BOE Technology Group Co., Ltd.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019
IF THERE IS ANY CONFLICT OF MEANING BETWEEN THE CHINESE VERSION
AND ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

# AUDITORS’ REPORT

毕马威华振审字第 2002383 号

All Shareholders of BOE Technology Group Co., Ltd.:

## Opinion

We have audited the accompanying financial statements of BOE Technology Group Company Limited (“BOE”), which comprise the consolidated and parent company’s balance sheet as at 31 December 2019, the consolidated and parent company’s income statement, the consolidated and parent company’s cash flow statement, and the consolidated and parent company’s statement of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company’s financial position of BOE as at 31 December 2019, and its consolidated and parent company’s financial performance and cash flows of BOE for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China.

## Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants (“CSAs”). 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 BOE in accordance with the China Code of Ethics for Certified Public Accountants (“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 our opinion.

毕马威华振审字第 2002383 号

## Key Audit Matters

Key audit matters are those matters that, in 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.

<table>
<tr><td colspan="2">Revenue recognition</td></tr>
<tr><td colspan="2">Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 22 and “V. Notes to the consolidated financial statements” 42.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The revenue of BOE and its subsidiaries (“BOE Group”) is mainly derived from the sales of products relating to display device across the domestic and overseas market.<br><br>The sales contracts/orders signed between BOE Group and its customers (mainly electronic equipment manufacturers) contain various trading terms. BOE Group judges the transfer timing of major risks and rewards according to the trading terms, and recognizes revenue accordingly. Depending on the trading terms, the income is usually recognized when the goods are delivered and received, or when they are received by the carrier.<br><br>We identified the recognition of BOE Group’s revenue as a key audit matter because revenue, as one of BOE Group’s key performance indicators, involves various trading terms, and there is an inherent risk that revenue may not be recognized in a correct period.</td><td>Our audit procedures to evaluate revenue recognition included the following:<br>• Evaluate the design and operation effectiveness of key internal controls related to revenue recognition;<br>• Check key sales contracts/orders on a sampling basis to identify relevant trading terms, and evaluate whether the accounting policies for revenue recognition of BOE Group meet the requirements of the Enterprise Accounting Standards;<br>• On a sampling basis and according to different trading terms, reconcile the revenue recorded in the current year to relevant supporting files such as relevant orders, shipping orders, sales invoices, customs declarations, delivery receipts, etc. to evaluate whether revenue is recognized in accordance with the accounting policy of BOE Group;<br>• On a sampling basis and according to different trading terms, cross check the revenue recorded before and after the balance sheet date against relevant supporting files such as relevant orders, shipping orders, sales invoices, customs declarations, delivery receipts, etc. to evaluate whether revenue is recorded in</td></tr>
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| | |
|---|---|
| | the appropriate period; |

**Key Audit Matters (continued)**

| **Revenue recognition** | |
|---|---|
| Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 22 and “V. Notes to the consolidated financial statements” 42. | |
| **The Key Audit Matter** | **How the matter was addressed in our audit** |
| | • Select a sample based on the characteristics and nature of customer's transaction, and perform certification on the balance of accounts receivable as at the balance sheet date and the sales transaction amount during the current year;<br>• On a sampling basis, check the written-back of revenue after the balance sheet date (including sales discounts and sales returns, etc.) with relevant supporting documents to assess whether revenue is recorded in the appropriate period;<br>• Select revenue accounting entries that meet specific risk criteria and check related supporting documents. |

## Key Audit Matters (continued)

<table>
<tr><td colspan="2">Book value of fixed assets and construction in progress</td></tr>
<tr><td colspan="2">Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 13, 14 and “V. Notes to the consolidated financial statements” 14, 15.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>BOE Group continued to invest in building production lines of display device to expand its production capacity. As at 31 December 2019, the book value of fixed assets and construction in progress amounted to RMB 213.16 billion.<br><br>The judgement made by the management on the following aspects will affect the book value of fixed assets and construction in progress, including:<br><br>• Determine which type of expenditures are qualified for capitalization;<br>• Determine the timing for transferring construction in progress to fixed assets and making depreciation;<br>• Estimate the useful life and residual value of corresponding fixed assets.<br><br>We identified the book value of fixed assets and construction in progress of BOE Group as a key audit matter because the valuation of the book value of fixed assets and construction in progress involves significant judgement from the management and it is of importance to the consolidated financial statements.</td><td>Our audit procedures to assess the book value of fixed assets and construction in progress included the following:<br><br>• Evaluate the design and operation effectiveness of key internal controls (including estimating useful life and residual values, etc.) related to the integrity, existence and accuracy of fixed assets and construction in progress;<br>• Check the physical status of construction in progress and fixed assets on a sampling basis;<br>• Check capital expenditures with relevant supporting documents (including purchase agreements/orders, acceptance orders, engineering construction contracts, project progress reports, etc.) on a sampling basis;<br>• Assess whether the capitalized commissioning expenses for the current year are in compliance with relevant capitalization conditions; check the commissioning expenses with relevant supporting documents on a sampling basis;<br>• On the basis of sampling, assess the timing for transferring construction in progress to fixed assets, through the inspection of commissioning situation and the documents for transferring construction in progress to fixed assets;<br>• Based on our understanding of industry practices and actual operating conditions of assets, we evaluate the management's estimation of the useful life and residual value of fixed assets.</td></tr>
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**Key Audit Matters (continued)**

<table>
<tr><td colspan="2">Impairment of fixed assets and intangible assets</td></tr>
<tr><td colspan="2">Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 19 and “V. Notes to the consolidated financial statements” 14, 16.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>BOE Group principally generates revenue from the production and sale of display panels. Due to the fluctuation of supply-demand relationship in the display panel industry and the influence of technology upgrading, the profit level is unstable. As at 31 December 2019, the book value of fixed assets and intangible assets amounted to RMB 133.20 billion, the judgement on impairment indications and impairment test are material to BOE Group’s financial statements.<br><br>The management classifies asset groups based on the smallest identifiable group of assets that generates cash inflows that are independent, and continuously monitors the trend of market of supply and demand as well as the technology evolution; comprehensively judges impairment indications of each asset group in accordance with market trends, operating conditions of production lines and technological advanced performance, and performs impairment test on asset groups if any impairment indication exists.</td><td>Our audit procedures to assess the impairment of fixed assets and intangible assets included the following:<br><br>• Evaluate management’s identification of asset groups, assessment of impairment indications, and assess the design and operation effectiveness of key internal controls for impairment tests;<br><br>• Based on our understanding of BOE Group’s businesses and relevant accounting standards, evaluate management’s classification basis of asset groups and judgement basis of impairment indications;<br><br>• For asset groups with impairment indications, based on our understanding of the industry, compare the key assumptions in the calculation of recoverable amounts used by management with external available data and historical analysis, including future selling prices, sales volume and discount rate used by management, evaluate the key assumptions and estimations used by the management;<br><br>• For asset groups with significant impairment risk, assess the competence, professional quality and objectivity of experts hired by the management; and adopt oun own valuation experts’ work, assess if discount rates used for estimating the present value of future cash</td></tr>
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| | |
|---|---|
| | flows by management are within the range used by other companies in the same industry; |

**Key Audit Matters (continued)**

<table>
<tr><td colspan="2">Impairment of fixed assets and intangible assets</td></tr>
<tr><td colspan="2">Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 19 and “V. Notes to the consolidated financial statements” 14, 16.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>For asset groups with impairment indications, the management assesses whether the book value of fixed assets and intangible assets as at 31 December 2019 were impaired by calculating the present value of expected future cash flows. Calculating the present value of expected future cash flows requires management to make significant judgements, especially for the estimation of future selling prices, sales volume and applicable discount rate.<br><br>We identified the impairment of fixed assets and intangible assets as a key audit matter because the book value of fixed assets and intangible assets is significant to the financial statements; management's significant judgements and estimations are involved in assessing the classification basis of asset groups, existence of impairment indications and impairment test of asset groups with impairment indications, which may exist errors or potential management bias.</td><td>Our audit procedures to assess the impairment of fixed assets and intangible assets included the following:<br><br>• Compare estimations used for calculating the present value of expected future cash flows in the previous year by the management with the actual situation in this year to consider the historical accuracy of management's forecast results;<br><br>• Perform sensitivity analysis on key assumptions, including future selling prices, sales volume and discount rates, used in the calculation of recoverable amount by the management; assess how changes in key assumptions (individually or collectively) will lead to different results and assess whether there are indications of management bias in the selection of key assumptions;<br><br>• Consider whether the disclosure of impairment of fixed assets and intangible assets in the financial statements is consistant with relevant accounting policy.</td></tr>
</table>

**Other Information**

BOE's management is responsible for the other information. The other information comprises all the information included in 2019 annual report of BOE, other than the financial statements and our auditor's report thereon.

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

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

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

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process of BOE.

## 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 CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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 cast significant doubt on the BOE’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements 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 cause BOE to cease 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.

**Auditor's Responsibilities for the Audit of the Financial Statement (continued)**

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within BOE to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of Conch Group's audit, and assume full responsibility for the audit opinion.

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

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

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

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China

Zhang Huan (Engagement Partner)

Beijing, China

Chai Jing

24 April 2020

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2019
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Asset | | | |
| Current assets: | | | |
| Cash at bank and on hand | V.1 | 56,972,723,239 | 51,481,539,711 |
| Financial assets held for trading | V.2 | 5,809,184,994 | - |
| Bills receivable | V.3 | 331,145,492 | 656,781,577 |
| Accounts receivable | V.4 | 18,135,687,806 | 19,880,680,518 |
| Prepayments | V.5 | 626,985,706 | 770,633,448 |
| Other receivables | V.6 | 706,171,112 | 2,454,174,971 |
| Inventories | V.7 | 12,396,194,762 | 11,985,398,172 |
| Assets held for sale | V.8 | 173,910,820 | - |
| Other current assets | V.9 | 9,296,637,067 | 12,463,073,779 |
| Total current assets | | 104,448,640,998 | 99,692,282,176 |
| Non-current assets: | | | |
| Available-for-sale financial assets | V.10 | - | 734,022,359 |
| Long-term equity investments | V.11 | 2,718,037,934 | 2,389,166,886 |
| Investments in other equity instruments | V.12 | 632,076,647 | - |
| Investment properties | V.13 | 1,241,242,850 | 1,283,867,651 |
| Fixed assets | V.14 | 125,786,241,938 | 128,157,730,995 |
| Construction in progress | V.15 | 87,376,782,527 | 56,423,354,887 |
| Intangible assets | V.16 | 7,416,416,829 | 5,937,679,394 |
| Goodwill | V.17 | 707,603,856 | 904,370,509 |
| Long- term deferred expenses | V.18 | 345,424,409 | 360,640,853 |
| Deferred tax assets | V.19 | 248,153,761 | 252,373,622 |
| Other non-current assets | V.20 | 9,491,581,559 | 7,893,002,053 |
| Total non-current assets | | 235,963,562,310 | 204,336,209,209 |
| Total assets | | 340,412,203,308 | 304,028,491,385 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| Liabilities and shareholders' equity | *Note* | *2019* | *2018* |
|---|---|---|---|
| Current liabilities | | | |
| Short-term loans | V.21 | 6,366,717,121 | 5,449,954,885 |
| Bills payable | V.22 | 2,028,917,980 | 591,109,272 |
| Accounts payable | V.23 | 21,183,567,553 | 22,213,956,616 |
| Advance payments received | V.24 | 1,260,732,785 | 1,218,934,743 |
| Employee benefits payable | V.25 | 2,373,745,454 | 2,224,931,171 |
| Taxes payable | V.26 | 730,996,129 | 970,108,298 |
| Other payables | V.27 | 24,570,589,610 | 22,956,979,828 |
| Non-current liabilities due within one year | V.28 | 18,849,281,019 | 5,597,563,204 |
| Other current liabilities | V.29 | 1,013,738,515 | 1,004,557,061 |
| Total current liabilities | | 78,378,286,166 | 62,228,095,078 |
| Non-current liabilities: | | | |
| Long-term loans | V.30 | 107,730,595,615 | 94,780,077,864 |
| Debentures payable | V.31 | 387,878,384 | 10,288,666,233 |
| Long-term payables | V.32 | 984,520,824 | 1,416,092,239 |
| Provisions | V.33 | 16,457,010 | 16,457,010 |
| Deferred income | V.34 | 2,204,400,566 | 2,187,558,533 |
| Deferred tax liabilities | V.19 | 1,451,825,357 | 1,419,373,545 |
| Other non-current liabilities | V.35 | 8,200,542,412 | 11,334,873,322 |
| Total non-current liabilities | | 120,976,220,168 | 121,443,098,746 |
| Total liabilities | | 199,354,506,334 | 183,671,193,824 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated balance sheet
as at 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Liabilities and shareholders' equity (continued) | | | |
| Shareholders' equity | | | |
| Share capital | V.36 | 34,798,398,763 | 34,798,398,763 |
| Other equity instruments | V.37 | 8,013,156,853 | - |
| Capital reserve | V.38 | 38,353,242,364 | 38,213,100,596 |
| Other comprehensive income | V.39 | (4,566,639) | (125,258,252) |
| Surplus reserve | V.40 | 1,516,139,709 | 1,152,626,310 |
| Retained earnings | V.41 | 12,381,758,005 | 11,817,881,286 |
| Total equity attributable to shareholders of the Company | | 95,058,129,055 | 85,856,748,703 |
| Non-controlling interests | | 45,999,567,919 | 34,500,548,858 |
| Total shareholders' equity | | 141,057,696,974 | 120,357,297,561 |
| Total liabilities and shareholders' equity | | 340,412,203,308 | 304,028,491,385 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board<br><br>(Signature and stamp) | Liu Xiaodong<br>Chief Executive Officer<br><br>(Signature and stamp) | Sun Yun<br>Chief Financial Officer<br><br>(Signature and stamp) | Yang Xiao Ping<br>The head of the accounting department<br>(Signature and stamp) | (Company stamp) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company balance sheet
as at 31 December 2019
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash at bank and on hand | XIV.1 | 3,680,770,048 | 3,829,814,050 |
| Bills receivable | | 84,230,531 | 1,500,000 |
| Accounts receivable | XIV.2 | 646,533,115 | 36,952,623 |
| Prepayments | | 77,682,682 | 25,020,734 |
| Other receivables | XIV.3 | 4,827,398,094 | 2,015,828,460 |
| Inventories | | 13,935,401 | 9,289,141 |
| Non-current assets due within one year | | - | 450,000,000 |
| Other current assets | XIV.4 | 109,497,897 | 47,805,096 |
| Total current assets | | 9,440,047,768 | 6,416,210,104 |
| Non-current assets: | | | |
| Available-for-sale financial assets | | - | 128,297,254 |
| Long-term equity investments | XIV.5 | 159,389,864,760 | 143,499,733,485 |
| Investments in other equity instruments | | 79,405,724 | - |
| Investment properties | | 280,525,802 | 290,253,475 |
| Fixed assets | | 949,104,308 | 969,371,352 |
| Construction in progress | | 358,933,667 | 251,314,313 |
| Intangible assets | XIV.6 | 1,493,632,264 | 514,186,496 |
| Long- term deferred expenses | | 109,216,398 | 99,701,797 |
| Deferred tax assets | XIV.7 | 360,268,466 | 290,794,548 |
| Other non-current assets | | 162,516,190 | 284,243,667 |
| Total non-current assets | | 163,183,467,579 | 146,327,896,387 |
| Total assets | | 172,623,515,347 | 152,744,106,491 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company balance sheet
as at 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Short-term loans | | 1,220,000,000 | 1,000,000,000 |
| Accounts payable | | 27,919,341 | 35,322,286 |
| Advance payments received | XIV.8 | 2,117,568,995 | 1,577,035,515 |
| Employee benefits payable | XIV.9 | 252,206,075 | 201,139,261 |
| Taxes payable | | 107,287,957 | 250,558,556 |
| Other payables | XIV.10 | 5,260,470,974 | 8,209,736,090 |
| Non-current liabilities due within one year | | 5,490,440,787 | 2,590,000,000 |
| Other current liabilities | | 1,423,133 | - |
| Total current liabilities | | 14,477,317,262 | 13,863,791,708 |
| Non-current liabilities: | | | |
| Long-term loans | XIV.11 | 33,310,701,574 | 26,520,000,000 |
| Debentures payable | | - | 9,976,533,425 |
| Deferred income | XIV.12 | 4,627,393,256 | 5,523,949,841 |
| Other non-current liabilities | | 33,297,240,830 | 20,954,104,125 |
| Total non-current liabilities | | 71,235,335,660 | 62,974,587,391 |
| Total liabilities | | 85,712,652,922 | 76,838,379,099 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company balance sheet
as at 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Liabilities and shareholders' equity (continued) | | | |
| Shareholders' equity: | | | |
| Share capital | V.36 | 34,798,398,763 | 34,798,398,763 |
| Other equity instruments | V.37 | 8,013,156,853 | - |
| Capital reserve | XIV.13 | 37,608,039,685 | 37,590,966,191 |
| Other comprehensive income | XIV.14 | 193,638,576 | (28,507,585) |
| Surplus reserve | V.40 | 1,516,139,709 | 1,152,626,310 |
| Retained earnings | XIV.15 | 4,781,488,839 | 2,392,243,713 |
| Total shareholders' equity | | 86,910,862,425 | 75,905,727,392 |
| Total liabilities and shareholders' equity | | 172,623,515,347 | 152,744,106,491 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board<br><br>(Signature and stamp) | Liu Xiaodong<br>Chief Executive Officer<br><br>(Signature and stamp) | Sun Yun<br>Chief Financial Officer<br><br>(Signature and stamp) | Yang Xiao Ping<br>The head of the accounting department<br>(Signature and stamp) | (Company stamp) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated income statement
for the year ended 31 December 2019
*(Expressed in Renminbi Yuan)*

