
Zhuhai Puruiyin Technology Co., Ltd. (Cinvi's subsidiary)
Zhuhai Cailuo Technology Co., Ltd. (Cinvi's subsidiary)
PAEOLOS IMAGE CO.,LIMITED (Cinvi's subsidiary)
CLORISUN IMAGE CO., LIMITED (Cinvi's subsidiary)
DRNOAE IMAGE CO., LIMITED (Cinvi's subsidiary)

In 2020, the company's cancelled subsidiaries are as follows:

Name of subsidiaries
Ninestar Image (USA) Company Limited(Completed the cancellation record in November 2020)
Apex R&D (USA) Company Limited(Completed the cancellation record in November 2020)

VII. INTEREST IN OTHER LEGAL ENTITIES

1. Interest in Subsidiaries

(1) Group structure

Name of subsidiaries	Main operating place	Registered place	Nature of business	Holding rights (%)		Method of acquisition
				Direct	Indirect	
Apex Microelectronics Co., Ltd and its subsidiaries	China	Zhuhai	Designing, developing and selling for IC	85.79 ^{note 1}		Acquired from reverse merger
Zhuhai Lianxin Investment Limited	China	Zhuhai	Project investment and consultant; Investment manage; Assets management.	100		Founded
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables	52.00		Acquired from consolidation under same control
Zhuhai Ninestar Enterprise Management Limited	China	Zhuhai	Management and consulting	100		Acquired from consolidation under same control
Zhuhai G&G Digital Technology Co., Ltd. and its subsidiaries	China	Zhuhai	Selling products of printing consumables	100		Acquired from consolidation under same control
Ninestar Image Tech Limited and its subsidiaries	Abroad	Hong Kong	Selling products of printing consumables	100		Acquired from consolidation under same control
Seine (Holland) B.V.	Abroad	Holland	Selling products of printing consumables	100		Acquired from consolidation under same control
Static Control Holdings Limited	Abroad	Hong Kong	Investment	100		Founded
Static Control Components Limited	Abroad	Britain	Investment		100	Founded
Static Control Components Inc.and its subsidiaries	Abroad	United State	Designing, manufacturing and selling for chips of common printing consumables; Designing, manufacturing and selling for components of common and recycled printing consumables		100	Acquired from consolidation not under same control

Name of subsidiaries	Main operating place	Registered place	Nature of business	Holding rights (%)		Method of acquisition
				Direct	Indirect	
Static Control Components (Europe) Limited and its subsidiaries	Abroad	Britain	sales of general printed consumables chips and general recycled printing consumables components		100	Acquired from consolidation not under same control
Ninestar Technology Company Ltd	Abroad	United State	Printing consumables sales	100		Acquired from consolidation not under same control
Zhuhai SCC Fine Chemical Company Limited	China	Zhuhai	R & D, producing, processing and selling products of printing consumables	100		Founded
Ninestar Holdings Company Limited	Abroad	Cayman Islands	Investment holding	51.18		Founded
Ninestar Group Company Limited	Abroad	Cayman Islands	Investment holding		51.18	Founded
Lexmark International II LLC.and its subsidiaries	Abroad	United State	R & D, producing, and selling printers and printing consumables; software services		51.18	Acquired from consolidation not under same control
Topjet Technology Co., Ltd and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables	51.00		Acquired from consolidation not under same control
Cinvi Technology Co., Limited and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables	100 ^{note2}		Acquired from consolidation not under same control
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd and its subsidiaries	China	Zhuhai	Manufacturing and selling products of printing consumables	100 ^{note2}		Acquired from consolidation not under same control
Ninestar Electronic Company Limited	Abroad	Hong Kong	Selling products of printing consumables	100		Founded
Ninestar Printing Technology Co., Ltd.	China	Zhuhai	Design, Manufacture and sell of printer and printing consumables	78.9039		Founded
Zhuhai Ninestar Information Technology Limited Company	China	Zhuhai	Design, Manufacture and sell of printing consumables	100		Founded
Zhuhai ninestar Lehmann Technology Co., Ltd. and its subsidiaries	China	Zhuhai	Sales of office equipment, consumables, etc.	100		Founded

Note 1: In December 2020, the subsidiary Microelectronics introduced strategic investors through capital increase and share expansion and the

company's transfer of equity held by the company. As of December 31, 2020, the company's shareholding in Microelectronics has dropped from 100% at the beginning of the year to 85.79%. For details, please refer to "XIV, 5(2)" of this note.

Note 2: In November 2020, with the approval of the China Securities Regulatory Commission "Zheng Jian XuKe [2020] No. 2475", the company purchased the equity held by the minority shareholders of Cinvi Technology Co., Limited and National Resources & Jingjie Printing Technology Co., Ltd through the issuance of shares. After the transaction is completed, the company's shareholding ratios in Cinvi and National Resources & Jingjie have increased from 51% at the beginning of the year to 100%.

(2) Important non-wholly owned subsidiaries

Unit:in RMB 10 thousand				
Name of subsidiaries	Non-controlling interest (%)	Profit of loss attributable to non-controlling interest in 2020	Dividend announced to pay to non-controlling interest in 2020	Ending Balance of Non-controlling interest
Ninestar Holdings Company Limited(consolidated)	48.82%	-27,024.05		287,735.26
Topjet Technology Co., Ltd(consolidated)	49.00%	2,702.62		11,272.99
Apex Microelectronics Co., Ltd(consolidated)	14.21%	318.98		61,631.77
Ninestar Printing Technology Co., Ltd.	21.0961%	178.88		21,892.38
Cinvi Technology Co., Limited (consolidated)	0.00%		126.03	
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd(consolidated)	0.00%		965.94	

(3) Financial positions of Major Partly Owned subsidiaries

Unit:in RMB 10 thousand

Name of subsidiaries	Ending Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ninestar Holdings Company Limited(consolidated)	599,550.11	2,169,383.70	2,768,933.81	1,042,450.19	1,095,961.95	2,138,412.15
Topjet Technology Co., Ltd (consolidated)	39,694.24	2,613.26	42,307.49	16,438.00	468.06	16,906.06
Apex Microelectronics Co., Ltd(consolidated)	419,812.13	34,114.54	453,926.67	27,204.25	1,660.87	28,865.12
Ninestar Printing Technology Co., Ltd.	40,723.39	124,091.69	164,815.08	44,928.71	16,000.00	60,928.71

Unit:in RMB 10 thousand

Name of subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ninestar Holdings Company Limited(consolidated)	717,194.36	2,391,356.71	3,108,551.07	1,206,939.26	1,211,985.70	2,418,924.96
Topjet Technology Co., Ltd (consolidated)	29,807.42	1,264.05	31,071.47	11,611.48	18.89	11,630.38
Apex Microelectronics Co., Ltd(consolidated)	17,625.80	641.73	18,267.53	858.81	43.49	902.30
Ninestar Printing Technology Co., Ltd.	52,148.79	57,756.77	109,905.56	1,978.97	5,000.00	6,978.97
Cinvi Technology Co., Limited (consolidated)	28,313.64	2,594.61	30,908.26	13,305.94	21.27	13,327.21
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd(consolidated)	14,121.20	2,079.43	16,200.63	5,458.83	1.22	5,460.06

Unit:in RMB 10 thousand

Name of subsidiaries	Year 2020				Year 2019			
	Sales from operation	Net profit	Total comprehensive income	Cash flow from operating activities	Sales from operation	Net profit	Total comprehensive income	Cash flow from operating activities
Ninestar Holdings Company Limited (consolidated)	1,380,091.21	-55,354.46	-100,246.23	93,279.39	1,795,964.71	11,411.02	28,000.85	200,836.34
Topjet Technology Co., Ltd (consolidated)	70,410.72	5,515.78	5,745.93	-139.49	51,166.86	4,845.17	4,906.47	7,002.89
Apex Microelectronics Co., Ltd(consolidated)	141,781.73	52,931.89	63,114.28	30,967.66	10,921.71	4,502.84	4,502.84	5,280.87
Ninestar Printing Technology Co., Ltd		847.94	847.94	34,660.13		-313.01	-313.01	6,928.12
Cinvi Technology Co., Limited (consolidated)					52,750.03	5,040.62	5,040.62	4,787.29
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd(consolidated)					20,638.70	2,220.56	2,221.35	3,003.16

Note: The difference between the detailed addition and the total in the above table is the data reserved 10,000 digits, and the difference in the mantissa caused by the rounding of the data is a normal difference; Microelectronics was a wholly-owned subsidiary of the company in the previous period, and the reported amount in the previous period was Microelectronics's subsidiary Zhuhai Yingxin's financial data (92% of the shares held in the previous period).

(4) Significant restriction on using group's assets and repaying group's liabilities

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

Item	Ending Balance	Reason of restriction
Monetary fund	158,451,789.89	Guaranteed fund, etc.
Accounts receivable	1,063,463,059.58	Loan mortgage/pledge, etc.
Inventory	731,616,860.25	Loan mortgage/pledge, etc.
Fixed asset	1,773,111,420.50	Loan mortgage/pledge, etc.
Intangible assets	2,776,185,766.39	Loan mortgage/pledge, etc.
Other receivables	22,839,167.43	Loan mortgage/pledge, etc.
Contract assets	119,591,655.88	Loan mortgage/pledge, etc.
Other current assets	751,323,910.73	Loan mortgage/pledge, etc.
Long-term receivables	165,875,543.68	Loan mortgage/pledge, etc.
Long-term receivables within the group	831,385,446.59	Loan mortgage/pledge, etc.
Investment in subsidiaries	8,030,713,314.91	Loan mortgage/pledge, etc.
Construction in progress	41,610,525.14	Loan mortgage/pledge, etc.
Other non-current assets	193,897,726.87	Loan mortgage/pledge, etc.
Trading financial assets	861,495.60	Loan mortgage/pledge, etc.
Total	16,660,927,683.44	/

Note: The investment in subsidiaries, long-term accounts receivable within the group (including: 831,385,446.59 yuan from internal transactions) and other current accounts due to internal transactions as listed above have been offset during the consolidation process.

(5) Financial support or other support to the structured legal entity which included in the consolidated financial statements

There is no financial support or other support provided to the structured legal entity which included in the consolidated financial statements in 2020.

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

(1) Description of changes in the share of owners' equity in subsidiaries

① Microelectronics introduces strategic investors to dilute equity

In December 2020, the subsidiary Microelectronics introduced strategic investors through capital increase and share expansion and the company's transfer of equity held by the company. As of December 31, 2020, the company's shareholding in

microelectronics has dropped from 100% at the beginning of the year to 85.79%.
For details, please refer to "XIV,5(2)" of this note.

② Issuing shares to purchase minority shares of Cinvi and National Resources & Jingjie

In November 2020, the company issued a total of RMB common shares (A) 6,780,580 shares to Zhao Zhixiang, Yuan Dajiang, Ding Xueping, and Zhuhai Chengwei Lixin Investment Partnership (Limited Partnership) after the approval of the China Securities Regulatory Commission "Zheng Jian Xuke [2020] No. 2475" document to purchase 49.00% of Zhuhai Cinvi Technology Co., Ltd.