| | | | *Note* | *2019* | *2018* |
|---|---|---|---|---|---|
| I. | Operating income | | V.42 | 116,059,590,164 | 97,108,864,935 |
| II. | Less: | Operating costs | V.42 | 98,446,269,296 | 77,306,224,288 |
| | | Taxes and surcharges | V.43 | 861,100,605 | 778,606,126 |
| | | Selling and distribution expenses | V.44 | 2,917,865,380 | 2,891,056,969 |
| | | General and administrative expenses | V.45 | 5,214,948,027 | 4,959,184,197 |
| | | Research and development costs | V.46 | 6,699,973,240 | 5,039,927,435 |
| | | Finance expenses | V.47 | 1,994,150,258 | 3,196,695,890 |
| | | Including: Interest expense | | 2,525,136,209 | 3,265,732,314 |
| | | Interest income | | 840,190,118 | 748,004,557 |
| | Add: | Other income | V.48 | 2,605,658,711 | 2,000,573,631 |
| | | Investment income | V.49 | 342,620,691 | 306,887,579 |
| | | Including: Income / (Losses) from investment in associates and joint ventures | | 200,020,686 | (13,925,731) |
| | | Gains from changes in fair value | V.50 | 137,473,077 | 2,061,153 |
| | | Credit losses | V.51 | (28,262,627) | - |
| | | Impairment losses | V.52 | (2,584,183,258) | (1,239,588,763) |
| | | Gains from asset disposals | V.53 | 79,029 | 1,067,273 |
| III. | Operating profit | | | 398,668,981 | 4,008,170,903 |
| | Add: | Non-operating income | V.54 | 208,430,198 | 169,429,515 |
| | Less: | Non-operating expenses | V.54 | 103,349,078 | 55,310,251 |
| IV. | Profit before income tax | | | 503,750,101 | 4,122,290,167 |
| | Less: | Income tax expenses | V.55 | 979,991,504 | 1,242,416,094 |
| V. | Net (loss) / profit for the year | | | (476,241,403) | 2,879,874,073 |
| | Net profit attributable to shareholders of the Company | | | 1,918,643,871 | 3,435,127,975 |
| | Non-controlling interests | | | (2,394,885,274) | (555,253,902) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated income statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| VI. Other comprehensive income, net of tax | V.39 | 228,445,653 | (249,814,869) |
| (1) Other comprehensive income (net of tax) attributable to shareholders of the Company | | 236,859,881 | (275,861,185) |
| 1 Items that will not be reclassified to profit or loss: | | | |
| a. Other comprehensive income recognised under equity method | | 366,930,596 | - |
| b. Changes in fair value of investments in other equity instruments | | (36,688,762) | - |
| 2 Items that may be reclassified to profit or loss | | | |
| a. Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss | | - | (202,998,615) |
| b. Gains or losses arising from changes in fair value of available for-sale financial assets | | - | (136,009,652) |
| c. Translation differences arising from translation of foreign currency financial statements | | (93,381,953) | 63,147,082 |
| (2) Other comprehensive income (net of tax) attributable to non-controlling interests | | (8,414,228) | 26,046,316 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated income statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| VII. Total comprehensive income for the year | | (247,795,750) | 2,630,059,204 |
| Total comprehensive income attributable to shareholders of the Company | | 2,155,503,752 | 3,159,266,790 |
| Total comprehensive income attributable to non-controlling interests | | (2,403,299,502) | (529,207,586) |
| VIII. Earnings per share | | | |
| (1) Basic earnings per share | V.56 | 0.05 | 0.10 |
| (2) Diluted earnings per share | V.56 | 0.05 | 0.10 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board | Liu Xiaodong<br>Chief Executive Officer | Sun Yun<br>Chief Financial Officer | Yang Xiao Ping<br>The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company income statement
for the year ended 31 December 2019
*(Expressed in Renminbi Yuan)*

| | | *Note* | *2019* | *2018* |
|---|---|---|---|---|
| I. | Operating income | XIV.16 | 4,785,387,719 | 4,048,349,688 |
| II. | Less: Operating costs | | 29,852,957 | 51,274,428 |
| | Taxes and surcharges | XIV.17 | 41,488,521 | 44,129,874 |
| | Selling and distribution expenses | | - | 561,601 |
| | General and administrative expenses | | 741,464,420 | 744,597,442 |
| | Research and development costs | XIV.18 | 2,184,751,287 | 1,247,889,953 |
| | Finance expenses | XIV.19 | 903,880,632 | 1,014,420,709 |
| | Including: Interest expense | | 934,776,554 | 1,055,792,484 |
| | Interest income | | 41,156,445 | 44,583,524 |
| | Add: Other income | XIV.20 | 945,400,212 | 995,284,363 |
| | Investment income | XIV.21 | 2,185,769,102 | 928,309,899 |
| | Including: Income/(Losses) from investment in associates and joint ventures | | 244,595,829 | (12,001,705) |
| | Credit losses | XIV.22 | (62,558,750) | - |
| | Impairment losses | | (32,000,000) | - |
| III. | Operating profit | | 3,920,560,466 | 2,869,069,943 |
| | Add: Non-operating income | XIV.23 | 4,120,515 | 4,336,405 |
| | Less: Non-operating expenses | XIV.23 | 8,305,483 | 8,668,410 |
| IV. | Profit before income tax | | 3,916,375,498 | 2,864,737,938 |
| | Less: Income tax expenses | XIV.24 | 230,811,042 | 234,879,588 |
| V. | Net profit for the year | | 3,685,564,456 | 2,629,858,350 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company income statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| VI. Other comprehensive income, net of tax | XIV.14 | 389,401,782 | (220,605,074) |
| (1) Items that will not be reclassified to profit or loss | | | |
| 1. Other comprehensive income recognised under equity method | | 366,930,596 | - |
| 2. Changes in fair value of investments in other equity instruments | | 22,471,186 | - |
| (2) Items that may be reclassified to profit or loss | | | |
| 1. Other comprehensive income recognised under equity method | | - | (202,778,999) |
| 2. Gains or losses arising from changes in fair value of available-for-sale financial assets | | - | (17,826,075) |
| VII. Total comprehensive income for the year | | 4,074,966,238 | 2,409,253,276 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board<br><br>(Signature and stamp) | Liu Xiaodong<br>Chief Executive Officer<br><br>(Signature and stamp) | Sun Yun<br>Chief Financial Officer<br><br>(Signature and stamp) | Yang Xiao Ping<br>The head of the accounting department<br>(Signature and stamp) | (Company stamp) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2019
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| I. Cash flows from operating activities: | | | |
| Proceeds from sale of goods and rendering of services | | 131,939,100,428 | 105,589,411,120 |
| Refund of taxes | | 9,211,921,444 | 6,513,812,910 |
| Government grants | | 4,220,459,216 | 2,195,202,400 |
| Proceeds from other operating activities | | 151,842,353 | 770,921,360 |
| Sub-total of cash inflows | | 145,523,323,441 | 115,069,347,790 |
| Payment for goods and services | | (103,103,588,751) | (75,700,548,251) |
| Payment to and for employees | | (11,274,232,340) | (9,162,421,738) |
| Payment of various taxes | | (2,151,136,164) | (1,619,256,288) |
| Payment for other operating activities | | (2,911,286,992) | (2,903,074,317) |
| Sub-total of cash outflows | | (119,440,244,247) | (89,385,300,594) |
| Net cash inflows from operating activities | V.57(1) | 26,083,079,194 | 25,684,047,196 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | Note | *2019* | *2018* |
|---|---|---|---|
| II. Cash flows from investing activities: | | | |
| Proceeds from disposal of investments | | 33,515,656,910 | 59,211,537,932 |
| Investment returns received | | 93,386,997 | 356,050,182 |
| Net proceeds from disposal of fixed assets, intangible assets and other long-term assets | | 19,822,394 | 98,644,621 |
| Net amount received from subsidiaries | V.57(2) | 33,640,033 | 6,801,508,810 |
| Proceeds from other investing activities | | 2,287,178,748 | 1,808,988,695 |
| Sub-total of cash inflows | | 35,949,685,082 | 68,276,730,240 |
| Payment for acquisition of fixed assets, intangible assets and other long-term assets | | (49,415,897,698) | (54,520,544,965) |
| Payment for acquisition of investments | | (33,949,914,820) | (60,819,720,633) |
| Sub-total of cash outflows | | (83,365,812,518) | (115,340,265,598) |
| Net cash outflows from investing activities | | (47,416,127,436) | (47,063,535,358) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| III. Cash flows from financing activities: | | | |
| Proceeds from investors | | 14,066,343,889 | 4,294,161,400 |
| Including: Proceeds from non-controlling shareholders of subsidiaries | | 14,066,343,889 | 4,294,161,400 |
| Proceeds from issuance of debentures | | 8,075,977,975 | - |
| Proceeds from borrowings | | 53,575,950,243 | 38,368,279,407 |
| Net amount of monetary movements for pledging loans | | - | 176,637,743 |
| Proceeds from other financing activities | | 6,000,000 | 155,194,921 |
| Sub-total of cash inflows | | 75,724,272,107 | 42,994,273,471 |
| Repayments of borrowings | | (36,944,543,462) | (21,274,318,530) |
| Payment for dividends or interest | | (6,746,163,635) | (5,806,323,938) |
| Including: Dividends paid to non-controlling shareholders of subsidiaries | | (10,911,242) | (4,319,286) |
| Net amount of monetary movements for pledging loans | | (287,261,600) | - |
| Payment for other financing activities | | (3,967,658,080) | (347,060,613) |
| Sub-total of cash outflows | | (47,945,626,777) | (27,427,703,081) |
| Net cash inflow from financing activities | | 27,778,645,330 | 15,566,570,390 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 474,027,965 | 1,250,326,709 |
| V. Net increase / (decrease) in cash and cash equivalents | V.57(1) | 6,919,625,053 | (4,562,591,063) |
| Add: Cash and cash equivalents at the beginning of the year | | 43,350,696,520 | 47,913,287,583 |
| VI. Cash and cash equivalents at the end of the year | V.57(3) | 50,270,321,573 | 43,350,696,520 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board | Liu Xiaodong<br>Chief Executive Officer | Sun Yun<br>Chief Financial Officer | Yang Xiao Ping<br>The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company cash flow statement
for the year ended 31 December 2019
*(Expressed in Renminbi Yuan)*

| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| I. | Cash flows from operating activities: | | | |
| | Proceeds from sale of goods and rendering of services | | 6,487,868,213 | 4,053,318,155 |
| | Refund of taxes | | - | 23,508,537 |
| | Proceeds from other operating activities | | 53,961,183 | 1,705,344,020 |
| | Sub-total of cash inflows | | 6,541,829,396 | 5,782,170,712 |
| | Payment for goods and services | | (1,576,266,273) | (976,219,250) |
| | Payment to and for employees | | (942,542,615) | (957,780,812) |
| | Payment of various taxes | | (528,982,127) | (284,079,728) |
| | Payment for other operating activities | | (1,042,770,921) | (102,575,476) |
| | Sub-total of cash outflows | | (4,090,561,936) | (2,320,655,266) |
| | Net cash inflows from operating activities | XIV.25(1) | 2,451,267,460 | 3,461,515,446 |
| II. | Cash flows from investing activities: | | | |
| | Proceeds from disposal of investments | | 191,270,404 | 506,145,151 |
| | Investment returns received | | 1,006,558,146 | 971,599,836 |
| | Net proceeds from disposal of fixed assets | | 2,791,799 | 6,384,696 |
| | Proceeds from other investing activities | | 3,334,425,767 | 3,333,764,245 |
| | Sub-total of cash inflows | | 4,535,046,116 | 4,817,893,928 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company cash flow statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | | *Note* | *2019* | *2018* |
|---|---|---|---|---|
| II. | Cash flows from investing activities: (continued): | | | |
| | Payment for acquisition of fixed assets, intangible assets and other long-term assets | | (1,158,649,934) | (295,214,844) |
| | Payment for acquisition of investments | | (15,438,773,685) | (22,553,409,200) |
| | Payment for other investing activities | | (5,866,921,400) | (257,000,000) |
| | Sub-total of cash outflows | | (22,464,345,019) | (23,105,624,044) |
| | Net cash outflows from investing activities | | (17,929,298,903) | (18,287,730,116) |
| III. | Cash flows from financing activities: | | | |
| | Proceeds from issuance of debentures | | 8,000,000,000 | - |
| | Proceeds from borrowings | | 19,341,142,361 | 11,367,000,000 |
| | Proceeds from other financing activities | | 14,869,430,596 | 19,698,642,218 |
| | Sub-total of cash inflows | | 42,210,572,957 | 31,065,642,218 |
| | Repayments of borrowings | | (17,830,000,000) | (4,597,640,000) |
| | Payment for dividends and interest | | (2,289,037,712) | (2,795,130,756) |
| | Payment for other financing activities | | (6,801,944,858) | (8,150,000,000) |
| | Sub-total of cash outflows | | (26,920,982,570) | (15,542,770,756) |
| | Net cash inflows from financing activities | | 15,289,590,387 | 15,522,871,462 |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company cash flow statement
for the year ended 31 December 2019 (continued)
*(Expressed in Renminbi Yuan)*

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 39,397,054 | 142,355,757 |
| V. Net (decrease)/increase in cash and cash equivalents | XIV.25(1) | (149,044,002) | 839,012,549 |
| Add: Cash and cash equivalents at the beginning of the year | | 3,829,814,050 | 2,990,801,501 |
| VI. Cash and cash equivalents at the end of the year | XIV.25(2) | 3,680,770,048 | 3,829,814,050 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board<br><br>(Signature and stamp) | Liu Xiaodong<br>Chief Executive Officer<br><br>(Signature and stamp) | Sun Yun<br>Chief Financial Officer<br><br>(Signature and stamp) | Yang Xiao Ping<br>The head of the accounting department<br>(Signature and stamp) | (Company stamp) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2019
*(Expressed in Renminbi Yuan)*

| | | *Equity attributable to shareholders of the Company* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Note* | *Share capital* | *Other equity instruments* | *Capital reserve* | *Other comprehensive income* | *Surplus reserve* | *Retained earnings* | *Sub-total* | *Non-controlling interests* | *Total shareholders' equity* |
| I. Balance at the beginning of the year | | 34,798,398,763 | - | 38,213,100,596 | (125,258,252) | 1,152,626,310 | 11,817,881,286 | 85,856,748,703 | 34,500,548,858 | 120,357,297,561 |
| Add: Changes in accounting policies | *III.33* | - | - | - | (166,598,716) | - | 159,238,247 | (7,360,469) | (1,122,360) | (8,482,829) |
| Adjusted balance at the beginning of the year | | 34,798,398,763 | - | 38,213,100,596 | (291,856,968) | 1,152,626,310 | 11,977,119,533 | 85,849,388,234 | 34,499,426,498 | 120,348,814,732 |
| II. Changes in equity during the year | | | | | | | | | | |
| (1) Total comprehensive income | | - | - | - | 236,859,881 | - | 1,918,643,871 | 2,155,503,752 | (2,403,299,502) | (247,795,750) |
| (2) Shareholders' contributions | | - | - | - | - | - | - | - | - | - |
| 1. Contribution by non-controlling interests | | - | - | - | - | - | - | - | 14,066,343,889 | 14,066,343,889 |
| 2. Non-controlling shareholders' decrease of capital | | - | - | - | - | - | - | - | (40,233,450) | (40,233,450) |
| 3. Contribution by holders of other equity instruments | *V.37* | - | 7,957,047,264 | - | - | - | - | 7,957,047,264 | - | 7,957,047,264 |
| 4. Business combinations involving entities not under common control | | - | - | - | - | - | - | - | 11,310,000 | 11,310,000 |
| 5. Change in shareholding ratio of subsidiaries | *V.38* | - | - | 123,068,274 | - | - | - | 123,068,274 | (123,068,274) | - |
| (3) Appropriation of profits | *V.41* | | | | | | | | | |
| 1. Appropriation for surplus reserve | | - | - | - | - | 368,556,446 | (368,556,446) | - | - | - |
| 2. Distributions to shareholders | | - | - | - | - | - | (1,043,951,963) | (1,043,951,963) | (10,911,242) | (1,054,863,205) |
| 3. Accrued interest on holders of other equity instruments | | - | 56,109,589 | - | - | - | (56,109,589) | - | - | - |
| (4) Transfers within equity | | | | | | | | | | |
| 1.Transfer of other comprehensive income to retained earnings | *V.12* | - | - | - | 50,430,448 | (5,043,047) | (45,387,401) | - | - | - |
| 2.Others | *V.38* | - | - | 17,073,494 | - | - | - | 17,073,494 | - | 17,073,494 |
| III. Balance at the end of the year | | 34,798,398,763 | 8,013,156,853 | 38,353,242,364 | (4,566,639) | 1,516,139,709 | 12,381,758,005 | 95,058,129,055 | 45,999,567,919 | 141,057,696,974 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board | Liu Xiaodong<br>Chief Executive Officer | Sun Yun<br>Chief Financial Officer | Yang Xiao Ping<br>The head of the accounting department | (Company stamp) |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2018
*(Expressed in Renminbi Yuan)*

| | Equity attributable to shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | *Share capital* | *Capital reserve* | *Other comprehensive income* | *Surplus reserve* | *Retained earnings* | *Sub-total* | *Non-controlling interests* | *Total shareholders' equity* |
| I. Balance at the beginning of the year | 34,798,398,763 | 38,585,515,122 | 150,602,933 | 889,640,475 | 10,385,659,084 | 84,809,816,377 | 19,474,446,456 | 104,284,262,833 |
| II. Changes in equity during the year | | | | | | | | |
| (1) Total comprehensive income | - | - | (275,861,185) | - | 3,435,127,975 | 3,159,266,790 | (529,207,586) | 2,630,059,204 |
| (2) Shareholders' contributions of capital | | | | | | | | |
| 1. Contribution by non-controlling interests | - | - | - | - | - | - | 4,494,161,400 | 4,494,161,400 |
| 2. Business combinations involving entities not under common control | - | - | - | - | - | - | 11,541,782,339 | 11,541,782,339 |
| 3. Change in shareholding ratio of subsidiaries | - | 3,754,159 | - | - | - | 3,754,159 | (3,402,793) | 351,366 |
| (3) Appropriation of profits | | | | | | | | |
| 1. Appropriation for surplus reserve | - | - | - | 262,985,835 | (262,985,835) | - | - | - |
| 2. Distributions to shareholders | - | - | - | - | (1,739,919,938) | (1,739,919,938) | (18,316,894) | (1,758,236,832) |
| (4) Others | | | | | | | | |
| 1. Equity changes arising from acquisition of non-controlling interests | - | (378,593,283) | - | - | - | (378,593,283) | (458,914,064) | (837,507,347) |
| 2. Others | - | 2,424,598 | - | - | - | 2,424,598 | - | 2,424,598 |
| III. BalanceC at the end of the year | 34,798,398,763 | 38,213,100,596 | (125,258,252) | 1,152,626,310 | 11,817,881,286 | 85,856,748,703 | 34,500,548,858 | 120,357,297,561 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| Chen Yanshun | Liu Xiaodong | Sun Yun | Yang Xiao Ping | (Company stamp) |
|---|---|---|---|---|
| Chairman of the Board | Chief Executive Officer | Chief Financial Officer | The head of the accounting department | |
| (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | (Signature and stamp) | |

The notes on pages 24 to 164 form part of these financial statements.

# BOE Technology Group Co., Ltd.
# Company statement of changes in shareholders' equity
# for the year ended 31 December 2019
*(Expressed in Renminbi Yuan)*

| | *Note* | *Share capital* | *Other equity instruments* | *Capital reserve* | *Other comprehensive income* | *Surplus reserve* | *Retained earnings* | *Total shareholders' equity* |
|---|---|---|---|---|---|---|---|---|
| I. Balance at the beginning of the year | | 34,798,398,763 | - | 37,590,966,191 | (28,507,585) | 1,152,626,310 | 2,392,243,713 | 75,905,727,392 |
| Add: Changes in accounting policies | *III.33* | - | - | - | (217,686,069) | - | 217,686,069 | - |
| Adjusted balance at the beginning of the year | | 34,798,398,763 | - | 37,590,966,191 | (246,193,654) | 1,152,626,310 | 2,609,929,782 | 75,905,727,392 |
| II. Changes in equity during the year | | | | | | | | |
| (1) Total comprehensive income | | - | - | - | 389,401,782 | - | 3,685,564,456 | 4,074,966,238 |
| (2) Shareholders' contributions of capital | | | | | | | | |
| Contribution by holders of other equity instruments | | - | 7,957,047,264 | - | - | - | - | 7,957,047,264 |
| (3) Appropriation of profits | | | | | | | | |
| 1. Appropriation for surplus reserve | | - | - | - | - | 368,556,446 | (368,556,446) | - |
| 2. Distributions to shareholders | | - | - | - | - | - | (1,043,951,963) | (1,043,951,963) |
| 3. Accrued interest on holders of other equity instruments | | - | 56,109,589 | - | - | - | (56,109,589) | - |
| (4) Transfers within equity | | | | | | | | |
| 1. Transfer of other comprehensive income to retained earnings | | - | - | - | 50,430,448 | (5,043,047) | (45,387,401) | - |
| 2. Others | | - | - | 17,073,494 | - | - | - | 17,073,494 |
| III. Balance at the end of the year | | 34,798,398,763 | 8,013,156,853 | 37,608,039,685 | 193,638,576 | 1,516,139,709 | 4,781,488,839 | 86,910,862,425 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board<br><br>(Signature and stamp) | Liu Xiaodong<br>Chief Executive Officer<br><br>(Signature and stamp) | Sun Yun<br>Chief Financial Officer<br><br>(Signature and stamp) | Yang Xiao Ping<br>The head of the accounting department<br>(Signature and stamp) | (Company stamp) |

The notes on pages 24 to 164 form part of these financial statements.

BOE Technology Group Co., Ltd.
Company statement of changes in shareholders' equity
for the year ended 31 December 2018
*(Expressed in Renminbi Yuan)*

| | *Share capital* | *Capital reserve* | *Other comprehensive income* | *Surplus reserve* | *Retained earnings* | *Total shareholders' equity* |
|---|---|---|---|---|---|---|
| I. Balance at the beginning of the year | 34,798,398,763 | 37,588,541,593 | 192,097,489 | 889,640,475 | 1,765,291,136 | 75,233,969,456 |
| II. Changes in equity during the year | | | | | | |
| (1) Total comprehensive income | - | - | (220,605,074) | - | 2,629,858,350 | 2,409,253,276 |
| (2) Appropriation of profits | | | | | | |
| 1. Appropriation for surplus reserve | - | - | - | 262,985,835 | (262,985,835) | - |
| 2. Distributions to shareholders | - | - | - | - | (1,739,919,938) | (1,739,919,938) |
| (3) Others | - | 2,424,598 | - | - | - | 2,424,598 |
| III. Balance at the end of the year | 34,798,398,763 | 37,590,966,191 | (28,507,585) | 1,152,626,310 | 2,392,243,713 | 75,905,727,392 |

These financial statements were approved by the Board of Directors of the Company on 24 April 2020.

| | | | | |
|---|---|---|---|---|
| Chen Yanshun<br>Chairman of the Board<br><br>(Signature and stamp) | Liu Xiaodong<br>Chief Executive Officer<br><br>(Signature and stamp) | Sun Yun<br>Chief Financial Officer<br><br>(Signature and stamp) | Yang Xiao Ping<br>The head of the accounting department<br>(Signature and stamp) | (Company stamp) |

The notes on pages 24 to 164 form part of these financial statements.