A total of 4,322,615 RMB ordinary shares (A shares) were issued to Peng Keyun, Zhao Jiong, Wang Xiaoguang, Zhao Zhifen, Baoan Yong, Pu Yu, Wang Junyu, and Zhuhai Zhongrun Chuangda Printing Technology Partnership (Limited Partnership) to purchase their total holdings of Zhuhai 49.00% equity of National Resources & Jingjie Printing Technology Co., Ltd.

After the transaction is completed, the company's shareholding ratios in Cinvi and National Resources & Jingjie have increased from 51% at the beginning of the year to 100%.

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

① Microelectronics introduces strategic investors to dilute equity

Item	NO	Apex Microelectronics Co., Ltd.
Disposal consideration		
—Cash	A1	2,700,000,000.00
Total consideration for disposal	A	2,700,000,000.00
Less: share of net assets of subsidiaries in respect to the shareholding proportion disposed	B	587,505,097.89
Difference(A-B. If A>B, it represents the increase of net assets; otherwise represents the decrease of net assets)	C	2,112,494,902.11
Including: Capital reserve adjustment("+"represents increase/"-"represents decrease)	C1	2,112,494,902.11
Surplus reserve adjustment	C2	
Undistributed profit adjustment	C3	

② Issue shares to purchase minority stakes in Cinvi and National Resources &

Jingjie			
Item	NO	Cinvi Technology Co., Limited	Zhuhai National Resources & Jingjie Printing Technology Co., Ltd
Cost of acquisition			
—Fair value of non-cash consideration	A1	208,638,446.60	133,006,863.55
Total cost of acquisition	A	208,638,446.60	133,006,863.55
Less:share of net assets of subsidiaries in respect to the shareholding proportion acquired	B	77,487,874.78	42,724,438.79
Difference(A-B. If A>B, it represents the decrease of net assets; otherwise represents the increase of net assets)	C	131,150,571.82	90,282,424.76
Including: Capital reserve adjustment("+represents decrease/"-represents increase)	C1	131,150,571.82	90,282,424.76
Surplus reserve adjustment	C2		
Undistributed profit adjustment	C3		

3.Interests in Joint Ventures and Associates

(1) Significant joint ventures and associates

There is no significant joint ventures and associates in 2020.

During the reporting period, the company's joint venture Zhuhai Hainayuan Real Estate Development Co., Ltd. has not yet actually operated.

(2)Summarized financial information of insignificant joint ventures and associates

Item	Ending Balance/Amount for the current period	Opening balance/Amount for the previous period
Associates:		
Total investment book value	12,927,280.07	3,170,356.84
The total of the following items calculated by the shareholding ratio	2,359,779.51	-274,293.16
—Net profit	2,359,779.51	-274,293.16
—Other comprehensive income		
—Total comprehensive income	2,359,779.51	-274,293.16

Note: The above financial data is the total of Huai'an Xinzhan Polymer Technology Co., Ltd and Toner-dumping.de Orh&Baer GmbH.

(3) Explanation of the significant limitation of the ability of the joint venture or associate to transfer funds to the Company

There is no significant limitation of the ability of the joint venture or associate to transfer funds to the Company in 2020.

4. Significant Joint Operation

There is no joint operation in 2020.

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

There is no equity in structuring legal entity which is not included in scope of consolidation financial statement in 2020.

VIII. THE RISK RELATED TO FINANCIAL INSTRUMENTS

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

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

1. Credit Risk

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

The company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, other receivables and financial guarantee contracts. As of the balance sheet date, the book value of the company's financial assets has represented its maximum credit risk exposure; the maximum credit risk exposure off the balance sheet is the maximum amount that needs to be paid to perform the financial guarantee (see this note for details of the guarantee "X, 5(4)")

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

huge losses caused by bank defaults.

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

2. Liquidity Risk

Liquidity risk refers to the risk of capital shortage when an enterprise performs its obligation to settle accounts by delivering cash or other financial assets. It is the Company's policy to ensure that it has sufficient cash to meet maturing debts. Liquidity risk is controlled by the Company's financial department. By monitoring cash balances, marketable securities and rolling projections of cash flow over the next 12 months, the finance department ensures that the Company has sufficient funds to service its debt with all reasonable projections.

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

3. Market Risk

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

(1) Interest Rate Risk

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

On December 31, 2020, if regard interest rate as floating interest rate and when it rises or fall by 100 basis points, the net profit of Company will increase or decrease by RMB 33.9504 million (RMB 22.2295 million on December 31st 2019) with other variables remain unchanged. The management thinks that 100 basis points reasonably reflects the variable range of interest rate in the next fiscal year.

(2) Foreign Exchange Risk

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

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

① **The Entities Operate in China and the Overseas Entities Using RMB as Bookkeeping Currency.**

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

Item	Ending Balance(In RMB, 10 thousand)					Opening balance(In RMB, 10 thousand)				
	USD	HKD	EUR	Other Currency	Total	USD	HKD	EUR	Other Currency	Total
Monetary fund	75,225.31	1,374.67	4,842.77	3,742.08	85,184.83	58,207.26	1,337.66	4,233.96	3,703.78	67,482.66
Accounts receivable	60,553.40		1,638.79	380.51	62,572.70	61,570.80		396.21	701.54	62,668.55
Other receivable	229.77	5.01	16.05	210.45	461.28	263.86	4.80	13.38	830.26	1,112.30
Total assets	136,008.48	1,379.68	6,497.61	4,333.04	148,218.81	120,041.92	1,342.46	4,643.55	5,235.58	131,263.51
Short-term borrowings						33,206.71				33,206.71
Accounts payable	16,838.40	21.92	273.83	295.07	17,429.22	22,539.09	17.45	45.82	300.10	22,902.46
Other payable	3,492.87	39.70	402.83	67.19	4,002.59	6,321.10	34.38	673.59	168.23	7,197.30
Non-current liabilities due within one year						1,578.37				1,578.37
Total liability	20,331.27	61.62	676.66	362.26	21,431.81	63,645.27	51.83	719.41	468.33	64,884.84
Net amount	115,677.21	1,318.06	5,820.95	3,970.78	126,787.00	56,396.65	1,290.63	3,924.14	4,767.25	66,378.67

On December 31, 2020, if all the other variables remain unchanged, the Company will reduce or increase its net profit by RMB 115.6772 million (on December 31, 2019 was RMB 56.3967 million) if the USD appreciates or devaluates by 10%; if all the other variables remain unchanged, the Company will reduce or increase its net profit by RMB 1.3181 million (on December 31st 2019 was RMB 1.2906 million) if the HKD appreciates or devaluates by 10%; if all the other variables remain unchanged, the Company will reduce or increase its net profit by RMB 5.821 million (on December 31st 2019 was RMB 3.9241 million) if the EUR appreciates or devaluates by 10%.

② The entity operates outside China

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

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

Items	Shareholding right(%)	Ending Balance (In RMB, 10 thousand)			Opening balance(In RMB, 10 thousand)		
		Equity	Minus:Long-term equity investment of consolidated	Total	Equity	Minus:Long-term equity investment of consolidated	Total
Ninestar Holdings Company Limited(USD asset package)	51.18	630,521.66	321,257.91	309,263.75	689,626.11	321,257.91	368,368.20
Static Control Components Inc(USD asset package)	100	-8,192.67	0.82	-8,193.49	-10,089.36	0.82	-10,090.18
Ninestar Technology Company Ltd(USD asset package)	100	3,959.91	2,130.08	1,829.83	3,684.98	2,130.08	1,554.90
Verisiti LLC(USD asset package)	51.00	-27.36	3,820.20	-3,847.56	11.53	3,820.20	-3,808.67
4 online marketing companies including Icartridge (USD asset package)	100	409.02	299.82	109.20			
The sum of USD asset package		626,670.56	327,508.83	299,161.73	683,233.26	327,209.01	356,024.25
Seine (Holland) B. V.(EUR asset package)	100	-969.90	44.11	-1,014.01	-1,295.11	44.11	-1,339.22
2 online marketing companies including Acartridge (EUR asset package)	100	-116.11		-116.11			
The sum of EUR asset package		-1,086.01	44.11	-1,130.12	-1,295.11	44.11	-1,339.22
Nihon Ninestar Company Limited(JPY asset package)	100	1,643.77	503.47	1,140.30	1,693.86	503.47	1,190.39
Cartridge Tech Pty Ltd (AUD asset package)	100	48.59	40.69	7.90	35.86	40.69	-4.83

On December 31, 2020, if all the other factors are not changed, the Company will increase or reduce its net asset by RMB 150.0645 million (on December 31st 2019 was RMB 178.0531million) if the USD appreciates or devaluates the USD by 10%; if all the other factors are not changed, the Company will reduce or increase its net asset by RMB 1.1301 million (on December 31st 2019 was RMB 1.3392 million) if the EUR appreciates or devaluates by 10%; if all the other factors are not changed , the Company will reduce or increase its net asset by RMB 1.1403 million (on December 31st 2019 was RMB 1.1904 million) if the JPY appreciates or devaluates by 10%; if all the other factors are not changed , the Company will reduce or increase its net asset by RMB 7.9 thousand (on December 31st 2019 was RMB 4.8 thousand) if the AUD appreciates or devaluates by 10%.

4. Other price risks

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

Other price risks of the company mainly arise from investments in various equity instruments, and there is a risk of changes in the price of equity instruments.

On December 31, 2020, if all other variables remain unchanged, if the value of equity instruments rises or falls by 10%, the company will increase or decrease other comprehensive income by RMB 18.503 million (Other comprehensive income was RMB 7.6375 million on December 31, 2019). Management believes that 10% reasonably reflects a reasonable range of possible changes in the value of equity instruments in the next year.

IX. FAIR VALUE

The three levels of the fair value hierarchy are:

Level 1 -- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 -- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 -- Unobservable inputs of related assets or liabilities.

Fair value measurements of assets and liabilities are assigned a level within the fair value hierarchy based on the lowest level of any input that is significant to the fair value measurement in its entirety.

1. Assets and Liabilities Measured at Fair Value at December 31

Item	Fair value by the end of the period			
	Based on Level 1	Based on Level 2	Based on Level 3	Total
I. Recurring fair value measurement				
◆ Trading Financial Assets		93,688,687.01		93,688,687.01
1. The financial assets measured at fair value and changes recognized in the current period		93,688,687.01		93,688,687.01
(1) Debt Investment				
(2) Equity Investment				
(3) Derivative financial assets		61,703,878.28		61,703,878.28
(4) Others		31,984,808.73		31,984,808.73
2. Financial assets measured at fair value of which changes are recorded in current profits and losses				
(1) Debt Investment				
(2) Others				
◆ Accounts Receivable Financing				

Item	Fair value by the end of the period			
	Based on Level 1	Based on Level 2	Based on Level 3	Total
◆Other Debt Investment				
◆Other Equity Investment	16,401,118.29		168,628,401.88	185,029,520.17
◆Other Non-current Financial Assets				
1.The financial assets measured at fair value and changes recognized in the current period				
(1) Debt Investment				
(2) Equity Investment				
(3) Derivative financial assets				
(4) Others				
2. Financial assets measured at fair value of which changes are recorded in current profits and losses				
(1) Debt Investment				
(2) Others				
Total Assets Measured at Fair Value on a Recurring Basis:	16,401,118.29	93,688,687.01	168,628,401.88	278,718,207.18
◆Trading Financial Liabilities		60,135,736.02		60,135,736.02
1.Trading Financial Liabilities		60,135,736.02		60,135,736.02
(1) Issued trading debts				
(2) Derivative financial liabilities		60,135,736.02		60,135,736.02
(3) Others				
2.Financial liabilities measured at fair value of which changes are recorded in current profits and losses				
Total Liabilities Measured at Fair Value on a Recurring Basis:		60,135,736.02		60,135,736.02
II.Non-Recurring fair value measurement				
◆Assets held for sale				
Total Asset Measured at Fair Value on a Non-Recurring Basis:				
◆Liabilities held for sale				
Total Liabilities Measured at Fair Value on a Non-Recurring Basis:				

Notes: Fair values for the Company's derivative financial instruments are based on pricing models or formulas using current market data. Variables used in the calculations include forward points(Basis point used to determine the difference between forward and spot rates) , spot rates, volatility assumptions and benchmark interest rates at the time of

valuation, as well as the frequency of payments to and from counter parties and effective and termination dates.

X. RELATED PARTIES AND TRANSACTION

1. Parent Company of the Company

Name of parent company	Place of Registration	Nature of Business	Registered capital	Parent Company's holding shares (%)	Parent Company's voting right (%)
Zhuhai Seine Print Technology Co., Ltd.	Zhuhai	Development, design and sale of printers	378,947,368.00	38.16	38.16

The Company ultimate controller is combining of Mr. Wang Dongying, Mr. Li Dongfei and Mr. Zeng Yangyun.

2. The Company's subsidiaries

Refer to "Note VII, Equity in other entities" of the Notes to Consolidated Financial Statements for more information regarding the Company's Subsidiaries.

3. The Company's joint ventures and associations

Name of joint venture and associate	Relationship between joint venture or associate and the Company
Zhuhai Hainayuan Real Estate Co., Ltd	The Company's joint venture
Huai'an Xinzhan Polymer Technology Co., Ltd	The Company's associate
Toner Dumping Orth Baer GmbH	The Company's associate

4. Other related parties

Name of Other Related Parties	Relationship between other related parties and the Company
Zhuhai Pantum Electronic Limited	Other company which jointly controlled by the actual controllers. (Pantum Electronic)
Zhuhai Pantum Print Technology Limited	Other company which jointly controlled by the actual controllers. (100% owned subsidiary by Pantum Electronic)
Pantum (Holland) B.V.	Other company which jointly controlled by the actual controllers. (100% owned subsidiary by Pantum Electronic)
Pantum (USA) Co., Ltd.	Other company which jointly controlled by the actual controllers. (100% owned subsidiary by Pantum Electronic)

Name of Other Related Parties	Relationship between other related parties and the Company
Pantum International Limited	Other company which jointly controlled by the actual controllers. (100% owned subsidiary by Pantum Electronic)
AQA S.R.L.	Other enterprises in which the Company has indirect equity participation
Jinan Gege Technology Limited	Company controlled by a close family member of a controlling shareholder or executive
Zhuhai Seine Property Services Co., Ltd. Zhuhai Seine Property Services Co., Ltd.	Other companies controlled by controlling shareholders
Zhuhai Wanlida Electric Automation Co., Ltd	Other companies controlled by the shareholder who own more than 5% of the shares
Jiazilian information technology co. LTD	Other enterprises in which the actual controllers jointly and indirectly participate in shares
Maige Magnetic Electricity Technology (zhuhai) Co. Ltd	Other businesses controlled by company directors (executives)
Zhuhai Xielong Plastic Electronics Co., Ltd	Other enterprises in which the company holds shares
Chengdu Analog Circuit Technology Inc	Other enterprises in which the company indirectly holds shares
Zhuhai G&G Yunshang Technology Co. Ltd	Other companies controlled by company shareholders
Zhuhai Tongdali Printing Co., Ltd.	Other companies where the actual controller has a close relationship with family members serving as executives
Zhuhai Seine 3D Technology Co., Ltd.	Other enterprises in which the actual controllers jointly participate in shares
Wang Dong Ying	One of the ultimate controllers of the Company
Li Dong Fei	One of the ultimate controllers of the Company
Zeng Yang Yun	One of the ultimate controllers of the Company

5. Related party transaction

(1) Related party transactions for the purchase and sale of goods, provision and receipt of services

Purchasing of goods and receiving of service			
Related Parties	Nature of Transaction	Year 2020	Year 2019
Zhuhai Pantum Electronic Limited (consolidated)Zhuhai Pantum Electronic Limited (consolidated)	Purchase of materials, printers, etc	126,220,936.51	200,717,755.46

Related Parties	Nature of Transaction	Year 2020	Year 2019
Zhuhai Pantum Electronic Limited (consolidated)Zhuhai Pantum Electronic Limited (consolidated)	Consultation service	4,680,303.80	3,546,981.12
Zhuhai Xielong Plastic Electronics Co., LtdZhuhai xielong plastic electronics Co. Ltd	Purchase of materials	31,549,076.29	61,767,750.55
Chengdu Analog Circuit Technology IncChengdu Analog Circuit Technology Inc.	Purchase of materials	4,143,169.77	2,867,924.53
Huai'an Xinzhan Polymer Technology Co., LtdHuai'an Xinzhan Polymer Technology Co., Ltd	Purchase of materials	33,512,476.43	14,472,416.18
Zhuhai Tongdali Printing Co., Ltd.	Purchase of materials	67,027,026.32	
Zhuhai Wanlida Electric Automation Co., LtdZhuhai Wanlida Electric Automation Co., Ltd	Purchase of goods	97,220.00	

Sale of goods and rendering of service

Related Parties	Nature of Transaction	Year 2020	Year 2019
AQA S.R.L.	Sale of goods	33,332,951.50	28,810,155.99
Jinan Gege Technology Limited	Sale of goods	3,791,993.10	3,488,753.47
Zhuhai Pantum Electronic Limited (consolidated)	Sale of goods	568,861,157.57	557,712,640.99
Jiazilian information technology Co. Ltd	Sale of goods	9,477.88	5,044.21
Zhuhai Xielong Plastic Electronics Co., LtdZhuhai xielong plastic electronics Co. Ltd	Sale of goods	7,700.00	168,570.71
Huai'an Xinzhan Polymer Technology Co., Ltd	Sale of goods	3,277,964.88	132,518.94
Zhuhai Seine Print Technology Co., Ltd.	Sale of goods	22,628.76	82,359.32
Zhuhai G&G Yunshang Technology Co. Ltd	Sale of goods	1,499,945.52	2,011,766.75
Zhuhai Pantum Electronic Limited (consolidated)	rendering of service	7,610,027.03	
Zhuhai Seine 3D Technology Co., Ltd.	Sale of goods	47,935.41	
Zhuhai Seine Property Services Co., Ltd	Sale of goods	8,274.34	
Toner Dumping Orth Baer GmbH	Sale of goods	11,890,432.76	

(2) Associated management/ contracting and entrusted management / outsourcing

The summary of entrusted management

The name of the entrusting party / outsourcing party	Entrusted Party	The Nature of the Entrusted Assets	The opening date	The closing date	The Pricing principles	The Entrusted income in Current Period
The shareholders of Zhuhai Pantum Electronic Limited	Ninestar Corporation	All shares	2017.12.29	Until the day when Pantum Electronics became a wholly-owned subsidiary of the company	Fixed fee + bonus	16,503,209.13

Note: During the reporting period, the company's entrusted management business is detailed in "XIV.5(5)" of this note.

(3) Leases with related parties:

The Company is as a lessee:

Name of lessor	Lease asset	Rent expense in 2020	Rent expense in 2019
Zhuhai Seine Print Technology Co., Ltd.	Buildings	55,902,034.68	55,311,986.32

Description of related leases: The company and its subsidiaries leased office buildings, workshops, and staff dormitories from the controlling shareholder, Seine Print Technology, for production and operation purposes.

(4) Guaranties among the related parties:

Guarantors	Secured Parties	Currency	Amount(10 thousands)	Duration	Whether contract had been fulfilled
Ninestar Corporation	Ninestar Image Tech Limited ^{note6}	RMB	4,200.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	RMB	408,556.14	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	USD	5,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	USD	5,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note2}	USD	6,090.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Ninestar Lexmark Company Limited ^{note1·2}	RMB	337,017.10	In three years after extinction of debt	Under executing
Ninestar Corporation	Ninestar Lexmark Company Limited ^{note1·2}	USD	10,000.00	In three years after extinction of debt	Under executing
Ninestar Corporation	Lexmark International, Inc. ^{note1-2}	USD	10,000.00	In three years after extinction of debt	Under executing
Zhuhai Pantum Electronic Limited, Zhuhai Seine Print Technology Co., Ltd, Mr.Wang Dongying, Mr. Li Dongfei and Mr. Zeng Yangyun	Lexmark International, Inc. ^{note3}	USD	10,000.00	Until the main contract debt is paid off (Pantum Electronic), in three years after extinction of debt	Under executing
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation ^{note4}	RMB	11,424.00	Until the main contract debt is paid off	Closed
Zhuhai Seine Print Technology Co., Ltd	Lexmark International, Inc. ^{note5}	USD	33,910.00	Until the main contract debt is paid off	Under executing
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	70,000.00	Until two years after the expiry date of the debt performance period of the principal debt	Under executing
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	30,000.00	Two years from the date of expiry of the debt performance period under the main contract	Under executing
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	22,000.00	Two years from the maturity date of the guaranteed debt under the main contract	Under executing
Ninestar Corporation	Ninestar Printing Technology Co., Ltd. ^{note7}	RMB	230,000.00	In three years after extinction of debt	Under executing

Guarantors	Secured Parties	Currency	Amount(10 thousands)	Duration	Whether contract had been fulfilled
Ninestar Corporation	Ninestar Image Tech Limited	RMB	8,000.00	Three years from the expiry date of the unspecified claim period	
Apex Microelectronics Co., Ltd.	Zhuhai Jihai Semiconductor Co., Ltd.	RMB	4,946.84	One year	Under executing
Lexmark International, Inc.; Lexmark International Financial Services DAC; Lexmark International Tech, SARL	Lexmark International II LLC	USD	205.00	One year	Under executing

Notes:

- ① As Lexmark International Inc. acquired 100% shares stock of Ninestar Lexmark Company Limited in 2016, Ninestar Lexmark Company Limited's related loans and guarantees were transferred to Lexmark International Inc. However, up to December 31, 2020, the loan's registered information in bank has not been changed.
 - ② For guaranty made by Ninestar Group Company Limited, Lexmark International, Inc. and Ninestar Lexmark Company Limited, they are all guaranteed by the actual loan balance under the Credit Agreement between the acquisition and establishment of foreign subsidiaries and the syndications (CITIC, The Export-Import Bank of China, Bank of China.
 - ③ Zhuhai Pantum Electronics Co., Ltd signed the agreement with CITIC Bank to provide the guarantee to Lexmark International. The guaranteed line is the total amount from the signed loan agreements between CITIC Bank and Lexmark International from January 25, 2019 to January 3, 2020 and December 5, 2019 to December 5, 2020. The principle should be not exceeded USD 100 million. The collateral is the accounts receivables of Zhuhai Pantum Electronics Co., Ltd.
- Zhuhai Seine Print Technology Co., Ltd., Wang Dongying, Zeng Yangyun and Li Dongfei signed the agreement with CITIC Bank to provide the guarantee to Lexmark International. The guaranteed line is the total amount from the signed loan agreements between CITIC Bank and Lexmark International from July 3, 2018 to July 3, 2019 and December 5, 2019 to December 5, 2020. The principle should be not exceeded USD 100 million.
- ④ Seine Technology used its plant to provide mortgage guarantee for the Company's loans in Bank of Communications.
 - ⑤ Seine Technology pledged its shareholding in the Company to provide guarantee for Lexmark International's loans to China CITIC Bank.
 - ⑥ The Company provides a guarantee for the subsidiary Ninestar Image Tech Limited with a loan of up to RMB 42 million from the Bank of East Asia.
 - ⑦ The company pledged its 78.9039% equity of Ninestar Printing Technology Co., Ltd a subsidiary, to provide guarantee for actual loans under the loan contract signed between Ninestar Printing and the syndicated group (CCB, Bank of China, Agricultural Bank of China, ICBC). As of December 31, 2020, Ninestar Printing Technology Co., Ltd actual loan balance was 110 million yuan.