## I. Company status

BOE Technology Group Company Limited (the "Company") is a company limited by shares established on 9 April 1993 in Beijing, with its head office located at Beijing. The parent of the Company and the Company's ultimate holding company is Beijing Electronics Holdings Co., Ltd. ("Electronics Holdings").

The Company and its subsidiaries (referred to as "the Group") comprise three main business segments: Display device and sensor device business, Smart system business and Healthcare service business. For information about the subsidiaries of the Company, refer to Note VII. During the reporting period, the information about increases and decreases in the Group's subsidiaries is disclosed in Note VI.

## II. Basis of preparation

The financial statements have been prepared on the going concern basis.

The Group has adopted the revised "Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement" and related new financial instruments standards, issued by the Ministry of Finance ("MOF") of the People's Republic of China in 2017, since 1 January 2019 (see Note III.33).

Certain overseas subsidiaries of the Group have adopted the revised "Accounting Standard for Business Enterprises No. 14 – Revenue" and "Accounting Standard for Business Enterprises No. 21 – Leases", issued by the Ministry of Finance ("MOF") of the People's Republic of China in 2017 and 2018 respectively. The adoption of the above standards do not have a material impact on the Group 's consolidated financial position and consolidated financial performance.

## III. Significant accounting policies and accounting estimates

### 1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2019, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

### 2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

4 Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.8.

5 Accounting treatments for business combinations involving entities under common control and not under common control

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill (see Note III.17). If (1) is less than (2), the difference is recognized in profit or loss for the current period. Acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.11(2)(b)); Any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

6 Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7、 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8、 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III.15). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9、 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.11), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to Note III.22.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

  These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

  These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

  These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL

  A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

  Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

  These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts; and
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group’s contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or ;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- Debt investments at FVOCI

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders’ equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders’ equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders’ equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

(8) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments’ duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

10、 Inventories

(1) Classification and cost

Inventories include raw materials, work in progress, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

(2) Measurement method of cost of inventories

Cost of inventories recognised is calculated using the weighted average method.

Consumables including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(3) Basis for determining the net realisable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each category of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss.

(4) Inventory count system

The Group maintains a perpetual inventory system.

11 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.

- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale (see Note III.27). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.19.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note III.6.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.11(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.11(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.27).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.19.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

12 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortised using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale (see Note III.27). For the impairment of the investment properties, refer to Note III.19.

The estimated useful lives, residual value rates and depreciation rates of each class of investment properties are as follows:

| | *Estimated useful life (years)* | *Residual value rate (%)* | *Depreciation rate (%)* |
|---|---|---|---|
| Land use rights | 32 – 50 years | 0.0% | 2.0% - 3.1% |
| Buildings | 25 – 40 years | 3.0% - 10.0% | 2.3% - 3.9% |

13 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods for use in supply of services for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.14.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note III.27).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

| *Category* | *Estimated useful life (years)* | *Residual value rate (%)* | *Depreciation rate (%)* |
|---|---:|---:|---:|
| Plant and buildings | 10 - 50 年 | 3% - 10% | 1.8% - 9.7% |
| Equipment | 2 - 25 年 | 0 - 10% | 3.6% - 50% |
| Others | 2 - 10 年 | 0 - 10% | 9.0% - 50% |

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.19.

(4) For the recognition, measurement and depreciation of fixed assets acquired under finance leases, refer to Note III.26(3).

(5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

14 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.19).

15 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. When the parts of the qualifying assets acquired or constructed that are eligible for capitalisation are completed separately, and each part is available for use in other parts of the construction process or can be sold externally, and for the purpose of making the parts of the assets ready for use or necessary for the sales status, the acquisition or construction activities have been substantially completed, the Group ceases the capitalization of the borrowing costs related to the parts of the assets. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

16 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.19). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note III.27).

The respective amortisation periods for intangible assets are as follows:

| *Item* | *Amortisation period (years)* |
|---|---|
| Land use rights | 20 - 50 years |
| Patent and technology rights | 5 - 20 years |
| Computer software | 3 - 10 years |
| Others | 5 - 20 years |

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.19). Other development expenditure is recognised as an expense in the period in which it is incurred.

## 17 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.19). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

## 18 Long-term deferred expenses

Long-term deferred expenses are amortised using a straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

| *Item* | *Amortisation period (years)* |
|---|---|
| Payment for public facilities construction and use | 10 - 15 years |
| Cost of operating lease assets improvement | 2 - 10 years |
| Others | 2 - 10 years |

## 19 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- investment properties measured using a cost model
- long-term equity investments
- goodwill
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.21) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

20 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

21 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.

- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

22 Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(1) Sale of goods

Revenue is recognised when the general conditions stated above and the following conditions are satisfied:

- Significant risks and rewards of ownership of goods have been transferred to the buyer;

- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement.

The sales contracts/orders signed between the Company and its customers (mainly electronic equipment manufacturers) contain various trading terms. The Company judges the transfer timing of major risks and rewards according to the trading terms, and recognises revenue accordingly. Depending on the trading terms, the income is usually recognized when the goods are delivered and received, or when they are received by the carrier.

(2) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion based on the progress of work performed.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

- If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

- Otherwise, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(5) Royalties from intangible assets

Royalty income from intangible assets is determined according to the period and fee calculation method as stipulated in the relevant contracts or agreements.

23 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan and unemployment insurance plan in the social insurance system established and managed by government organisations, and annuity plan established by the Group in compliance with the national policy of the corporation annuity. The Group makes contributions to basic pension insurance plan and unemployment insurance based on the applicable benchmarks and rates stipulated by the government. Annuity is accrued based on the gross salaries of the employees. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Post-employment benefits - defined benefit plans

During the reporting period, the Group did not have defined benefit plans.

(4) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

24 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

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

Those related to daily activities of the Company are included in other income or used to write off related cost based on the nature of economic businesses, or included in non-operating income and expense in respect of those not related to daily activities of the Company.

With respect to the government grants related to assets, if the Group first obtains government grants related to assets and then recognizes the long-term assets purchased and constructed, deferred income is included in profit and loss based on a reasonable and systematic approach by stages when related assets are initially depreciated or amortized; or the deferred income is written off against the carrying amount of the asset when the asset becomes ready for its intended status or intended use. If the Group obtains government grants related to the assets after relevant long-term assets are put into use, deferred income is included in profit and loss based on a reasonable and systematic approach by stages within the remaining useful life of relevant assets, or the deferred income is written off against the carrying amount of relevant asset when the grants are obtained; the assets shall be depreciated or amortized based on the carrying amount after being offset and the remaining useful life of relevant assets.

For the government grants related to income which are used to compensate for related costs or losses of the Group in the future period, it shall be recognized as deferred income, and included in profit and loss or used to offset related costs; otherwise it shall be directly included in profit and loss or used to offset related costs.

In respect of the policy-based preferential loan interest subsidy obtained by the Group, if the interest subsidy is appropriated to the lending bank which shall provide loans to the Group at the policy-based preferential interest rate, the actual loan amount is used as the entry value and relevant borrowing costs are calculated on the basis of the loan principal and the preferential interest rate. If the interest subsidy is directly appropriated to the Group, relevant borrowing costs shall be offset by corresponding interest subsidy. If borrowing costs are capitalized as part of the cost of the asset (see Note III. 15), the interest subsidy shall be used to offset relevant asset costs.

25 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and

- they relate to income taxes levied by the same tax authority on either:

  - the same taxable entity; or

  - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

26 Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note III.12), are depreciated in accordance with the Group's depreciation policies described in Note III.13(2). Impairment losses are recognised in accordance with the accounting policy described in Note III.19. Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes III.13(2) and III.19, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note III.15).

At the balance sheet date, the long-term payables arising from finance leases, net of the unrecognised finance charges, are analysed and separately presented as long-term payables or non-current liabilities due within one year.

27 Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use,.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.20) less costs to sell (except financial assets (see Note III.9) and deferred tax assets (see Note III.25)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.20) less costs to sell is recognised as an impairment loss in profit or loss.

28 Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting.

- The hedging instrument expires or is sold, terminated or exercised.

- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship.

- The hedging relationship no longer meets other criteria for applying hedge accounting.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

the cumulative gain or loss on the hedging instrument from inception of the hedge;

the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

29 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

30 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

31 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

32 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes III.13 and 16) and provision for impairment of various types of assets (see Notes V.4, 6, 7, 11, 14, 15, 16, and 17, and Note XIV.2, 3, 5 and 6). Other significant accounting estimates are as follows:

(i) Note V. 19 – Recognition of deferred tax assets;
(ii) Note V. 29 – Warranty provisions;
(iii) Note VIII. – Valuation of fair value of financial instruments.

Significant judgements made by the Group in the application of accounting policies are as follows:

(i) Note V. 35 – Convertible debt and equity investment with redemption provisions terms are categorised as financial liabilities; and
(ii) Note VI. 1(1) – Significant judgements and assumptions in determining control over other entity.

33 Changes in accounting policies

Description and reasons of changes in accounting policies

In 2019, the Group has adopted the following revised accounting standards issued by the MOF recently:

- CAS No.22 - Financial Instruments: Recognition and Measurement (Revised), CAS No.23 - Transfer of Financial Assets (Revised), CAS No.24 - Hedge Accounting (Revised) and CAS No.37 - Presentation and Disclosures of Financial Instruments (Revised) (collectively “new financial instruments standards”)
- Notice on Revision of the 2019 Illustrative Financial Statements (Caikuai [2019] No.6)
- Notice on Revision of the Formats of Consolidated Financial Statements (2019 Edition) (Caikuai [2019] No.16)
- CAS No.7 – Exchange of Non-monetary Assets (Revised) (“CAS 7 (2019)”)
- CAS No.12 – Debt Restructuring (Revised) (“CAS 12 (2019)”)

(a) Presentation of financial statements

The Group has prepared financial statements for the year ended 31 December 2019 in accordance with the financial statement format specified in Caikuai [2019] No.6 and Caikuai [2019] No.16. The Group has applied the new presentation requirements retrospectively.

Affected assets and liabilities items in the consolidated and company balance sheets as at 31 December 2018:

| | *The Group* | | |
|---|---|---|---|
| | *Before adjustments* | *Adjustments* | *After adjustments* |
| Bills and accounts receivable | 20,537,462,095 | (20,537,462,095) | - |
| Bills receivable | - | 656,781,577 | 656,781,577 |
| Accounts receivable | - | 19,880,680,518 | 19,880,680,518 |
| Bills and accounts payable | (22,805,065,888) | 22,805,065,888 | - |
| Bills payable | - | (591,109,272) | (591,109,272) |
| Accounts payable | - | (22,213,956,616) | (22,213,956,616) |
| Total | | - | |

| | *The Company* | | |
|---|---|---|---|
| | *Before adjustments* | *Adjustments* | *After adjustments* |
| Bills and accounts receivable | 38,452,623 | (38,452,623) | - |
| Bills receivable | - | 1,500,000 | 1,500,000 |
| Accounts receivable | - | 36,952,623 | 36,952,623 |
| Bills and accounts payable | (35,322,286) | 35,322,286 | - |
| Accounts payable | - | (35,322,286) | (35,322,286) |
| Total | | - | |

(b) New financial instrument standards

New financial instruments standards revise CAS No.22 - Financial instruments: Recognition and measurement, CAS No.23 - Transfer of Financial assets and CAS No.24 - Hedging issued by the MOF in 2006 and CAS No.37 - Presentation and Disclosures of Financial Instruments (collecting "previous financial instruments standards").

New financial instruments standards contain three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under new financial instruments standards is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. New financial instruments standards cancel the previous categories of held to maturity investments, loans and receivables and available for sale financial assets under previous financial instruments standards. Under new financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

New financial instruments standards replace the "incurred loss" model in previous financial instruments standards with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in previous financial instruments standards.

The Group retroactively adjusts the classification and measurement (including impairment) of financial instruments that have not been derecognised on the implementation date of new financial instrument standards (i.e. 1 January 2019) in accordance with transition provisions of the new financial instrument standards. The Group has not adjusted comparative figures, and recognised any difference between the previous carrying amount under previous financial instruments standards and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings or other comprehensive income.