(5) The loans among the related Parties

The lender parties	The borrower parties	Currency	The amount for the loans (in 10 thousands)	Start Date	Ending date	Notes
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	149,000.00	2019/4/18		According to the contract, the parties have not agreed on a specific date of repayment. The borrowing deadline will depend on the actual operation of the Company. See Note (1)
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	81,000.00	2019/4/18		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	41,000.00	2019/5/16		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	10,000.00	2019/6/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	10,000.00	2019/6/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	26,341.62	2019/6/24		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	29.80	2019/6/24		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	22,000.00	2020/3/20		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	10,000.00	2020/4/27		
Zhuhai Seine Print Technology Co., Ltd	Ninestar Corporation	RMB	19,000.00	2020/4/27		
Subtotal			368,371.42	/	/	
Zhuhai Seine Print Technology Co., Ltd	Static Control Holdings Limited	USD	1,700.00	2018/6/28	2023/6/27	The interest rate is 4.495% and the principle and interest will be paid off when it is matured. ^{note (2)}
Ninestar Printing Technology Co., Ltd.	Zhuhai Hainayuan Real Estate Co., Ltd	RMB	65,889.44	2020-11-18	2025-11-27	

Notes:

(1) Since 2019, the company has borrowed a total of 3,683,714,200 yuan into Seine Print Technology, and the outstanding balance of principal and interest as of December 31, 2020 is 2,567,612, 000 yuan. On April 7, 2021, the company's 2021 second extraordinary general meeting of shareholders passed the resolution, agreeing to sign the "Supplemental Loan Agreement" between the company and Seine Print Technology. For details, please refer

to this note "XIII.1".

(2)Static Control Holdings Limited borrowed USD 17.00 million from Seine Print Technology for production and operation, and the book is calculated in long-term accounts payable.

(3)For details of the loan to Zhuhai Hainayuan Real Estate Co., Ltd., please refer to "V.11" in this note.

(6) Related party transfer of asset and liability restructuring

Name of related party	Nature of transaction	Year 2020	Year 2019
Zhuhai Seine Print Technology Co., Ltd.	Sales of moulds	4,430.34	181,978.47
Zhuhai Pantum Electronic Limited (consolidated)	Sales of moulds		190,265.49
Zhuhai Seine Print Technology Co., Ltd.	Purchase equipment		689,655.15
Zhuhai Pantum Electronic Limited (consolidated)	Purchase equipment		9,586,280.26
Zhuhai Seine 3D Technology Co., Ltd.	Sales of moulds	4,250.93	
Zhuhai Pantum Electronic Limited (consolidated)	Sales of fixed assets	591,143.08	
Huai'an Xinzhan Polymer Technology Co., Ltd.	Sales of assets	5,246,619.90	

(7) Other related party transaction

Name of related party	Nature of transaction	Year 2020	Year 2019
Zhuhai Seine Print Technology Co., Ltd.	Loan interest	215,564,082.20	136,793,872.72
Zhuhai Seine Property Services Co., Ltd.	Property management fee	7,968,240.86	7,267,360.15
Zhuhai Seine Print Technology Co., Ltd.	Income from repairing moulds		42,564.97
Zhuhai Pantum Electronic Limited (consolidated)	Income from repairing moulds	46,892.92	136,185.38

6. Related Party Transaction Balance

(1) Receivable

(1) Receivable					
Account name	Related parties	Ending Balance		Opening balance	
		Book value	Provision	Book value	Provision
Accounts receivable					
AQA S.R.L.		6,051,223.31	302,561.17	7,216,388.52	360,819.43
Jinan Gege Technology Limited		512,161.75	25,608.09	417,596.46	20,879.82
Zhuhai Pantum Electronic Limited (consolidated)		67,269,488.64	3,363,474.43	114,523,590.26	5,726,179.51
Zhuhai Seine Print Technology Co., Ltd.		1,009.28	50.46	21,370.00	1,068.50
Toner Dumping Orth Baer GmbH		4,563,365.21	228,168.26		
Huai'an Xinzhan Polymer Technology Co., Ltd		7,209,979.13	360,498.96	149,746.40	7,487.32
Zhuhai G&G Yunshang Technology Co. Ltd		858,624.42	42,931.22		
Prepayment					
Huai'an Xinzhan Polymer Technology Co.,				1,309,540.86	

Account name	Related parties	Ending Balance		Opening balance	
		Book value	Provision	Book value	Provision
Ltd					
Other receivable					
Zhuhai G&G Yunshang Technology Co.		35,597.46	1,779.87		
Ltd					
Long-term receivables					
Zhuhai Hainayuan Real Estate Co., Ltd		658,894,473.69			

(2) Payable

Account name	Related parties	Ending Balance	Opening Balance
Accounts payable			
	Zhuhai Pantum Electronic Limited (consolidated)	61,012,559.50	84,657,235.15
	Zhuhai Seine Print Technology Co., Ltd.	1,588.28	250,796.60
	Zhuhai Xielong Plastic Electronics Co., Ltd	6,098,743.32	15,205,613.62
	Zhuhai Seine Property Services Co., Ltd		220,086.23
	Huai'an Xinzhan Polymer Technology Co., Ltd	3,093,747.52	
	Zhuhai Tongdali Printing Co., Ltd.	8,406,078.46	
Other payable			
	Zhuhai Seine Print Technology Co., Ltd.	2,573,366,963.72	2,994,977,999.96
	Zhuhai Wanlida Electric Automation Co., Ltd	218,000.00	148,672.00
	Zhuhai Seine Property Services Co., Ltd	832,859.17	488,111.04
	AQA S.R.L	3,262.45	3,488.10
	Jinan Gege Technology Limited	3,156.40	
	Zhuhai G&G Yunshang Technology Co. Ltd	120,512.00	
Payments received in advance			
	Zhuhai Pantum Electronic Limited (consolidated)		108,000.00
	AQA S.R.L		342.67
Contract liabilities			
	Zhuhai Pantum Electronic Limited (consolidated)	15,000,000.00	
	Zhuhai Xielong Plastic Electronics Co., Ltd	2,500.01	

Account name	Related parties	Ending Balance	Opening Balance
Long-term Payables			
	Zhuhai Seine Print Technology Co., Ltd.	123,637,606.74	126,769,390.80

Note: At the end of the reporting period, the actual advance receipt of Pantum electronic funds was 15.90 million yuan, of which 15 million yuan was reported in the subject of “contract liabilities” and 900,000 yuan was reported in the subject of “other current liabilities”.

XI. Share Payment

1. Share-based payment Summary

During the reporting period, the Company and its subsidiaries' share payment situation included: (1) The company's stock option incentives implemented in 2019(First grant of option); (2) Subsidiary Microelectronics implemented employee equity incentives.; (3) The stock option incentives implemented by the company in 2020 (reserved to grant options)

(1) The total amount of equity instruments granted by the Company in the current period: RMB 99,393,808.60. Details are as follows:

Item	Amount of equity instruments granted	Notes
Employee equity incentives implemented by subsidiary Microelectronics	15,400,000.00	
Stock option incentives implemented in 2020 (reserved part)	83,993,808.60	987.93 million copies were granted, with an exercise price of 37.77 yuan per share
Total	99,393,808.60	

(2) The total amount of equity instruments exercised by the Company during this period: RMB125,200,074.66.

Item	Amount of equity instruments exercised in the current period	Notes
Stock option incentives implemented in 2019(First grant of option)	97,087,701.90	
Employee equity incentives implemented by subsidiary Microelectronics	15,400,000.00	
Stock option incentives implemented in 2020	9,606,256.14	

Item	Amount of equity instruments exercised in the current period	Notes
(reserved to grant options)		
Incentive by Pantum Electronic	3,106,116.62	
Total	125,200,074.66	

(3) The total amount of equity instruments expired by the Company during this period: RMB57,658,564.84 yuan.

Due to factors such as the resignation of the incentive objects in the current period and the failure to achieve the performance commitment target of the incentive plan, the company's stock option incentive plan for the current period is partially invalidated and cancelled, and the value of the equity instrument recognized at the time of the original grant is reversed.

(4) The range and the remaining term of the exercise price of the issued share option:

① Stock option incentives implemented in 2019 (options granted for the first time)

Period	Exercise price (RMB)	Remaining term of contract (year)
2020.10.31-2021.10.30	27.63	1 year
2021.10.31-2022.10.30	27.63	2 year
2022.10.31-2023.10.30	27.63	3 year

Note: Due to the implementation of cash dividend distribution in 2020, the company's tenth meeting of the sixth board of directors held on August 27, 2020. It was agreed that the exercise price of the stock options granted by the company for the first time was adjusted from 27.73 yuan per share at the time of the original grant to 27.63 yuan per share.

② Stock option incentives implemented in 2020 (reserved to grant options)

Period	Exercise price (RMB)	Remaining term of contract (year)
2020.8.27-2021.8.26	37.77	1 year
2021.8.27-2022.8.26	37.77	2 year
2022.8.27-2023.8.26	37.77	3 year

(5) The range of the exercise price and the remaining period of the contract of the other equity instruments at the end of period: No other equity instruments.

(6) Other information:

① Stock option incentives implemented in 2019 (options granted for the first time)

On October 15, 2019, the Company convened the fourth Extraordinary General Meeting

in 2019, and reviewed and approved the Proposal on the Company's 2019 Stock Option Incentive Plan (Draft) and its summary and About the proposal to the shareholders' meeting to authorize the board of directors to handle equity. The proposal on matters related to the incentive plan, agrees that the Company should grant 58,487,700 stock options to 769 incentive objects, of which 48,608,400 stock options were granted for the first time and 9,879,300 reserved stock options; the first line of stock options granted the price of the right is RMB 27.73 per share; the source of the underlying stock of the stock option incentive plan is the Company's RMB A-share common stock issued by the Company to the incentive target.

At the same time, the Company's Board of Directors is authorized to determine the stock option grant date, and to grant stock options to the incentive objects and handle all matters necessary to grant stock options when the Company and the incentive objects meet the conditions.

On October 29, 2019, the Company convened the fourth meeting of the sixth session of the Board of Directors, which reviewed and approved the *Proposal on Adjusting the Incentive Objects and Grant Quantity of the Company's 2019 Stock Option Incentive Plan* and *About the Incentive Objects of the 2019 Stock Option Incentive Plan Proposal to Award Stock Options*. The number of incentive objects granted by the Company for the first time was adjusted from 769 to 765; the number of granted stock options was adjusted from 58,487,700 to 58,412,300, of which the number of first grants was adjusted from 48,608,400 to 48,533,000. The reserved quantity remains unchanged at 9,879,300; the initial exercise price of the granted stock options is RMB 27.73 per share.

According to the above incentive plan, on November 21, 2019, the registration of the first granted stock option was completed, the option abbreviated as "Nas JLC1", the option code "037838"; the grant date was October 31, 2019; the number of first grants was 48,533,000; The first exercise price of the granted stock options is RMB 27.73/ share.

② Employee equity incentives implemented by subsidiary Microelectronics

On December 6, 2018, Ninestar, Core Leader, Core and Hengtai, Microelectronics, Core Management, and Yan Xiaolang signed the "Investment Agreement", and the parties intend to launch the following transaction on the equity of Zhuhai Yingxin:

- 1) In order to achieve the incentives for the existing core employees of the target group, Microelectronics, Core Management and Yan Xiaolang intend to transfer part of their equity to Xinling ("Shuotian Equity Incentive");
- 2) After Shuotian's Equity Incentive is completed, Ninestar intends to acquire its equity in Zhuhai Yingxin from Core Management and Yan Xiaolang, in order to realize direct and indirect absolute holding of Zhuhai Yingxin, and eventually indirectly and absolutely controlled Hangzhou Shuotian ("Ninestar Acquisition");
- 3) After the completion of the acquisition of Ninestar, Ninestar and Microelectronics intend to provide equity incentives to the core employees of Microelectronics in the target group. To this end, Microelectronics intends to transfer part of its equity in Zhuhai Yingxin to Xinhe Hengtai.

In May 2019, Microelectronics, Core Management, Yan Xiaolang, Ninestar, Core Leader, Core and Hengtai signed the Supplementary Agreement on the Investment Agreement on Zhuhai Yingxin Technology Co., Ltd., which agreed on the original agreement. The main

body of the acquisition of the equity acquisition transaction was changed to Microelectronics.

As of December 31, 2020, all parties to the transaction have completed the second phase of the share repurchase transaction of the holding platform agreed in the Investment Agreement and its supplementary agreement. The changed equity structure of Zhuhai Yingxin is as follows:

Name of shareholders	Shareholding ratio(%)
Apex Microelectronics Co., Ltd.	94.00
Shangrao City Xinlingzhe Enterprise Management Partnership (Limited Partnership)	3.00
Zhuhai Xinhe Hengtai Enterprise Management Partnership (Limited Partnership)	3.00
Total	100.00

③ Stock option incentives implemented in 2020 (reserved to grant options)

On August 27, 2020, the company held the tenth meeting of the sixth board of directors. It reviewed and approved the "Proposal on Granting Stock Options to Incentive Objects Reserved for the 2019 Stock Option Incentive Plan", and agreed that the company would grant 9,799,300 stock options to 359 eligible incentive objects, with an exercise price of 37.77 yuan per share.

On September 17, 2020, the company has completed the registration of reserved grant of stock options, the abbreviation of the option is "Nasi JLC2", and the option code is "037875"; the date of grant is August 27, 2020; the number of grants is 9,799,300; the exercise price is 37.77 yuan per share.

2. Equity-settled Share-based payments

(1) The Method for determining fair value of equity instruments:

Item	Determination of fair value
Stock option incentives implemented in 2019 (options granted for the first time)	the Black Scholes option pricing model
Employee equity incentive in Microelectronics	According to the difference between the employee's share purchase cost price and the Microelectronics repurchase price, it is recognized as the incentive cost for employees
Stock option incentives implemented in 2020 (reserved to grant options)	the Black Scholes option pricing model

(2) A method for determining the best estimate of the quantity of feasible equity

instrument: On each balance sheet date of the waiting period, the Company provides the best estimate based on the latest available rights, follow-up changes in the number of exercisable employees and amend the estimated amount of equity instruments that can be exercisable. On the exercise date, the quantity of the exercisable equity instruments would be the actual exercisable amount.

(3) The reasons for this estimate to differ materially from those estimated in the previous period: none.

(4) The accumulated amount of the equity settled share-based payment that accounted to capital reserve: RMB 511,576,040.11yuan, including:

① Equity premium granted to restricted stock for the first time of 247,871,952.00 yuan;

② From 2016 to 2019, accumulatively recognized incentive expenses of 141,063,996.17 yuan and repurchase of lapsed stocks to offset equity premium of 4,864,729.33 yuan;

③ In 2020, an equity incentive fee of 125,200,074.66 yuan was confirmed, and a share premium of 2,304,746.61 yuan was increased due to the newly issued shares of the first granted option object

(5) Total amount calculated in equity settlement: RMB125,200,074.66 yuan.

(6)

3. Cash-settled share-based payment

There is no payment of shares in cash settlement in 2020.

4. The Amendment and Termination of The Share-based Payment

During the reporting period, there was no amendment or termination of share based payment.

XII. COMMITMENT AND CONTINGENT EVENT

1. Significant Commitment

(1) Important commitments on balance sheet date

① Lexmark International is expected to restore the lease plant to initial state cost RMB 59,631,829.08, the fee will be included in the accrued liabilities in the waiting period until the due date.

② According to an irrevocable contract for operating lease (The lease term or the remaining lease term is more than one year), as of December 31, 2020, the relevant future minimum lease payments are shown below:

remaining lease term	minimum lease payments(unit: million yuan)		
	USD	GBP	RMB
Within 1 year (including 1 year)	13.87	0.36	14.39
1 to 2 years (including 2 years)	10.02	0.36	5.94

remaining lease term	minimum lease payments(unit: million yuan)		
2 to 3 years (including 3 years)	8.08	0.36	4.91
3 to 4 years (including 4 years)	5.84	0.09	4.04
4 to 5 years (including 5 years)	4.62		4.04
More than 5 years	6.62		1.35
Total	49.05	1.17	34.67

2. Contingent Event

Notes: the following only discloses the Company's main litigation and guarantee matters as of the balance sheet date.

(1) The situation of external guarantee

Details of the guarantee provided by the Company and its subsidiaries during the reporting period see the notes “X.5”.

(2) Significant contingent event

① Oklahoma Firefighters Pension and Retirement System prosecute Lexmark International

On July 20, 2017, the Oklahoma Firefighters Pension and Retirement System (hereinafter referred to as “plaintiff”) filed a class action lawsuit against the Company and related former management personnel (collectively referred to as “defendants”) in the United States District Court New York Southern District Court. The plaintiff stated that from August 1, 2014 to July 20, 2015, the defendant made false and misleading statements which caused the share price of Lexmark International to fall.

On May 8, 2020, the company submitted a settlement agreement to the court. On June 17, 2020, the court initially approved the settlement plan. On December 16, 2020, the hearing approved a \$12 million settlement. On January 7, 2021, the judge approved the settlement agreement.

As of the reporting date of this report, the case has been concluded.

② Consumer Rebate Escheat Audit

Kelmar initiated a second audit on behalf of Delaware and the other five states to examine the possible escheatment of uncashed rebate checks issued by Young America Corporation on behalf of Lexmark International. Currently, Lexmark International received notices from twenty-three states indicating that they had engaged the Conduent Unclaimed Property Warehouse (“Conduent”) for the purpose of auditing Lexmark International’s compliance with unclaimed property laws in connection with its consumer rebate activities.

Lexmark International’s analysis showed a potential liability of about USD 3.3 million in uncashed rebate checks issued by Young America on behalf of Lexmark International. As with the general ledger audit, Lexmark’s position is that it has no unclaimed property liability arising from uncashed rebate checks. Based on our review of the demands and our records, our potential liability would be around \$3.7 million without penalties or interest. At a likely settlement amount of 80% of this claim, we have accrued the amount of \$3 million.

As of the date of this report, Lexmark International has reached a settlement with the disputed states.

③ Prokuron Solutions Inc

In November 2018, Prokuron Solutions Inc (a Canadian distributor) sued for Lexmark International and Sobey's, Inc. (a Canadian chain store) breaching contract in Ontario provincial court of Canada. Prokuron Solutions Inc claims for damage of around 120 million dollars in total.

Lexmark International has notified their insurance companies to cooperate with them to respond the lawsuit actively.

As of the date of this report, the lawsuit is still in progress. No substantial impact on the Company so far.

⑤ GFP Corporation

In June 2017, GFP Corporation, an Italian distributor of Lexmark International, sued for Lexmark Italian breaching the contract and claimed for the damage of 1.22 million Eurodollar.

Lexmark International launched counterclaim and claimed for damage of 1.41 million Eurodollar.

On December 6th, 2018, the chief Judge postponed this lawsuit until May 2019 to hear.

The case has been heard in December 2020, and it is expected that the case will be closed in March 2021 and a ruling will be made thereafter.

In March 2021, due to the absence of the other party in court, the next court hearing is expected to be on January 25, 2022.

(3) Restricted assets

At the end of the reporting period, please refer to note "V.62" for the restricted assets and relevant notes.

XIII. SUBSEQUENT EVENT

1. Significant Unadjusted Event

(1) Important subsidiaries introduce strategic investors

Passed by the resolution of the company's sixth extraordinary general meeting of shareholders held on December 23, 2020, according to the resolutions of the shareholders' meeting held in January 2021 and the amended articles of association of Microelectronics, the company intends to transfer part of its shares in Microelectronics to four new shareholders, including Tianjin Puluohuajin equity investment fund partnership (limited partnership). On January 12, 2021, the industrial and commercial changes in the above equity transactions were approved by the Xiangzhou District Market Supervision and Administration Bureau of

Zhuhai City (Notice of Industrial and Commercial Approval Change Registration: Yuezhu Hebian Tong Neizi (2021) No. 44040012100001249). After the change, the equity structure of Microelectronics is as follows:

Name of shareholder	Subscribed registered capital	Shareholding ratio
Ninestar Corporation	68,615,310.00	83.159%
National Integrated Circuit Industry Investment Fund Phase II Co., Ltd.	6,514,112.00	7.895%
Shanghai Xinyin Haisi Investment Management Co., Ltd.	1,737,096.00	2.105%
Zhuhai Gree Financial Investment Management Co., Ltd.	1,519,959.00	1.842%
Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership)	651,411.00	0.790%
Three Gorges Jinshi (Wuhan) Equity Investment Fund Partnership (Limited Partnership)	434,274.00	0.526%
Beijing Yitang Changhou Display Chip Venture Capital Center (Limited Partnership)	434,274.00	0.526%
Zhuhai Hengqin Golden Investment Venture Capital Fund Partnership (Limited Partnership)	217,137.00	0.263%
Jiangsu Jiuquan Junhai Rongxin Investment Partnership (Limited Partnership)	130,282.00	0.158%
Nanjing Zhizhao No. 2 Equity Investment Partnership Enterprise (Limited Partnership)	86,855.00	0.105%
Tianjin Prohuajin Equity Investment Fund Partnership (Limited Partnership)	1,954,234.00	2.368%
Zhuhai Jinqiao Jixin Equity Investment Partnership (Limited Partnership)	108,569.00	0.132%
Hangzhou Jinyi Maibang Investment Partnership (Limited Partnership)	86,855.00	0.105%
Hangzhou Hualuxin Equity Investment Partnership (Limited Partnership)	21,714.00	0.026%
Total	82,512,082.00	100.000%

(2) Provide guarantee lines for subsidiaries

Passed by the company's second extraordinary general meeting of shareholders of 2021 on April 7, 2020, it was agreed that the company would provide a bank credit guarantee line of no more than 300 million yuan for its wholly-owned subsidiary, Ninestar Image Tech Limited (including loans and issuance of letters of credit, bank acceptance drafts, letters of guarantee, guarantees for foreign loans under

domestic guarantees, etc.), the validity period of the guarantee line is valid within 12 months from the date of approval by the general meeting of shareholders. The specific guarantee terms shall be negotiated and determined by the relevant parties when the actual guarantee business occurs. And authorized the company's management to be responsible for the specific implementation of the guarantee and to sign the agreement and documents related to this guarantee.