(i) The impact of adoption new financial instrument standards on the consolidated and company balance sheets based on the financial statements for the year ended 31 December 2018 after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 are summarised as follows:

| | | *The Group* | | |
|---|---|---|---|---|
| | | *31 December 2018* | *1 January 2019* | *Adjustments* |
| Assets: | | | | |
| Current assets: | | | | |
| Cash at bank and on hand | | 51,481,539,711 | 51,481,539,711 | - |
| Financial assets held for trading | Note 1, 2 | - | 4,433,393,359 | 4,433,393,359 |
| Bills receivable | | 656,781,577 | 656,781,577 | - |
| Accounts receivable | Note 4 | 19,880,680,518 | 19,874,790,758 | (5,889,760) |
| Prepayments | | 770,633,448 | 770,633,448 | - |
| Other receivables | Note 4 | 2,454,174,971 | 2,451,581,902 | (2,593,069) |
| Inventories | | 11,985,398,172 | 11,985,398,172 | - |
| Assets held for sale | | - | - | - |
| Other current assets | Note 1 | 12,463,073,779 | 8,042,546,852 | (4,420,526,927) |
| Total current assets | | 99,692,282,176 | 99,696,665,779 | 4,383,603 |
| Non-current assets: | | | | |
| Available-for-sale financial assets | Note 2, 3 | 734,022,359 | - | (734,022,359) |
| Long-term equity investments | | 2,389,166,886 | 2,389,166,886 | - |
| Investments in other equity instruments | Note 3 | - | 721,155,927 | 721,155,927 |
| Investment properties | | 1,283,867,651 | 1,283,867,651 | - |
| Fixed assets | | 128,157,730,995 | 128,157,730,995 | - |
| Construction in progress | | 56,423,354,887 | 56,423,354,887 | - |
| Intangible assets | | 5,937,679,394 | 5,937,679,394 | - |
| Goodwill | | 904,370,509 | 904,370,509 | - |
| Long-term deferred expenses | | 360,640,853 | 360,640,853 | - |
| Deferred tax assets | | 252,373,622 | 252,373,622 | - |
| Other non-current assets | | 7,893,002,053 | 7,893,002,053 | - |
| Total non-current assets | | 204,336,209,209 | 204,323,342,777 | (12,866,432) |
| Total assets | | 304,028,491,385 | 304,020,008,556 | (8,482,829) |

| | *The Group* | | |
|---|---|---|---|
| | *31 December 2018* | *1 January 2019* | *Adjustments* |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Short-term loans | 5,449,954,885 | 5,449,954,885 | - |
| Bills payable | 591,109,272 | 591,109,272 | - |
| Accounts payable | 22,213,956,616 | 22,213,956,616 | - |
| Advance payments received | 1,218,934,743 | 1,218,934,743 | - |
| Employee benefits payable | 2,224,931,171 | 2,224,931,171 | - |
| Taxes payable | 970,108,298 | 970,108,298 | - |
| Other payables | 22,956,979,828 | 22,956,979,828 | - |
| Non-current liabilities due within one year | 5,597,563,204 | 5,597,563,204 | - |
| Other current liabilities | 1,004,557,061 | 1,004,557,061 | - |
| Total current liabilities | 62,228,095,078 | 62,228,095,078 | - |
| Non-current liabilities: | | | |
| Long-term loans | 94,780,077,864 | 94,780,077,864 | - |
| Debentures payable | 10,288,666,233 | 10,288,666,233 | - |
| Long-term payables | 1,416,092,239 | 1,416,092,239 | - |
| Provisions | 16,457,010 | 16,457,010 | - |
| Deferred income | 2,187,558,533 | 2,187,558,533 | - |
| Deferred tax liabilities | 1,419,373,545 | 1,419,373,545 | - |
| Other non-current liabilities | 11,334,873,322 | 11,334,873,322 | - |
| Total non-current liabilities | 121,443,098,746 | 121,443,098,746 | - |
| Total liabilities | 183,671,193,824 | 183,671,193,824 | - |
| Shareholders' equity: | | | |
| Share capital | 34,798,398,763 | 34,798,398,763 | - |
| Capital reserve | 38,213,100,596 | 38,213,100,596 | - |
| Other comprehensive income | (125,258,252) | (291,856,968) | (166,598,716) |
| Surplus reserve | 1,152,626,310 | 1,152,626,310 | - |
| Retained earnings | 11,817,881,286 | 11,977,119,533 | 159,238,247 |
| Total equity attributable to shareholders of the Company | 85,856,748,703 | 85,849,388,234 | (7,360,469) |
| Non-controlling interests | 34,500,548,858 | 34,499,426,498 | (1,122,360) |
| Total shareholders' equity | 120,357,297,561 | 120,348,814,732 | (8,482,829) |
| Total liabilities and shareholders' equity | 304,028,491,385 | 304,020,008,556 | (8,482,829) |

| | *The Company* | | |
|---|---|---|---|
| | *31 December 2018* | *1 January 2019* | *Adjustments* |
| Assets: | | | |
| Current assets: | | | |
| Cash at bank and on hand | 3,829,814,050 | 3,829,814,050 | - |
| Bills receivable | 1,500,000 | 1,500,000 | - |
| Accounts receivable | 36,952,623 | 36,952,623 | - |
| Prepayments | 25,020,734 | 25,020,734 | - |
| Other receivables | 2,015,828,460 | 2,015,828,460 | - |
| Inventories | 9,289,141 | 9,289,141 | - |
| Non-current assets due within one year | 450,000,000 | 450,000,000 | - |
| Other current assets | 47,805,096 | 47,805,096 | - |
| Total current assets | 6,416,210,104 | 6,416,210,104 | - |
| Non-current assets: | | | |
| Available-for-sale financial assets | 128,297,254 | - | (128,297,254) |
| Long-term equity investments | 143,499,733,485 | 143,499,733,485 | - |
| Investments in other equity instruments | - | 128,297,254 | 128,297,254 |
| Investment properties | 290,253,475 | 290,253,475 | - |
| Fixed assets | 969,371,352 | 969,371,352 | - |
| Construction in progress | 251,314,313 | 251,314,313 | - |
| Intangible assets | 514,186,496 | 514,186,496 | - |
| Long-term deferred expenses | 99,701,797 | 99,701,797 | - |
| Deferred tax assets | 290,794,548 | 290,794,548 | - |
| Other non-current assets | 284,243,667 | 284,243,667 | - |
| Total non-current assets | 146,327,896,387 | 146,327,896,387 | - |
| Total assets | 152,744,106,491 | 152,744,106,491 | - |

| | *The Company* | | |
|---|---|---|---|
| | *31 December 2018* | *1 January 2019* | *Adjustments* |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Short-term loans | 1,000,000,000 | 1,000,000,000 | - |
| Accounts payable | 35,322,286 | 35,322,286 | - |
| Advance payments received | 1,577,035,515 | 1,577,035,515 | - |
| Employee benefits payable | 201,139,261 | 201,139,261 | - |
| Taxes payable | 250,558,556 | 250,558,556 | - |
| Other payables | 8,209,736,090 | 8,209,736,090 | - |
| Non-current liabilities due within one year | 2,590,000,000 | 2,590,000,000 | - |
| Total current liabilities | 13,863,791,708 | 13,863,791,708 | - |
| Non-current liabilities: | | | |
| Long-term loans | 26,520,000,000 | 26,520,000,000 | - |
| Debentures payable | 9,976,533,425 | 9,976,533,425 | - |
| Deferred income | 5,523,949,841 | 5,523,949,841 | - |
| Other non-current liabilities | 20,954,104,125 | 20,954,104,125 | - |
| | | - | - |
| Total non-current liabilities | 62,974,587,391 | 62,974,587,391 | - |
| Total liabilities | 76,838,379,099 | 76,838,379,099 | - |
| Shareholders' equity: | | | |
| Share capital | 34,798,398,763 | 34,798,398,763 | - |
| Capital reserve | 37,590,966,191 | 37,590,966,191 | - |
| Other comprehensive income | (28,507,585) | (246,193,654) | (217,686,069) |
| Surplus reserve | 1,152,626,310 | 1,152,626,310 | - |
| Retained earnings | 2,392,243,713 | 2,609,929,782 | 217,686,069 |
| Total shareholders' equity | 75,905,727,392 | 75,905,727,392 | - |
| Total liabilities and shareholders' equity | 152,744,106,491 | 152,744,106,491 | - |

Note 1: On 31 December 2018, the carrying amount of bank wealth management products at FVTOCI held by the Group was RMB 4,420,526,927. On 1 January 2019, the Group reclassified them to financial assets held for trading according to the new financial instrument standards, valued at fair value.

Note 2: On 31 December 2018, the carrying amount of available-for-sale debt instruments was RMB 12,866,432. On 1 January 2019, the Group reclassified them to financial assets held for trading according to the new financial instrument standards, valued at fair value.

Note 3: On 31 December 2018, the carrying amount of listed equity instruments investment at FVTPL was RMB 378,636,117. On 1 January 2019, the Group designated them as financial assets at FVTOCI out of the intention of establishing or maintaining a long-term investment for strategic reasons, presenting as investments in other equity instruments. On 31 December 2018, the carrying amount of unlisted equity instruments investment at amortised cost was RMB 342,519,810. On 1 January 2019, the Group designated them as financial assets at FVTOCI for the consideration of long-term strategic investments, presenting as investments in other equity instruments.

Note 4: The Group retrospectively adjusted the financial statements as at 1 January 2019 according to the ECL model, refer to Note III.33(b)(iii).

(ii) Impact of financial instrument classification

On 31 December 2018, the carrying amount of listed equity investments at fair value held by the Group was RMB 378,636,117, and the accumulated impairment provision was RMB 150,099,655. On 1 January 2019, for the consideration of long-term strategic investments, the Group chose to designate the equity investments as financial assets at FVOCI, which are presented as investments in other equity instruments. Accordingly, the Group transferred the accumulated impairment provision less the income tax expenses of RMB 127,584,707 from retained earnings at the beginning of the year to other comprehensive income at the beginning of the year.

On 31 December 2018, the carrying amount of unlisted equity investments at cost held by the Group was RMB 342,519,810, and the accumulated impairment provision was RMB 34,495,952. On 1 January 2019, for the consideration of long-term strategic investments, the Group chose to designate the equity investments as financial assets at FVOCI, which are presented as investments in other equity instruments. Accordingly, the Group transferred the accumulated impairment provision less the income tax expenses of RMB 29,321,559 from retained earnings at the beginning of the year to other comprehensive income at the beginning of the year. On 1 January 2019, the fair value measurement of this part of equity investments did not give rise to changes in the carrying amount of other equity instruments.

On 31 December 2018, the carrying amount of bank wealth management products at FVTOCI held by the Group was RMB 4,420,526,927 and the accumulated gain or loss that has been recognised directly in other comprehensive income was RMB 9,692,450. On 1 January 2019, the Group reclassified them to financial assets held for trading according to the new financial instrument standards, valued at fair value. Accordingly, the Group transferred fair value movements of RMB 9,692,450 accumulated in other comprehensive income to retained earnings.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 January 2019.

The results for the classification and measurement of financial assets under new financial instrument standards and previous financial instrument standards based on the financial statements for the year ended 31 December 2018 after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 are summarised as follows:

## The Group

| *Previous financial instrument standards (31 December 2018)* | | | *New financial instrument standards (1 January 2019)* | | |
|---|---|---|---|---|---|
| *Item* | *Measurement category* | *Carrying amount* | *Item* | *Measurement category* | *Carrying amount* |
| Cash at bank and on hand | Amortised cost (loans and receivables) | 51,481,539,711 | Cash at bank and on hand | Amortised cost | 51,481,539,711 |
| Bills receivable | Amortised cost (loans and receivables) | 656,781,577 | Bills receivable | Amortised cost | 656,781,577 |
| Accounts receivable | Amortised cost (loans and receivables) | 19,880,680,518 | Accounts receivable | Amortised cost | 19,874,790,758 |
| Other receivables | Amortised cost (loans and receivables) | 2,454,174,971 | Other receivables | Amortised cost | 2,451,581,902 |
| Other current assets - wealth management products | FVOCI (debt instruments) | 1,113,886,639 | Other current assets | Amortised cost | 1,113,886,639 |
| Other current assets - wealth management products | FVOCI (debt instruments) | 4,420,526,927 | Financial assets held for trading | FVTPL | 4,420,526,927 |
| Available-for-sale financial assets – Debt instruments at fair value | FVOCI (debt instruments) | 12,866,432 | Financial assets held for trading | FVTPL | 12,866,432 |
| Available-for-sale financial assets – equity instruments at fair value | FVOCI (equity instruments) | 378,636,117 | Investments in other equity instruments | FVOCI | 378,636,117 |
| Available-for-sale financial assets – equity instruments at cost | At cost (equity instruments) | 342,519,810 | Investments in other equity instruments | FVOCI | 342,519,810 |

## The Company

| *Previous financial instrument standards (31 December 2018)* | | | *New financial instrument standards (1 January 2019)* | | |
|---|---|---|---|---|---|
| *Item* | *Measurement category* | *Carrying amount* | *Item* | *Measurement category* | *Carrying amount* |
| Cash at bank and on hand | Amortised cost (loans and receivables) | 3,829,814,050 | Cash at bank and on hand | Amortised cost | 3,829,814,050 |
| Bills receivable | Amortised cost (loans and receivables) | 1,500,000 | Bills receivable | Amortised cost | 1,500,000 |
| Accounts receivable | Amortised cost (loans and receivables) | 36,952,623 | Accounts receivable | Amortised cost | 36,952,623 |
| Other receivables | Amortised cost (loans and receivables) | 2,015,828,460 | Other receivables | Amortised cost | 2,015,828,460 |
| Available-for-sale financial assets – equity instruments at fair value | FVOCI (equity instruments) | 109,609,222 | Investments in other equity instruments | FVOCI | 109,609,222 |
| Available-for-sale financial assets – equity instruments at cost | At cost (equity instruments) | 18,688,032 | Investments in other equity instruments | FVOCI | 18,688,032 |

Reconciliation between the original carrying amount of financial assets and the carrying amount of new financial assets under the classification and measurement requirements of new financial instrument standards based on the financial statements for the year ended 31 December 2018 after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 are summarised as follows:

The Group

| | *Carrying amout under the previous financial instruments standards (31 December 2018)* | *Reclassification* | *Remeasurement* | *Carrying amout under the new financial instruments standards (1 January 2019)* |
|---|---|---|---|---|
| **Amortised cost** | | | | |
| Cash at bank and on hand | | | | |
| Balances under previous financial instrument standards and new financial instrument standards | 51,481,539,711 | - | - | 51,481,539,711 |
| Bills receivable | | | | |
| Balances under previous financial instrument standards and new financial instrument standards | 656,781,577 | - | - | 656,781,577 |
| Accounts receivable | | | | |
| Balance under the previous financial instrument standards | 19,880,680,518 | | | |
| Remeasurement: allowance for ECL | | | (5,889,760) | |
| Balance under the new financial instrument standards | | | | 19,874,790,758 |
| Other receivables | | | | |
| Balance under the previous financial instrument standards | 2,454,174,971 | | | |
| Remeasurement: allowance for ECL | | | (2,593,069) | |
| Balance under the new financial instrument standards | | | | 2,451,581,902 |
| Other current assets - wealth management products (new financial instrument standards) | | | | |
| Balance under the previous financial instrument standards | - | | | |
| Add: transferred from other current assets (available-for-sale financial assets) | | 1,113,886,639 | | |
| Balance under the new financial instrument standards | | | | 1,113,886,639 |
| **Total financial assets measured at amortised cost** | 74,473,176,777 | 1,113,886,639 | (8,482,829) | 75,578,580,587 |

| | *Carrying amout under the previous financial instruments standards (31 December 2018)* | *Reclassification* | *Remeasurement* | *Carrying amout under the new financial instruments standards (1 January 2019)* |
|---|---|---|---|---|
| **FVTPL** | | | | |
| Financial assets held for trading (including other non-current financial assets) | | | | |
| Balance under the previous financial instrument standards | - | | | |
| Add: transferred from available-for-sale financial assets (previous financial instrument standards) | | 12,866,432 | | |
| Add: transferred from other current assets (available-for-sale financial assets) | | 4,420,526,927 | | |
| Balance under the new financial instrument standards | | | | 4,433,393,359 |

| | *Carrying amout under the previous financial instruments standards (31 December 2018)* | *Reclassification* | *Remeasurement* | *Carrying amout under the new financial instruments standards (1 January 2019)* |
|---|---|---|---|---|
| **FVOCI** | | | | |
| Other current assets - wealth management products | | | | |
| Balance under the previous financial instrument standards | 5,534,413,566 | | | |
| Less: transferred to FVTPL (new financial instrument standards) | | (4,420,526,927) | | |
| Less: transferred to amortised cost (new financial instrument standards) | | (1,113,886,639) | | |
| Balance under the new financial instrument standards | | | | - |
| Available-for-sale financial assets | | | | |
| Balance under the previous financial instrument standards | 734,022,359 | | | |
| Less: transferred to FVTPL as required (new financial instrument standards) | | (12,866,432) | | |
| Less: transferred to FVOCI as designated (new financial instrument standards) | | (721,155,927) | | |
| Balance under the new financial instrument standards | | | | - |
| Investments in other equity instruments | | | | |
| Balance under the previous financial instrument standards | - | | | |
| Add: transferred from available-for-sale financial assets (previous financial instrument standards) | | 721,155,927 | | |
| Remeasurement: from cost to fair value | | | - | |
| Balance under the new financial instrument standards | | | | 721,155,927 |
| **Total financial assets at FVOCI** | 6,268,435,925 | (5,547,279,998) | - | 721,155,927 |

## The Company

| **Amortised cost** | *Carrying amout under the previous financial instruments standards (31 December 2018)* | *Reclassification* | *Remeasurement* | *Carrying amout under the new financial instruments standards (1 January 2019)* |
|---|---|---|---|---|
| Cash at bank and on hand | | | | |
| Balances under previous financial instrument standards and new financial instrument standards | 3,829,814,050 | - | - | 3,829,814,050 |
| Bills receivable | | | | |
| Balances under previous financial instrument standards and new financial instrument standards | 1,500,000 | - | - | 1,500,000 |
| Accounts receivable | | | | |
| Balances under previous financial instrument standards and new financial instrument standards | 36,952,623 | - | - | 36,952,623 |
| Other receivables | | | | - |
| Balances under previous financial instrument standards and new financial instrument standards | 2,015,828,460 | - | - | 2,015,828,460 |
| **Total financial assets at amortised cost** | **5,884,095,133** | **-** | **-** | **5,884,095,133** |

| | *Carrying amout under the previous financial instruments standards (31 December 2018)* | *Reclassification* | *Remeasurement* | *Carrying amout under the new financial instruments standards (1 January 2019)* |
|---|---|---|---|---|
| **FVOCI** | | | | |
| Available-for-sale financial assets | | | | |
| Balance under the previous financial instrument standards | 128,297,254 | | | |
| Less: transferred to FVOCI as designated (new financial instrument standards) | | (128,297,254) | | |
| Balance under the new financial instrument standards | | | | - |
| Investments in other equity instruments | | | | |
| Balance under the previous financial instrument standards | - | | | |
| Add: transferred from available-for-sale financial assets (previous financial instrument standards) | | 128,297,254 | | |
| Remeasurement: from cost to fair value | | | - | |
| Balance under the new financial instrument standards | | | | 128,297,254 |
| **Total financial assets at FVOCI** | 128,297,254 | - | - | 128,297,254 |

(iii) Impact of adopting the ECL model

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost;
- debt investments at FVOCI

The new ECL model do not apply to investments in equity instruments.

Reconciliation between the closing amount of original impairment provision for financial assets and the new loss allowance for financial assets under the classification and measurement requirements of new financial instrument standards based on the financial statements for the year ended 31 December 2018 after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 are summarised as follows:

The Group

| Measurement category | *Loss allowance under the previous financial instrument standards/ provisions recognised under the contingency standard (31 December 2018)* | *Reclassification* | *Remeasurement* | *Loss allowance under the new financial instrument standards (1 January 2019)* |
|---|---|---|---|---|
| **Loans and receivables (previous financial instrument standards)/financial assets at amortised cost (new financial instrument standards)** | | | | |
| Accounts receivable | (319,321,830) | - | (5,889,760) | (325,211,590) |
| Other receivables | (340,512) | - | (2,593,069) | (2,933,581) |
| Total | (319,662,342) | - | (8,482,829) | (328,145,171) |
| **Available-for-sale financial assets (previous financial instrument standards)/financial assets at FVOCI (new financial instrument standards)** | | | | |
| Available-for-sale financial assets | (184,595,607) | 184,595,607 | - | - |
| **Total** | (504,257,949) | 184,595,607 | (8,482,829) | (328,145,171) |

The Company

| Measurement category | *Loss allowance under the previous financial instrument standards/ provisions recognised under the contingency standard (31 December 2018)* | *Reclassification* | *Remeasurement* | *Loss allowance under the new financial instrument standards (1 January 2019)* |
|---|---|---|---|---|
| **Loans and receivables (previous financial instrument standards)/financial assets at amortised cost (new financial instrument standards)** | | | | |
| Accounts receivable | (2,889,866) | - | - | (2,889,866) |
| **Available-for-sale financial assets (previous financial instrument standards)/financial assets at FVOCI (new financial instrument standards)** | | | | |
| Available-for-sale financial assets | (256,101,258) | 256,101,258 | - | - |
| **Total** | (258,991,124) | 256,101,258 | - | (2,889,866) |

(c) CAS 7 (2019)

CAS 7 (2019) further clarifies the scope of the standard, specifies the timing for recognition of assets received and derecognition of assets given up, and the accounting treatment for cases in which the timing of recognition and derecognition are inconsistent. The standard modifies the principle of measurement for multiple assets received or given up simultaneously in exchanges of non-monetary assets measured at fair value. It also requires the disclosure of whether exchanges of non-monetary assets have commercial substance and the reasons why they do or do not have commercial substance.

The CAS 7 (2019) took effect on 10 June 2019. Exchange of non-monetary assets between 1 January 2019 and the implementation date should be adjusted based on the revised standard. Retrospective adjustment is not required for the exchange of non-monetary assets prior to 1 January 2019. The adoption of CAS 7 (2019) has no material effect on the consolidated financial position and consolidated financial performance of the Group as well as the financial position and financial performance of the Company.

(d) CAS 12 (2019)

CAS 12 (2019) modifies the definition of debt restructuring to specify the scope of this standard, as well as the application of relevant financial instruments standards with respect to the recognition, measurement and presentation of financial instruments involved in debt restructuring. For debt restructuring in which a debt is settled by the transfer of assets, CAS 12 (2019) modifies the principle of measurement for initial recognition of non-financial assets received by the creditor, and gains or losses of the debtor from debt restructuring are recognised without distinguishing whether they are gains or losses from asset transfer or debt restructuring. For debt restructuring in which a debt is settled by the issuance of equity instruments to the creditor, CAS 12 (2019) revises the principle of measurement for initial recognition of its share of equity by the creditor, and provides more guidance on the principle of measurement for initial recognition of equity instruments by the debtor.

The effective date of CAS 12 (2019) is 17 June 2019. Debt restructuring that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS 12 (2019). Retrospective adjustment is not required for debt restructuring prior to 1 January 2019. The adoption of CAS 12 (2019) has no material effect on the consolidated financial position and consolidated financial performance of the Group as well as the financial position and financial performance of the Company.

## IV. Taxation

### 1 Main types of taxes and corresponding tax rates

| *Tax type* | *Tax basis* | *Tax rate* |
|---|---|---|
| Value-added tax (VAT) | Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period | 6%，9%，10%，11%，13%，16%，17% |
| City maintenance and construction tax | Based on VAT paid, VAT exemption and offset for the period | 7%，5% |
| Education surcharges and local education surcharges | Based on VAT paid, VAT exemption and offset for the period | 3%，2% |
| Corporate income tax | Based on taxable profits | 10% - 33% |

### 2 Corporate income tax

The income tax rate applicable to the Company for the year is 15% (2018: 15%).

Pursuant to the Corporate Income Tax Law of the People's Republic of China treatment No.28, corporate income tax for key advanced and high-tech enterprises supported by the State is applicable to a preferential tax rate of 15%.

On 25 October 2017, the Company renewed the High-tech Enterprise Certificate No. GR201711002584, which was entitled jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation. The Company is subject to corporate income tax rate of 15% since the date of certification with the valid period of three years.

The income tax rate applicable to other subsidiaries of the Group is 25% other than the following subsidiaries and the overseas subsidiaries which subject to the local income tax rate.

The subsidiaries that are entitled to preferential tax treatments are as follows:

| *Company name* | *Preferential rate* | *Reason* |
|---|---|---|
| Beijing BOE Optoelectronics Technology Co., Ltd. (BOE OT) | 15% | High-tech Enterprise |
| Chengdu BOE Optoelectronics Technology Co., Ltd (Chengdu Optoelectronics) | 15% | High-tech Enterprise |
| Hefei BOE Optoelectronics Technology Co., Ltd. (Hefei BOE) | 15% | High-tech Enterprise |
| Beijing BOE Display Technology Co., Ltd. (BOE Display) | 15% | High-tech Enterprise |
| Hefei Xinsheng Optoelectronics Technology Co., Ltd. (Hefei Xinsheng) | 15% | High-tech Enterprise |
| Ordos Yuansheng Optoelectronics Co., Ltd. (Yuansheng Optoelectronics) | 15% | Encouraged enterprise in Western Regions |
| Chongqing BOE Optoelectronics Co., Ltd. (Chongqing BOE) | 15% | Encouraged enterprise in Western Regions |
| BOE (Hebei) Mobile Technology Co., Ltd. (BOE Hebei) | 15% | High-tech Enterprise |
| BOE Optical Science and technology Co., Ltd (Optical Technology) | 15% | High-tech Enterprise |
| Beijing BOE CHATANI ElectronicsCo., Ltd. (Beijing CHATANI) | 15% | High-tech Enterprise |
| Hefei BOE Display Lighting Co., Ltd. (Hefei Display Lighting) | 15% | High-tech Enterprise |
| Chongqing BOE Display Lighting Co., Ltd. (Chongqing Display Lighting) | 15% | High-tech Enterprise |
| BOE Semi-conductor Co., Ltd. (BOE Semiconductor) | 15% | High-tech Enterprise |
| Hefei BOE Semiconductor Co., Ltd. (Hefei Semiconductor) | 15% | High-tech Enterprise |
| Beijing BOE Special Display Technology Co., Ltd. (Special Display) | 15% | High-tech Enterprise |
| Beijing BOE Vacuum Electronics Co., Ltd. (Vacuum Electronics) | 15% | High-tech Enterprise |
| Beijing Asahi Electronic Materials Co., Ltd. (Asahi Materials) | 15% | High-tech Enterprise |
| Beijing BOE Vacuum Technology Co., Ltd. (Vacuum Technology) | 15% | High-tech Enterprise |
| Beijing BOE Energy Technology Co., Ltd. (BOE Energy) | 15% | High-tech Enterprise |
| Beijing BOE multimedia Technology Co., Ltd. (BOE multimedia) | 15% | High-tech Enterprise |
| Fuzhou BOE Optoelectronics Technology Co., Ltd. (Fuzhou BOE) | 15% | High-tech Enterprise |
| Hefei BOE Display Technology Co., Ltd. (Hefei Display Technology) | 15% | High-tech Enterprise |
| Mianyang BOE Optoelectronics Technology Co., Ltd. (Mianyang BOE) | 15% | Encouraged enterprise in Western Regions |
| BOE Smart IOT Technology Co., Ltd (Smart IOT) | 15% | High-tech Enterprise |
| *Company name* | *Preferential rate* | *Reason* |

| | | |
|---|---|---|
| K-Tronics (Suzhou) Technology Co., Ltd. (Suzhou K-Tronics) | 15% | High-tech Enterprise |
| Beijing BOE Sensing Technology Co., Ltd. (Sensing Technology) | 15% | High-tech Enterprise |
| Chongqing BOE Smart Electronic System Co., Ltd (Chongqing Smart Electronic) | 15% | Encouraged enterprise in Western Regions |
| Beijing BOE Health Technology Co., Ltd (Health Technology) | 15% | High-tech Enterprise |
| Chongqing BOE Electronic Technology Co., Ltd (Chongqing Electronic Technology) | 15% | Encouraged enterprise in Western Regions |

## V. Notes to the consolidated financial statements

### 1 Cash at bank and on hand

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| Cash on hand: | | | | | | |
| RMB | | | 352,736 | | | 285,407 |
| USD | 1,927 | 6.9762 | 13,443 | 1,364 | 6.8632 | 9,361 |
| HKD | 96,829 | 0.8958 | 86,739 | 56,603 | 0.8762 | 49,596 |
| JPY | 51,485 | 0.0641 | 3,300 | 1,668,876 | 0.0619 | 103,303 |
| KRW | 490,690 | 0.0060 | 2,944 | 490,686 | 0.0061 | 2,993 |
| Other foreign currencies | | | 79,176 | | | 87,145 |
| Sub-total | | | 538,338 | | | 537,805 |
| Bank Deposits: | | | | | | |
| RMB | | | 22,108,949,641 | | | 19,526,770,243 |
| USD | 3,793,451,398 | 6.9762 | 26,463,875,643 | 3,215,270,076 | 6.8632 | 22,067,041,586 |
| HKD | 17,880,803 | 0.8958 | 16,017,623 | 36,614,201 | 0.8762 | 32,081,363 |
| JPY | 11,996,438,527 | 0.0641 | 768,971,710 | 15,077,127,145 | 0.0619 | 933,274,170 |
| KRW | 700,598,718 | 0.0060 | 4,203,592 | 1,274,695,127 | 0.0061 | 7,775,640 |
| EUR | 110,515,896 | 7.8155 | 863,736,985 | 94,362,955 | 7.8473 | 740,494,417 |
| Other foreign currencies | | | 43,452,413 | | | 32,708,963 |
| Sub-total | | | 50,269,207,607 | | | 43,340,146,382 |
| Other monetary funds: | | | | | | |
| RMB | | | 3,728,439,717 | | | 4,883,082,015 |
| USD | 421,172,173 | 6.9762 | 2,938,181,313 | 473,193,118 | 6.8632 | 3,247,619,007 |
| HKD | 3,156 | 0.8958 | 2,827 | 11,423,973 | 0.8762 | 10,009,685 |
| JPY | 567,260,199 | 0.0641 | 36,353,437 | 2,339,530 | 0.0619 | 144,817 |
| Sub-total | | | 6,702,977,294 | | | 8,140,855,524 |
| Total | - | | 56,972,723,239 | | | 51,481,539,711 |

Including: Total overseas deposits were equivalent to RMB 5,864,466,250 (2018: RMB 5,012,219,357).