Passed by the company's second extraordinary general meeting of shareholders of 2021 on April 7, 2020, it was agreed that the company's subsidiary Apex Microelectronics would provide its wholly-owned subsidiary Jihai Semiconductor with a credit guarantee line of no more than 150 million yuan. The guarantee limit and the validity period of the authorization are valid within 12 months from the date of approval by the general meeting of shareholders. The specific guarantee clauses shall be negotiated and determined by the relevant parties when the actual guarantee business occurs.

(3) Signing supplementary loan agreement with controlling shareholder

Passed by the resolution of the second extraordinary general meeting of shareholders in 2021 held on April 7, 2020, it is agreed that the company will sign the second supplementary agreement to the loan agreement (hereinafter referred to as the "The supplementary agreement") with Seine Technology, the controlling shareholder, according to the actual situation. The main contents of this supplementary agreement include:

①The loan period stipulated in Article 2.1 of the "*Loan Agreement*" and Article 1 of the "*Supplementary Agreement to the Loan Agreement*" is amended to: Both parties agree that the loan period is from the date of actual borrowing to March 31, 2024.

②The borrowing interest rate stipulated in Article 4.1 of the "*Loan Agreement*" is amended to: Both parties agree that from the date of actual borrowing to December 31, 2020, the borrowing interest rate and financing service fee lent by Party A to Party B shall be calculated in accordance with the original agreement; Starting from January 1, 2021, the borrowing interest rate of Party A to Party B will be calculated based on the actual borrowing time and the benchmark interest rate of RMB loan for the same period, with no financing service fees.

③This agreement is a supplement to the "*Loan Agreement*" and the

"Supplementary Agreement to the Loan Agreement" and has the same legal effect as the *"Loan Agreement"* and the *"Supplementary Agreement to the Loan Agreement"*. This agreement is the same as the *"Loan Agreement"* and the *"Supplement to the Loan Agreement"* For inconsistencies in the agreement, this agreement shall prevail, and matters not covered in this agreement shall be implemented in accordance with the *"loan agreement"*.

(4) Intended to lease land use rights to Pantum Electronics

The 15th meeting of the sixth board of directors of the company held on February 9, 2021, approved the company's subsidiary Ninestar Printing and Pantum Electronics to sign the *"State-owned Land Use Right Lease Contract"*, which is proposed to lease 57,043.37 square meters of industrial land on the east side of Gaolan Port Expressway and the north side of Shengping Avenue in Pingsha Town, Zhuhai City to Pantum Electronics for the construction of high-performance and high-security series laser printer R&D and industrialization projects. The land use right rent is 0.12 yuan per square meter per day, the total lease fee is 2,498,500 yuan per year, and the lease term is 20 years, from July 1, 2021 to June 30, 2041. The total contract amount is approximately 49.97 million yuan.

(5) Use idle raised funds for cash management

Passed by the company's second 2021 Extraordinary General Meeting of Shareholders on April 7, 2020, in order to improve the efficiency of the use of raised funds, while ensuring that it does not affect the construction of raised funds and the use of raised funds, it is agreed that the company plans to use temporarily idle raised funds with a maximum amount not exceeding RMB 400 million for cash management, and timely purchase of high security, good liquidity, and short-term principal-guaranteed bank wealth management products.

(6) Use idle raised funds to temporarily supplement the flow

The fifteenth meeting of the sixth board of directors of the company held on February 9, 2021, approved the company to raise funds to invest in the project *"intelligent production transformation project"* as of December 31, 2020, all idle raised funds of 477.7159 million yuan (Including financial income and interest income in the account) used to temporarily supplement the company's liquidity.

The use period shall not exceed 12 months from the date of review and approval at the fifteenth meeting of the sixth board of directors of the company, and will be returned to the special account for raised funds after expiration.

2. Profit Distribution

In current period, the Company gained the net profit of RMB 87,944,296.65 and the net profit contributed to the parent company was RMB 299,866,817.15

According to *Company Law* and *the Articles Of Association, Guidelines for standardized operation of Listed Companies in Shenzhen Stock Exchange* after abstract 10% of year 2020 net profit to legal capital reserve RMB 29,986,681.72, and add the beginning retain earning of RMB1,359,842,126.75 and deduct company's cash dividend RMB 102,095,099.90, and the profit that could be distributed to the shareholders in this year is RMB 1,527,627,162.28.

According to the resolution of the sixteen meeting of the sixth session of Board of directors of the Company on April 26, 2021, the Company's 2020 profit distribution plan is proposed to use the total share capital on the equity registration date determined by the implementation of the 2020 profit distribution plan as the base, and distribute cash dividends of 1.2 yuan (including tax) for every 10 shares of all shareholders. The capital reserve is not transferring to share capital in 2020.

The above profit distribution plan is still waiting for submitting to company's 2020 annual general meeting.

3. Sales Return

After the balance sheet date, there is no significant sales return.

4. Assets and disposal groups held for sale

After the balance sheet date, there is no assets and disposal groups held for sale.

XIV. OTHER SIGNIFICANT EVENT

1. Retrospectively Adjustment

No retrospectively adjustment in current year.

2. Liability Restructuring

No liability restructuring in current year.

3. Asset Exchange

No non-monetary asset exchange in current year.

4. Discontinued Operation

No discontinued operations in current year.

5. Others

(1) Sign “Shareholder Agreement”

On October 11, 2016, the Company further developed “Shareholder Agreement” by discussing about the rights, obligations, responsibilities among shareholders, which also based on the previous announced Joint Investment Agreement when the Company signed for significant asset purchase. In November 7, 2016, the Company and PAG, Shuoda and Ninestar Holdings Company Limited (referred as "Joint venture" or "Consortium") signed the Shareholder Agreement. The “Shareholder Agreement” mainly stated the joint venture's rights, obligations, liabilities and other related matters in the joint venture company: Information rights, the management of the board of directors and target group of the joint venture company, the approval items of the shareholders, the issue of new shares and priorities, the transfer of shares and restrictions, the termination of the agreement, jurisdiction, law and dispute resolution, etc. In addition, the shareholders agreement defines the following: ① After three full financial years from the completion of the purchase of the major assets, PAG and Shuoda investment has the right to require the Company to purchase all or part of its holdings of equity joint venture. The Company will try best to cooperate with the valuation firm to value on target with no less than 13 times of normalized predict net profit, and 10 times of normalized EBITDA, whichever is larger. However, the Company is unable to ensure that the valuation is not less than the higher value under all circumstance. During three completed financial years and six years after significant asset acquisition, if Company cannot successfully acquire shares of PAG and Shuoda investment under instruction of them, within 9 months, PAG investment and Shuoda investment have the right to ask Company to repurchase their shares in proportion of their paid-in capital plus 10% of all the loans provided to the Company. ② If PAG chooses to accept the shares of the Company as the method of the shares sold, according to the requirements of relevant laws and regulations of listed companies, the share price of non-public shares by listed companies must be no less than ninety percent of the average benchmark price before the twenty trading days. The pricing base date is the announcement date of the Board of Directors meeting. ③ Because of the Company against the requirement in the shareholder agreement, the Company failed to fulfill its obligations of acquiring shares sold by joint investors in a timely manner, which would against the right of sale. ④ When the PAG or Shuoda sell shares of the joint venture, the Company enjoys the right of preemption.

(2) Important subsidiaries introduce strategic investors

Passed by the resolution of the company’s sixth extraordinary general meeting of shareholders held on December 23, 2020, and in accordance with the resolution of the shareholders’ meeting of the subsidiary Microelectronics on December 23, 2020 and the revised articles of association, Microelectronics applied for an additional registered capital of RMB 8,685,482.00, respectively by the National Integrated Circuit Industry Investment Fund Phase II Co., Ltd., Zhuhai Gree Financial Investment Management Co., Ltd., Three Gorges Jinshi (Wuhan) Equity Investment Fund Partnership (Limited Partnership), Zhuhai Hengqin Investment Venture Capital Fund Partnership (Limited Partnership)(hereinafter referred to as "new shareholders") paid in full before December 31, 2020.

At the same time, the company transferred part of the equity held in Microelectronics to Shanghai Xinyin Haisi Investment Management Co., Ltd., Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership), Beijing Yitang Changhou Display Chip Venture Capital Center (Limited Partnership), Jiangsu Jiuquan Junhai Rongxin Investment Partnership (Limited Partnership), Nanjing Zhizhao No.2 Equity Investment Partnership (Limited Partnership). According to industry and commerce information, as of December 28, 2020, the above capital increase and equity transfer transactions have completed the procedures for industry and commerce change registration. After the change, the shareholder information of Microelectronics is as follows:

Name of shareholders	Subscribed registered capital	Shareholding ratio
Ninestar Corporation	70,786,682.00	85.790%
National Integrated Circuit Industry Investment Fund Phase II Co., Ltd.	6,514,112.00	7.895%
Shanghai Xinyin Haisi Investment Management Co., Ltd.	1,737,096.00	2.105%
Zhuhai Gree Financial Investment Management Co., Ltd.	1,519,959.00	1.842%
Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership)	651,411.00	0.790%
Three Gorges Jinshi (Wuhan) Equity Investment Fund Partnership (Limited Partnership)	434,274.00	0.526%
Beijing Yitang Changhou Display Chip Venture Capital Center (Limited Partnership)	434,274.00	0.526%
Zhuhai Hengqin Golden Investment Venture Capital Fund Partnership (Limited Partnership)	217,137.00	0.263%
Jiangsu Jiuquan Junhai Rongxin Investment Partnership (Limited Partnership)	130,282.00	0.158%
Nanjing Zhizhao No. 2 Equity Investment Partnership Enterprise (Limited Partnership)	86,855.00	0.105%
Total	82,512,082.00	100.000%

(3) Proposed to issue shares to purchase 100% equity of Pantum Electronics

On July 21, 2020, the company and Pantum Electronics' major shareholders (as Party B, including one of the shareholders: Wang Dongying, the second shareholder: Zeng Yangyun, the third shareholder: Li Dongfei, the fourth shareholder: Lu Rusong, the fifth shareholder: Yan Wei) signed the "Reorganization Framework Agreement." According to the "Restructuring Framework Agreement", the overall plan for this transaction includes: (1) Issuing shares and paying cash to purchase assets; (2) Raising matching funds.

Among them, the main content of the plan of issuing shares and paying cash to purchase assets is: The company purchases 100% of Pantum's equity held by all Pantum's shareholders by issuing shares and paying cash to all Pantum's shareholders, including Party B. Party B agrees and promises to actively facilitate Pantum Electronics shareholders to transfer 100% of Pantum Electronics' equity held by them to the listed company in the aforementioned manner. After the completion of this transaction, the company will hold 100% equity of Pantum Electronics.

On February 9, 2021, the company held the fifteenth meeting of the sixth board of directors and reviewed and approved the relevant proposals for this transaction.

On April 7, 2021, the company held the second extraordinary general meeting of shareholders in 2021 and reviewed and approved the relevant proposals for this transaction.

As of the reporting date of this report, the transaction is continuing to advance.

(4) Subsidiary signs loan mortgage terms

On July 30, 2020, the subsidiary Ninestar Printing and the syndicate (China Construction Bank, Bank of China, Agricultural Bank of China, Industry and Commercial Bank of China) signed the "Ninestar Printing Technology Industrial Park Phase I RMB 2,300,000,000.00 Fixed Asset Loan Contract". According to the contract, Ninestar Printing needs to mortgage the plant property to the syndicate under the contract within three months after the completion of the first phase of the Ninestar Printing Technology Industrial Park project and the property rights certificate, and it shall not be double mortgaged to a third party.

As of the date of issuance of this report, the Ninestar Printing Technology Industrial Park Phase I project is under construction and has not yet been completed.

(5) The Business Trusteeship of Pantum Electronic

① Transaction background and approval procedure

According to the The business trusteeship of Pantum Electronic and related party transactions which passed by fifth Extraordinary General Meeting of 2017 was held by the Company in December 28, 2017, to solve the problem of the same industry competition between the Company and Pantum Electronic Co., Ltd (hereinafter referred to as "Pantum Electronic" or "target company"), integrating the resources of printers production and distribution, the Company (as the "trustee" of the transaction) intends to sign the trusteeship agreement with the shareholders of Pantum Electronic (as the "consignor" of the transaction), and management the Pantum Electronic.

In view of the fact that the original "trusteeship agreement" will expire on December 28, 2020, after the company's sixth extraordinary general meeting of shareholders held on December 23, 2020, it was approved by the company and the entrusting party to sign a new "trusteeship agreement".

② The term of the transaction

The trusteeship period is from 2017.12.29 to the day when the target company becomes a wholly-owned subsidiary of the trustee.

③ The amount of the transaction

The consignor shall pay the trustee RMB 500 thousand per year for management expenses, the expenses should pay for annual, less than one year, the trusteeship fee is calculated according to the proportion of actual trusteeship.

At the same time, in order to promote the enthusiasm of the trustee in managing the target company, the consignor agrees to pay the bonus to the trustee in the term of the transaction, the bonus is calculated as follow: Current bonus equal to the profit after tax of the target company * 5%.

④ The impact on the financial statements of the Company

The company will accept the management of the Pantum Electronic based on this agreement, and charges the trustee fee; all profits, losses, liabilities and legal responsibility arising from Pantum Electronic are enjoyed or undertook to Pantum Electronic and/or consignor base on the legal regulations and articles of corporation, this trusteeship will not relate transfer of equity of Pantum Electronic, and it will not take Pantum Electronic into the combined statements of Ninestar.

The amount of trustee fee income confirmed this year is 16,503,209.13 yuan.

(2) Investment- Gaolan Port Investment Project

On April 21, 2018, the Company signed the *Laser Printer Hi-Tech Equipment & Intelligent Manufacturing Industrial Park Investment Agreement* and related supplemental agreements with the Zhuhai Gaolan Port Economic Zone Administrative Committee. The Company planned to invest RMB 9 billion in the investment cycle of 8 years.

The investment projects have been approved by the fifth meeting of the twenty-first session of Board of Directors on April 19, 2018, and by the shareholders on the 2018 Extraordinary General Meeting on May 8, 2018.

As of the date of this report, the investment project is in progress.

(3) Share Changes of Controlling Shareholders

In 2020, according to the agreement between Seine Technology and the equity interest contract creditor, Seine Technology completed the sale of part of its shares held by the Company.

As of December 31, 2020, the Company shares still held by Seine Technology accounted for 38.16% of the Company's total share capital and Seine Technology remained the Company's controlling shareholder.

(4) The Profit Commitment and Compensation for Zhuhai Yingxin Technology Co., Ltd.

① Equity transaction

On December 6, 2018, Zhuhai Apex Microelectronics Co., Ltd, Yugan County Xinsi Business management consulting partnership (LP) (“Xinsi Management”), Xiaolang Yan (Xiaolang Yan & Xinsi Management hereinafter refer to as “Promisee”, Ninestar Corporation, Shangrao City XinlingZe Business management consulting partnership (LP), Zhuhai Xinhehengtai Business management consulting partnership (LP) signed *Investment Agreement For Zhuhai Zhuhai Yingxin Technology Co., Ltd*, which arrange the

parties to conduct equity trading of Zhuhai Zhuhai Yingxin Technology Co., Ltd(hereinafter refer to as “Target Group).

② Profit commitment and compensation

According to the *Investment Agreement*, the Promisee made commitment to the Target Group that the net profit after deducting non-recurring gain and losses (but not deduct share payment fee within the commitment performance period) not less than RMB 48.74 million, 54.83 million, and 62.75 million respectively (hereinafter referred to as “Committed Net profit amount, the sum of net profit commitment for three years hereinafter referred to as the “Total Committed net profit amount”) in 2018,2019 and 2020(hereinafter referred to as “Committed performance period”).c

If the target group fails to achieve the committed net profit amount mentioned above in the committed performance period and the actual net profit is no less than 80% (including 80%)of the number of committed net profit amount, the promisor does not need to compensate for the unrealized net profit of the current year, but compensate the cumulative amount at the end of the committed performance period, namely in compensating Ninestar within 60 days after the the accounting firm with securities business qualification hired by Ninestar issues the Special Audit report on the difference between the Company’s annual net profit and the committed Net profit amount.

③ The realization of the committed net profit.

During the commitment period, the realization of Target Group’s net profit commitments is as follows:

Year	The situation of net profit commitment(in ten thousands RMB)			
	Realization Amount	Commitment Amount	Realization Amount subtract Commitment Amount	The Rate of Realization
2018	5,390.02	4,874.00	516.02	110.59%
2019	5,708.02	5,483.00	225.02	104.10%
2020	6,186.43	6,275.00	-88.57	98.59%
Total	17,284.47	16,632.00	652.47	103.92%

Notes: During the commitment period, the net profit commitment amount of the target group was audited by BDO CHINA SHU LUN PAN Certified Public Accountants LLP with issuing special audit report.

④ Compensation and related accounting treatment.

Within the commitment period, the target group's net profit commitments for the year have been completed.In accordance with the *The Share Transfer Agreement*, this period does not involve the original shareholders' cash compensation for Ninestar.

(5) Notes of Financial Statements Do Not Disclose the Top Five Information

In accordance with the restrictions of the National security agreement (referred to US national security agreement) signed by the Company, its subsidiaries and the Foreign

Investment Committee of the United States (CFIUS), the Company shall not disclose Lexmark International's customers, suppliers' list and relevant financial data. Therefore, the Company has not yet disclosed the balance of the top five accounts receivable and the balance of prepaid balances in this financial report.

XV. NOTES TO PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounts Receivable

(1) Disclosure by aging analysis method

Aging	Ending Balance	Opening Balance
Less than 1 year (including 1year)	918,066,631.46	916,345,551.29
1 to 2 years(including 2 years)	26,384,374.25	33,672.27
2 to 3 years(including 3 years)	14,080.00	28,800.00
3 to 4 years(including 4 years)		
4 to 5 years(including 5 years)		
More than 5 years		
Subtotal	944,465,085.71	916,408,023.56
Less: provision for bad debts	3,275,917.64	2,004,482.46
Total	941,189,168.07	914,403,541.10

(2) Classified disclosure according to bad debt accrual method

Categories	Ending Balance					Opening balance				
	Balance		Provision for bad debt		Net book value	Balance		Provision for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single item										
Provision for bad debts by combination	944,465,085.71	100.00	3,275,917.64	0.35	941,189,168.07	916,408,023.56	100.00	2,004,482.46	0.22	914,403,541.10
Including:										
Aging group	62,938,360.75	6.66	3,275,917.64	5.20	59,662,443.11	39,662,087.96	4.33	2,004,482.46	5.05	37,657,605.50
Combination of related Parties	881,526,724.96	93.34			881,526,724.96	876,745,935.60	95.67			876,745,935.60
Total	944,465,085.71	100.00	3,275,917.64	0.35	941,189,168.07	916,408,023.56	100.00	2,004,482.46	0.22	914,403,541.10

Provision for bad debts by groups:

Name	Ending Balance		
	Accounts receivable	Provision for bad debts	Provision percentage (%)
Aging group	62,938,360.75	3,275,917.64	5.20
Combination of related Parties	881,526,724.96		
Total	944,465,085.71	3,275,917.64	0.35

(3) Provision for bad debts accrued, regain or switch back in the current period

category	Ending Balance of prior year	Opening balance	Changes in current period				Ending Balance
			accrued	switch back	switch -down/switch off	Others	
Provision for bad debts by single item							
Provision for bad debts by combination	2,004,482.46	2,004,482.46	1,341,359.37		69,924.19		3,275,917.64
Total	2,004,482.46	2,004,482.46	1,341,359.37		69,924.19		3,275,917.64

(4) Accounts receivable being written-off during the current period

Item	Write-off amount
Actual written-off accounts receivable	69,924.19

(5) Top 5 amount of accounts receivable

Name	Ending Balance		
	accounts receivable	Percentage of total accounts receivable (%)	provision for bad debts
Ninestar Image Tech Limited	718,492,965.60	76.07	
Ninestar Image (Malaysia) Sdn Bhd	91,787,370.62	9.72	
Ninestar Printing Technology Co., Ltd.	25,893,719.85	2.74	
Zhuhai Ninestar Zhishu Electronic	25,887,090.26	2.74	

Name	Ending Balance		
	accounts receivable	Percentage of total accounts receivable (%)	provision for bad debts
Commerce Company Limited			
Zhuhai Pantum Electronic Limited	21,049,115.87	2.23	1,052,455.79
Total	883,110,262.20	93.50	1,052,455.79

(6) Terminate to recognize account receivable due to financial asset transfer

There is no situation for terminating to recognize account receivable due to financial asset transfer in 2020.

(7) Transfer of receivables and assets, liabilities by continuing involvement

There are no transfer of receivables and assets, liabilities by continuing involvement in 2020.