As at 31 December 2019, other monetary funds were pledged by the Group amounting to USD 342,000,000 for short-term loans, RMB 151,840,291 and and USD 7,500,000 were pledged for long-term loans. The rest of other restricted monetary funds, amounting to RMB 4,112,379,475, were the deposits in commercial banks as security.

As at 31 December 2018, other monetary funds were pledged by the Group amounting to USD 305,000,000 for short-term loans, RMB142,547,192 and and USD 18,500,000 were pledged for long-term loans. The rest of other restricted monetary funds, amounting to RMB 5,768,050,799, were the deposits in commercial banks as security.

## 2 Financial assets held for trading

| *Item* | *31 December 2019* | *1 January 2019* |
|---|---|---|
| Financial assets at fair value through profit or loss | 5,809,184,994 | 4,433,393,359 |
| Including: Wealth management products | 5,809,184,994 | 4,420,526,927 |
| Debt instruments | - | 12,866,432 |
| Total | 5,809,184,994 | 4,433,393,359 |

## 3 Bills receivable

### (1) Classification of bills receivable

| *Item* | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|
| Bank acceptance bills | 331,145,492 | 655,081,577 | 655,081,577 |
| Commercial acceptance bills | - | 1,700,000 | 1,700,000 |
| Total | 331,145,492 | 656,781,577 | 656,781,577 |

All of the above bills are due within one year.

### (2) The pledged bills receivable of the Group at the end of the year

As at 31 December 2019, there is no pledged bills for the Group (2018: RMB 6,605,869).

### (3) Outstanding endorsed or discounted bills that have not matured at the end of the year:

| *Item* | *Amount derecognised at year end* | *Amount not-derecognised at year end* |
|---|---|---|
| Bank acceptance bills | 7,172,846 | 57,102,517 |
| Total | 7,172,846 | 57,102,517 |

For the year ended 31 December 2019, there was no amount transferred to accounts receivable from bills receivable due to non-performance of the issuers of the Group (2018: nil).

## 4 Accounts receivable

### (1) The Group's accounts receivable by customer type:

| *Item* | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|
| Amounts due from related parties | 1,960,247 | 52,246 | 52,246 |
| Amounts due from other customers | 18,481,732,857 | 20,199,950,102 | 20,199,950,102 |
| Sub-total | 18,483,693,104 | 20,200,002,348 | 20,200,002,348 |
| Less: Provision for bad and doubtful debts | 348,005,298 | 325,211,590 | 319,321,830 |
| Total | 18,135,687,806 | 19,874,790,758 | 19,880,680,518 |

### (2) The Group's accounts receivable by currency type:

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| RMB | | | 8,041,480,485 | | | 7,253,239,876 |
| USD | 1,438,995,152 | 6.9762 | 10,038,717,980 | 1,800,476,186 | 6.8632 | 12,357,028,161 |
| JPY | 25,172,988 | 0.0641 | 1,613,589 | 36,523,949 | 0.0619 | 2,260,467 |
| Other foreign currencies | | | 401,881,050 | | | 587,473,844 |
| Sub-total | | | 18,483,693,104 | | | 20,200,002,348 |
| Less: Provision for bad and doubtful debts | | | 348,005,298 | | | 319,321,830 |
| Total | | | 18,135,687,806 | | | 19,880,680,518 |

### (3) The ageing analysis of accounts receivable is as follows:

| | *2019* | *2018* |
|---|---|---|
| Within 1 year (inclusive) | 17,872,807,760 | 19,748,808,258 |
| 1 to 2 years (inclusive) | 233,485,656 | 136,291,482 |
| 2 to 3 years (inclusive) | 68,549,411 | 279,756,940 |
| Over 3 years | 308,850,277 | 35,145,668 |
| Sub-total | 18,483,693,104 | 20,200,002,348 |
| Less: Provision for bad and doubtful debts | 348,005,298 | 319,321,830 |
| Total | 18,135,687,806 | 19,880,680,518 |

The ageing is counted starting from the date when accounts receivable are recognised.

## (4) Accounts receivable by provisioning method

| | *2019* | | | | |
|---|---|---|---|---|---|
| | *Book value* | | *Provision for impairment* | | |
| *Category* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* | *Carrying amount* |
| Individual assessment | | | | | |
| - Customers with high credit risk | 334,464,437 | 2% | 334,419,437 | 100% | 45,000 |
| - Customers with low credit risk | 1,398,318,800 | 7% | 38,734 | 0% | 1,398,280,066 |
| Collective assessment | | | | | |
| - Customers with moderate credit risk | 16,750,909,867 | 91% | 13,547,127 | 0% | 16,737,362,740 |
| Total | 18,483,693,104 | 100% | 348,005,298 | 2% | 18,135,687,806 |

| | *2018* | | | | |
|---|---|---|---|---|---|
| | *Book value* | | *Provision for impairment* | | |
| *Category* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* | *Carrying amount* |
| Accounts receivables that are collectively assessed for impairment based on credit risk characteristics | 20,149,872,554 | 100% | 275,864,448 | 1% | 19,874,008,106 |
| Individually insignificant but assessed for impairment individually | 50,129,794 | 0% | 43,457,382 | 87% | 6,672,412 |
| Total | 20,200,002,348 | 100% | 319,321,830 | 2% | 19,880,680,518 |

(a) Criteria for collective assessment in 2019 and details:

| *Customer group* | *Basis* |
|---|---|
| Customers with high credit risk | With special matters, litigations or the deterioration of customers' credit status |
| Customers with low credit risk | Banks, insurance companies, large state-owned enterprises and public institutions |
| Customers with moderate credit risk | Customers not included in Groups above |

(b) Assessment of ECLs on accounts receivable in 2019:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the loss given default. According to the Group's historical experience, different loss models are applicable to different customer groups.

(5) Movements of provisions for bad and doubtful debts:

| | *2019* | *2018* |
|---|---|---|
| Balance under the previous financial instrument standards | 319,321,830 | 304,687,117 |
| Adjustment on initial application of the new financial instrument standards | 5,889,760 | - |
| Balance at the beginning of the year after adjustment | 325,211,590 | 304,687,117 |
| Charge during the year | 23,510,271 | 5,005,871 |
| Recoveries during the year | 1,493,365 | 1,779,710 |
| Written-off during the year | 4,211,814 | 2,475,273 |
| Translation differences | 4,988,616 | 13,883,825 |
| Balance at the end of the year | 348,005,298 | 319,321,830 |

(6) Five largest accounts receivable by debtor at the end of the year

The total of five largest accounts receivable of the Group at the end of the year was RMB 8,182,469,728, representing 45% of the total accounts receivable, and no provision was made for bad and doubtful debts after assessment.

5 Prepayments

(1) The Group's prepayments by category:

| | *2019* | *2018* |
|---|---|---|
| Prepayment for inventory | 107,673,472 | 252,434,159 |
| Prepayment for electricity and water | 271,295,136 | 189,744,046 |
| Others | 248,017,098 | 328,455,243 |
| Total | 626,985,706 | 770,633,448 |

(2) The ageing analysis of prepayments is as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| *Ageing* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* |
| Within 1 year (inclusive) | 459,763,565 | 73% | 721,657,321 | 94% |
| 1 to 2 years (inclusive) | 148,351,079 | 24% | 46,363,026 | 6% |
| 2 to 3 years (inclusive) | 17,719,439 | 3% | 2,035,569 | - |
| Over 3 years | 1,151,623 | - | 577,532 | - |
| Total | 626,985,706 | 100% | 770,633,448 | 100% |

The ageing is counted starting from the date when prepayments are recognised.

The total of five largest prepayments of the Group at the end of the year is RMB286,829,522, representing 46% of the total prepayments.

6、 Other receivables

| | *Note* | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|---|
| Interest receivable | | 215,977,831 | 140,597,317 | 140,597,317 |
| Dividends receivable | | - | 3,711,768 | 3,711,768 |
| Others | (1) | 490,193,281 | 2,307,272,817 | 2,309,865,886 |
| Total | | 706,171,112 | 2,451,581,902 | 2,454,174,971 |

(1) Others

(a) The Group's other receivable by customer type:

| *Customer type* | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|
| Amounts due from related parties | 603,515 | 12,148 | 12,148 |
| Amounts due from other customers | 498,225,877 | 2,310,194,250 | 2,310,194,250 |
| Sub-total | 498,829,392 | 2,310,206,398 | 2,310,206,398 |
| Less: Provision for bad and doubtful debts | 8,636,111 | 2,933,581 | 340,512 |
| Total | 490,193,281 | 2,307,272,817 | 2,309,865,886 |

(b) The Group's other receivable by currency type:

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| RMB | | | 457,159,067 | | | 2,278,359,260 |
| USD | 3,966,373 | 6.9762 | 27,670,211 | 1,511,739 | 6.8632 | 10,375,364 |
| JPY | 42,000,525 | 0.0641 | 2,692,234 | 35,383,000 | 0.0619 | 2,189,854 |
| Other foreign currencies | | | 11,307,880 | | | 19,281,920 |
| Sub-total | | | 498,829,392 | | | 2,310,206,398 |
| Less: Provision for bad and doubtful debts | | | 8,636,111 | | | 340,512 |
| Total | | | 490,193,281 | | | 2,309,865,886 |

(c) The ageing analysis of the Group's other receivables is as follows:

| | *2019* | *2018* |
|---|---|---|
| Within 1 year (inclusive) | 209,994,098 | 2,015,309,595 |
| 1 to 2 years (inclusive) | 25,165,256 | 29,027,513 |
| 2 to 3 years (inclusive) | 14,546,942 | 28,652,382 |
| Over 3 years | 249,123,096 | 237,216,908 |
| Sub-total | 498,829,392 | 2,310,206,398 |
| Less: Provision for bad and doubtful debts | 8,636,111 | 340,512 |
| Total | 490,193,281 | 2,309,865,886 |

The ageing is counted starting from the date when other receivables are recognized.

(d) Other receivables by provisioning method

| | *2019* | | | | |
|---|---|---|---|---|---|
| | *Book value* | | *Provision for bad and doubtful debts* | | |
| *Category* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* | *Carrying amount* |
| Individual assessment | 8,636,111 | 2% | 8,636,111 | 100% | - |
| Collective assessment | 490,193,281 | 98% | - | - | 490,193,281 |
| Total | 498,829,392 | 100% | 8,636,111 | 2% | 490,193,281 |

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Book value | | Provision for bad and doubtful debts | | |
| Category | Amount | Percentage (%) | Amount | Percentage (%) | Carrying amount |
| Accounts receivables that are collectively assessed for impairment based on credit risk characteristics | 2,309,865,886 | 100% | - | - | 2,309,865,886 |
| Individually insignificant but assessed for impairment individually | 340,512 | 0% | 340,512 | 100% | - |
| Total | 2,310,206,398 | 100% | 340,512 | 0% | 2,309,865,886 |

(e) Movements of provisions for bad and doubtful debts

| | 2019 | 2018 |
|---|---|---|
| Balance under the previous financial instrument standards | 340,512 | 509,257 |
| Adjustment on initial application of the new financial instrument standards | 2,593,069 | - |
| Balance at the beginning of the year after adjustment | 2,933,581 | 509,257 |
| Charge during the year | 6,251,161 | 1,273,563 |
| Recoveries during the year | 5,440 | - |
| Written-off during the year | 543,191 | 1,442,308 |
| Balance at the end of the year | 8,636,111 | 340,512 |

(f) The Group's other receivables categorised by nature

| Nature | 2019 | 2018 |
|---|---|---|
| VAT refunds and export tax rebate | 10,648,330 | 415,687,566 |
| Amount due from equity transfer | 200,000,000 | 200,000,000 |
| Deposits | 178,899,557 | 148,893,918 |
| Wealth management receivables | - | 1,408,094,816 |
| Others | 109,281,505 | 137,530,098 |
| Sub-total | 498,829,392 | 2,310,206,398 |
| Less: Provision for bad and doubtful debts | 8,636,111 | 340,512 |
| Total | 490,193,281 | 2,309,865,886 |

(g) Five largest other receivables by debtor at the end of the year

The total of five largest other receivables of the Group at the end of the year was RMB 299,820,059, most of which are amount due from equity transfer, deposits and quality indemnity. No provision is made for bad and doubtful debts after assessment.