2. Other receivables

Item	Ending Balance	Opening balance
Interest Receivable		
Dividend Receivable	10,490,087.00	
Other Receivables	1,268,280,793.88	1,185,493,734.18
Total	1,278,770,880.88	1,185,493,734.18

(1) Dividend Receivable

①Details

Item(Or invested entities)	Ending Balance	Opening balance
Cinvi Technology Co., Limited	436,457.00	
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd	10,053,630.00	
Subtotal	10,490,087.00	
Less: provision for bad debts		
Total	10,490,087.00	

(2) Other receivables

①Disclosure by aging analysis method

Aging	Ending Balance	Opening balance
Less than 1 year(including 1 year)	247,396,852.59	136,108,973.46

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Aging	Ending Balance	Opening balance
1 to 2 years(including 2 years)	110,922,186.64	5,298,156.77
2 to 3 years(including 3 years)	192,836.30	1,044,365,312.80
3 to 4 years(including 4 years)	911,558,114.83	100,000.00
4 to 5 years(including 5 years)	100,000.00	340,000.00
More than 5 years	352,000.00	12,000.00
Subtotal	1,270,521,990.36	1,186,224,443.03
Less: provision for bad debts	2,241,196.48	730,708.85
Total	1,268,280,793.88	1,185,493,734.18

②Classified disclosure according to bad debt accrual method

Categories	Ending Balance					Opening balance				
	Balance		Provision for bad debt		Net book value	Balance		Provision for bad debt		Net book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single item										
Provision for bad debts by combination	1,270,521,990.36	100.00	2,241,196.48	0.18	1,268,280,793.88	1,186,224,443.03	100.00	730,708.85	0.06	1,185,493,734.18
Including:										
Aging group	29,139,469.78	2.29	2,241,196.48	7.69	26,898,273.30	4,384,960.71	0.37	730,708.85	16.66	3,654,251.86
Combination of related Parties	1,241,382,520.58	97.71			1,241,382,520.58	1,181,839,482.32	99.63			1,181,839,482.32
Total	1,270,521,990.36	100.00	2,241,196.48	0.18	1,268,280,793.88	1,186,224,443.03	100.00	730,708.85	0.06	1,185,493,734.18

Provision for bad debts by groups:

Name	Ending Balance		
	Other receivables	Provision for bad debt	Percentage (%)
Aging group	29,139,469.78	2,241,196.48	7.69
Combination of related Parties	1,241,382,520.58		
Total	1,270,521,990.36	2,241,196.48	0.18

③ Provision for bad debts

Provision for bad debts	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening balance	730,708.85			730,708.85
Opening balance in current period				
--Enter into phase II				
--Enter into phase III				
--Return to phase II				
--Return to phase I				
Accrued	2,241,196.48			2,241,196.48
Switch back	730,708.85			730,708.85
Written-down				
Written-off				
Other changes				
Ending Balance	2,241,196.48			2,241,196.48

④ Provision for bad debts accrued, regain or switch back in the current period

Categories	Opening balance	Changes in current period			Ending Balance
		accrued	switch back	switch -down/switch off	
Provision for bad debts by single item					
Provision for bad debts	730,708.85	2,241,196.48	730,708.85		2,241,196.48

Categories	Opening balance	Changes in current period			Ending Balance
		accrued	switch back	switch -down/switch off	
by combination					
Total	730,708.85	2,241,196.48	730,708.85		2,241,196.48

- ⑤ Other receivable being written-off during the current period
There is no provision written-off in 2020.

- ⑥ Classification of other receivables by nature of payments

Items	Ending Balance	Opening Balance
Consolidation of related parties	1,241,382,520.58	1,181,839,482.32
Employee reserve / employee loan	1,543,117.54	1,133,000.09
Employee reserve / employee loan	4,168,349.74	2,320,112.94
Personal social security, personal accumulation fund	1,001,559.37	931,687.68
other receivables	22,426,443.13	160.00
Total	1,270,521,990.36	1,186,224,443.03

⑦Top 5 amount of other receivable

Company name	Nature	Ending Balance	Aging	Percentage of total balance (%)	Provision for bad debts
Ninestar Group Company Limited	Current payments	847,564,094.83	3-4 year	66.71	
Ninestar Printing Technology Co., Ltd.	Current payments	178,220,000.00	Within 1 year	14.03	
Zhuhai Ninestar Information Technology Limited Company	Current payments	150,000,000.00	Within 1 year: 40 million, 1-2year: 110 million	11.81	
Ninestar Image Tech Limited	Current payments and pre-paid fee	65,598,425.75	Within 1 year: 1,654,405.75; 3-4 year: 63,944,020.00	5.16	

Company name	Nature	Ending Balance	Aging	Percentage of total balance (%)	Provision for bad debts
Zhuhai Eject Technology Co., Ltd.	Stock purchase deposit	20,000,000.00	Within 1 year	1.57	1,000,000.00
Total		1,261,382,520.58		99.28	1,000,000.00

⑧ Other receivables involving government subsidies

There is no other receivables involving government subsidies during the reporting period,.

⑨ Other receivables are offset due to transferring of financial asset

There are no other receivables offset due to transferring of financial asset in 2020.

⑩ Transfer of other receivables and assets, liabilities by continuing involvement

There are no transfer of other receivables and assets, liabilities by continuing involvement.

3. Long-Term Investment

Item	Ending Balance			Opening balance		
	Book value	Provision for impairment	Net book value	Book value	Provision for impairment	Net book value
Investment in subsidiaries	8,361,242,220.83	17,450,922.15	8,343,791,298.68	8,147,177,493.68	17,450,922.15	8,129,726,571.53
Investment in joint ventures and associations	4,684,984.17		4,684,984.17	3,170,356.84		3,170,356.84
Total	8,365,927,205.00	17,450,922.15	8,348,476,282.85	8,150,347,850.52	17,450,922.15	8,132,896,928.37

(1) Investment in subsidiaries

Name of investee	Opening balance	Increase	Decrease	Ending Balance	Accrual impairment in 2020	The balance of accrual impairment in 2020
Apex Microelectronics Co., Ltd.	3,340,956,362.47		137,580,583.00	3,203,375,779.47		
Zhuhai G&G Digital Technology Co., Ltd	20,000,001.00			20,000,001.00		16,540,702.15
Ninestar Image Tech Limited	34,245,220.00			34,245,220.00		910,220.00
Seine (Holland) B.V.	441,108.31			441,108.31		
Ninestar Technology Company Ltd	21,300,800.00			21,300,800.00		
Zhuhai Ninestar Zhishu Electronic Commerce Company Limited	6,153,900.00			6,153,900.00		
Zhuhai Ninestar Enterprise Management Limited	11,248,717.03			11,248,717.03		
Static Control Holdings Limited	8,244.20			8,244.20		

Name of investee	Opening balance	Increase	Decrease	Ending Balance	Accrual impairment in 2020	The balance of accrual impairment in 2020
Zhuhai SCC Fine Chemical Company Limited	10,000,000.00			10,000,000.00		
Ninestar Holdings Company Limited	3,212,579,140.67			3,212,579,140.67		
Zhuhai Lianxin Investment Limited	1,000,000.00			1,000,000.00		
Topjet Technology Co., Ltd	222,360,000.00			222,360,000.00		
Cinvi Technology Co., Limited	204,000,000.00	208,638,446.60		412,638,446.60		
Zhuhai National Resources & Jingjie Printing Technology Co., Ltd	130,050,000.00	133,006,863.55		263,056,863.55		
Ninestar Electronic Company Limited	32,834,000.00			32,834,000.00		
Ninestar Printing Technology Co., Ltd.	800,000,000.00			800,000,000.00		
Zhuhai Ninestar Information Technology Limited Company	100,000,000.00			100,000,000.00		
Zhuhai Ninestar Lehmann Technology Co., Ltd		10,000,000.00		10,000,000.00		
Total	8,147,177,493.68	351,645,310.15	137,580,583.00	8,361,242,220.83		17,450,922.15

(2) Investment in joint ventures and associations

Name of investee	Opening balance	Changes in current period								Ending Balance	Ending balance of provision for impairmentEnding Balance
		Increase	Decrease	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other interest changes	Declared cash dividends or profits	Accrued provision for impairment	Others		
1. Joint venture											
2. Associate											
Huai'an Xinzhan Polymer Technology Co., Ltd	3,170,356.84			1,514,627.33						4,684,984.17	
Subtotal	3,170,356.84			1,514,627.33						4,684,984.17	
Total	3,170,356.84			1,514,627.33						4,684,984.17	

4. Operating revenue & operating cost

(1) Details

Item	Year 2020		Year 2019	
	Operating income	Operating cost	Operating income	Operating cost
Main business	2,191,150,098.37	1,711,544,378.34	2,266,636,201.77	1,793,783,581.73
Other business	222,921,153.40	190,586,765.91	146,101,431.00	120,330,253.68
Total	2,414,071,251.77	1,902,131,144.25	2,412,737,632.77	1,914,113,835.41

The details of operating income:

Item	Year 2020	Year 2019
Operating income from main business	2,191,150,098.37	2,266,636,201.77
Include: Sale of goods	2,191,150,098.37	2,266,636,201.77
Other business income	222,921,153.40	146,101,431.00
Include: Sale of material	208,298,511.89	125,220,846.52
Rendering of service and others	14,622,641.51	20,880,584.48
Total	2,414,071,251.77	2,412,737,632.77

5. Investment income

Item	Year 2020	Year 2019
Long-term equity investment income calculated by cost method	10,490,087.00	300,000,000.00
Long-term equity investment income calculated by equity method	1,514,627.33	-274,293.16
Investment income from disposal of long-term equity investments	562,419,417.00	
Investment income from disposal of trading financial assets	-4,980,562.31	-8,811,400.00
Investment income obtained from entrusting bank wealth management	1,242,379.79	
Total	570,685,948.81	290,914,306.84

XVI. SUPPLEMENT INFORMATION

1. Details of non-recurring gain and loss in 2020

Item	Amount	Description
Non-current assets disposal gains and losses (including equity disposal)	-26,941,099.80	

Ninestar Corporation and Subsidiaries
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Item	Amount	Description
Tax refund and relief from override approved or approved with no formal document		
Government subsidy recognized in current profit or loss (excluding the subsidy with fixed amount or quantity related closely to company operation)	90,931,518.51	
Gain or loss from fund occupying fees charged to non-financial enterprise		
Bargain gain from consideration lower than investee's identifiable net asset when enterprise is acquiring subsidiaries, associate and joint venture	-205,933.19	
Gain or loss from non-monetary asset transaction		
Gain or loss from entrusted investment and management of asset	7,443,000.41	
Accrued impairment for provision due to force major and natural disaster		
Gain or loss from liability restructure		
Enterprise restructure charge, including employee's settlement expense and integration expense	-198,791,758.93	Expenses accrued for the implementation of the dismissal plan in the current period
Gain or loss from difference between fair value of transaction and obviously undervalued transaction price		
Net profit from opening date to acquisition date from consolidation under common control		
Gain or loss for contingent events not related to operating activities		
Excluding from effective hedge from normal business, fair value movement from trading financial asset and liability, and investment income from disposal from trading financial asset & liability and available-for-sale asset.	31,105,133.96	
Reverse of provision for bad debt test for account	6,330,271.11	

Item	Amount	Description
receivable、contract assets individually		
Gain or loss from entrusting loans through bank		
Fair value movement from investment property measured in fair value		
Gain or loss influenced from one-time adjustments according to related tax and accounting rules and laws.		
Trustee fee revenue from entrusted management	16,503,209.13	
Non-operating gain or loss other than above events	-3,630,367.84	
Others		
Subtotal	-77,256,026.64	
Minus: Tax effect	-36,908,080.44	
Minority shareholders' profit and loss impact(after income tax)	-76,263,174.85	
Total	35,915,228.65	

2. Return on net asset and earnings per share

Profit in 2020	Return on net asset(%)	Earnings per share (RMB)	
		Basis earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the parent	1.47	0.0819	0.0814
Net profit (excluding non-recurring items) attributable to shareholders of the parent	0.87	0.0484	0.0482

Ninestar Corporation
(Stamp an official seal)
April 26, 2021