## 7 Inventories

### (1) The Group's inventories by category:

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Book value* | *Provision for impairment of inventories* | *Carrying amount* | *Book value* | *Provision for impairment of inventories* | *Carrying amount* |
| Raw materials | 4,663,835,151 | 288,351,560 | 4,375,483,591 | 4,350,466,710 | 293,435,033 | 4,057,031,677 |
| Work in progress | 1,750,768,537 | 372,043,796 | 1,378,724,741 | 1,442,498,808 | 150,867,947 | 1,291,630,861 |
| Finished goods | 7,671,273,928 | 1,152,223,633 | 6,519,050,295 | 7,770,574,684 | 1,244,503,744 | 6,526,070,940 |
| Consumables | 122,936,135 | - | 122,936,135 | 113,493,354 | 2,828,660 | 110,664,694 |
| Total | 14,208,813,751 | 1,812,618,989 | 12,396,194,762 | 13,677,033,556 | 1,691,635,384 | 11,985,398,172 |

As at 31 December 2019, there was no amount of capitalised borrowing cost in the Group's closing balance of inventories (2018: nil).

As at 31 December 2019, the Group had no inventory used as collateral (2018: nil).

### (2) An analysis of provision for impairment of inventories of the Group is as follows:

| | | | *Decrease during the year* | | |
|---|---|---|---|---|---|
| | *Balance at the beginning of the year* | *Charge during the year* | *Reversal* | *Written-off* | *Balance at the end of the year* |
| Raw materials | 293,435,033 | 248,988,643 | (139,725,615) | (114,346,501) | 288,351,560 |
| Work in progress | 150,867,947 | 301,956,660 | (67,743,603) | (13,037,208) | 372,043,796 |
| Finished goods | 1,244,503,744 | 2,348,636,152 | (702,933,346) | (1,737,982,917) | 1,152,223,633 |
| Consumables | 2,828,660 | - | (2,828,660) | - | - |
| Total | 1,691,635,384 | 2,899,581,455 | (913,231,224) | (1,865,366,626) | 1,812,618,989 |

## 8 Assets held for sale

2019

| | *Non-current assets held for sale* | |
|---|---|---|
| | *Carrying amount* | *Fair value* |
| Fixed assets | 144,680,734 | 328,796,100 |
| Intangible assets | 29,230,086 | 55,251,000 |
| Total of assets held for sale | 173,910,820 | 384,047,100 |

In March 2018, Suzhou K-Tronics entered into the Recovery Agreement of Land and Properties with Management Committee of Wujiang Economic and Technological Development Zone to sell properties and other attachments located in Wujiang Economic and Technological Development Zone. Suzhou K-Tronics and the Management Committee of Wujiang Economic and Technological Development Zone agreed that the recovery price of the subject matter is RMB 384,047,100, which is determined according to the evaluation report. The expected selling period is 2020 and the agreement has been approved by the resolution of the Board of Directors of the Group. The above non-current assets proposed for sale is presented as a non-current asset held for sale in the financial statements.

## 9 Other current assets

| | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|
| VAT on tax credits | 5,979,120,265 | 4,841,165,133 | 4,841,165,133 |
| Input tax to be verified or deducted | 1,984,055,118 | 1,773,794,503 | 1,773,794,503 |
| Income taxes prepaid | 45,154,225 | 132,824,503 | 132,824,503 |
| Wealth management products | 1,162,273,445 | 1,113,886,639 | 5,534,413,566 |
| Others | 126,034,014 | 180,876,074 | 180,876,074 |
| Total | 9,296,637,067 | 8,042,546,852 | 12,463,073,779 |

As at 31 December 2019, all of the wealth management products owned by the Group are structured deposits due within one year, which are measured at amortised cost.

## 10 Available-for-sale financial assets

### (1) Available-for-sale financial assets

| | 2018 | | |
|---|---|---|---|
| *Item* | *Book value* | *Provision for impairment* | *Carrying amount* |
| Available-for-sale debt instruments | 12,866,432 | - | 12,866,432 |
| Available-for-sale equity instruments | | | |
| - Measured at fair value | 528,735,772 | 150,099,655 | 378,636,117 |
| - Measured at cost | 377,015,762 | 34,495,952 | 342,519,810 |
| Total | 918,617,966 | 184,595,607 | 734,022,359 |

### (2) Available-for-sale financial assets at fair value at the end of 2018:

| | *Available-for-sale equity instruments* | *Available-for-sale debt instruments* | *Total* |
|---|---|---|---|
| Cost of equity instruments/amortized cost of debt instruments | 555,793,175 | 12,565,172 | 568,358,347 |
| Fair value | 378,636,117 | 12,866,432 | 391,502,549 |
| Accumulated fair value movements in other comprehensive income | (27,057,403) | 301,260 | (26,756,143) |
| Provision for impairment | (150,099,655) | - | (150,099,655) |

## (3) Available-for-sale financial assets at cost at the end of 2018:

| | *Book value* | | | | | *Provision for impairment* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Investee* | *Balance at the beginning of the year* | *Increase during the year* | *Decrease during the year* | *Translation differences* | *Balance at the end of the year* | *Balance at the beginning of the year* | *Increase during the year* | *Translation differences* | *Balance at the end of the year* | *Percentage of shareholding in investees (%)* |
| Teralane Semiconductor Inc | 11,868,000 | - | - | - | 11,868,000 | - | - | - | - | 7.29% |
| Zhejiang BOE Display Technology Co., Ltd. | 321,256 | - | - | - | 321,256 | - | - | - | - | 7.03% |
| Zhejiang Qiusheng Photoelectric Technology Co., Ltd. | 248,776 | - | - | - | 248,776 | - | - | - | - | 5.09% |
| National Engineering Laboratory of Digital Television (Beijing) Co., Ltd. | 6,250,000 | - | - | - | 6,250,000 | - | - | - | - | 12.50% |
| Meta Company | 32,670,951 | - | - | 1,645,001 | 34,315,952 | - | 33,130,452 | 1,185,500 | 34,315,952 | 5.66% |
| Danhua Capital, L. P. | 24,503,250 | - | - | 1,233,750 | 25,737,000 | - | - | - | - | 5.48% |
| Danhua Capital II, L.P. | 34,304,550 | 26,419,000 | - | 2,761,050 | 63,484,600 | - | - | - | - | 3.29% |
| Kateeva Inc. | 78,051,019 | - | - | 3,929,905 | 81,980,924 | - | - | - | - | 3.00% |
| DEPICT INC. | 13,068,400 | - | - | 658,000 | 13,726,400 | - | - | - | - | 22.20% |
| MOOV INC. | 26,244,971 | - | - | 1,321,446 | 27,566,417 | - | - | - | - | 7.69% |
| ZGLUE INC. | 9,801,289 | - | - | 493,499 | 10,294,788 | - | - | - | - | 6.00% |
| Fabord Ltd. | 910 | - | (910) | - | - | - | - | - | - | - |
| Hefei Xin Jing Yuan Electronic Materials Co., Ltd. | 3,000,000 | - | (3,000,000) | - | - | - | - | - | - | - |
| Nanosys INC | 49,006,500 | - | - | 2,467,500 | 51,474,000 | - | - | - | - | 3.14% |
| Ceribell INC | 8,494,453 | - | - | 427,699 | 8,922,152 | - | - | - | - | 2.05% |
| Baebies INC | 28,709,230 | - | - | 1,445,523 | 30,154,753 | - | - | - | - | 9.05% |
| Illumina Fund I,L.P. | 5,605,265 | 4,433,785 | - | 451,694 | 10,490,744 | - | - | - | - | 2.14% |
| Others | 180,000 | - | - | - | 180,000 | 180,000 | - | - | 180,000 | |
| Total | 332,328,820 | 30,852,785 | (3,000,910) | 16,835,067 | 377,015,762 | 180,000 | 33,130,452 | 1,185,500 | 34,495,952 | |

## 11 Long-term equity investments

(1) The Group's long-term equity investments by category:

| | *2019* | *2018* |
|---|---|---|
| Investments in associates | 3,495,896,246 | 2,926,303,858 |
| Sub-total | 3,495,896,246 | 2,926,303,858 |
| Less: Provision for impairment | 777,858,312 | 537,136,972 |
| Total | 2,718,037,934 | 2,389,166,886 |

(2) Movements of long-term equity investments during the year are as follows:

| *Investee* | *Balance at the beginning of the year* | *Increase in investments* | *Decrease in investments* | *Investment income recognised under equity method* | *Other comprehensive income* | *Other equity movements* | *Declared distribution of cash dividends or profits* | *Translation differences arising from translation of foreign currency financial statements* | *Balance at the end of the year* |
|---|---|---|---|---|---|---|---|---|---|
| Beijing Nissin Electronics Precision Component Co., Ltd. | 538,489 | - | - | (1,698,667) | - | 1,643,426 | - | - | 483,248 |
| Beijing Nittan Electronic Co., Ltd. | 61,733,085 | - | - | 6,075,670 | - | - | (3,000,000) | - | 64,808,755 |
| Erdos BOE Energy Investment Co., Ltd. | 907,458,312 | - | - | (110,086) | - | - | - | - | 907,348,226 |
| Beijing Infi-Hailin Venture Investment Co., Ltd. | 435,828 | - | - | 227,387 | - | - | - | - | 663,215 |
| Beijing Infi-Hailin Venture Investment (Limited Partnership) | 82,336,933 | - | (10,000,000) | (14,927,922) | 16,975,941 | - | - | - | 74,384,952 |
| TPV Display Technology (China) Limited | 23,001,359 | - | - | 1,544,305 | - | - | - | - | 24,545,664 |
| Beijing Xindongneng Investment Fund (Limited Partnership) | 1,455,174,877 | - | (129,089,011) | 268,474,328 | 349,954,655 | - | - | - | 1,944,514,849 |
| Beijing Xindongneng Investment Management Co., Ltd. | 5,188,862 | - | - | 2,221,199 | - | - | - | - | 7,410,061 |
| Shenzhen Yunyinggu Technology Co., Ltd. | 15,481,506 | - | (10,800,923) | (17,043,172) | - | 25,077,673 | - | - | 12,715,084 |
| Beijing Xloong Technologies Co., Ltd | 22,609,211 | - | - | (372,167) | - | - | - | - | 22,237,044 |
| Beijing Innovation Industry Investment Co., Ltd | - | 100,000,000 | - | 363,345 | - | - | - | - | 100,363,345 |
| Beijing Electric Control Industry Investment Co., Ltd | - | 17,000,000 | - | (158,391) | - | - | - | - | 16,841,609 |
| New on Technology Co.Ltd. | 3,185,494 | - | - | (377,351) | - | - | - | (80,537) | 2,727,606 |
| Cnoga Medical Co.Ltd. | 343,160,000 | - | - | (40,804,586) | - | - | - | 5,151,489 | 307,506,903 |
| Beijing Zhonglianhe Ultra HD ollaborative Technology Center Co., Ltd. | 3,000,000 | - | - | (284,740) | - | - | - | - | 2,715,260 |
| Hefei Xin Jing Yuan Electronic Materials Co., Ltd. | 2,999,902 | - | - | (2,999,902) | - | - | - | - | - |
| Shenzhen Jiangcheng Technology Co., Ltd. | - | 6,738,989 | - | (108,564) | - | - | - | - | 6,630,425 |
| Sub-total | 2,926,303,858 | 123,738,989 | (149,889,934) | 200,020,686 | 366,930,596 | 26,721,099 | (3,000,000) | 5,070,952 | 3,495,896,246 |
| Less: Provision for impairment | 537,136,972 | | | | | | | | 777,858,312 |
| Total | 2,389,166,886 | | | | | | | | 2,718,037,934 |

As at 31 December 2019, Hefei Xin Jing Yuan Electronic Materials Co., Ltd. suffered continuous loss and the Group does not have an obligation to assume additional losses. Therefore, the Company discontinues recognising its share of further losses after the carrying amount of long-term equity investment is reduced to zero. As at 31 December 2019, the accumulated unrecognised investment losses was RMB 17,817,673 (2018: nil).

12 Investments in other equity instruments

| *Item* | *31 December 2019* | *1 January 2019* |
|---|---|---|
| Listed equity instruments investment | | |
| - TPV Technology Limited* | - | 25,613,279 |
| - Beijing Electronic City High Tech Group Co., Ltd | 72,585,692 | 83,995,943 |
| - Bank of Chongqing Co., Ltd. | 105,407,103 | 98,705,067 |
| - CSC Securities Co., Ltd | 68,545,920 | 44,412,575 |
| - New century medical Holding Co., Ltd | 53,586,259 | 125,909,253 |
| Unlisted equity instruments investment | | |
| - Teralane Semiconductor Inc | - | 11,868,000 |
| - Zhejiang BOE Display Technology Co., Ltd. | 321,256 | 321,256 |
| - Zhejiang Qiusheng Photoelectric Technology Co., Ltd. | 248,776 | 248,776 |
| - National Engineering Laboratory of Digital Television (Beijing) Co., Ltd. | 6,250,000 | 6,250,000 |
| - Meta Company | - | - |
| - Danhua Capital, L. P. | 26,160,750 | 25,737,000 |
| - Danhua Capital II, L.P. | 64,529,850 | 63,484,600 |
| - Kateeva Inc. | 83,330,709 | 81,980,924 |
| - DEPICT INC. | - | 13,726,400 |
| - MOOV INC. | 28,020,288 | 27,566,417 |
| - ZGLUE INC. | 10,464,288 | 10,294,788 |
| - Nanosys INC | 52,321,500 | 51,474,000 |
| - Ceribell INC | 9,069,052 | 8,922,152 |
| - Baebies INC | 30,651,239 | 30,154,753 |
| - Illumina Fund I,L.P. | 17,181,203 | 10,490,744 |
| - ACQIS Technology, Inc. | 1,395,242 | - |
| - KA IMAGING INC. | 2,007,520 | - |
| - Beijing Dongfang Electronic Industry Co., Ltd | - | - |
| Total | 632,076,647 | 721,155,927 |

Note*: TPV Technology Limited delisted on 14 November 2019, paid most of the shareholders at SEHK at 3.86 HK dollar per share except several shareholders. The Company received Bank acceptance bills of 94,030,377 HK dollar in November 2019.

## (1) Investments in other equity instruments:

| *Item* | *Reason for being designated at fair value through other comprehensive income* | *Dividend income recognised for the year* | *Accumulated gains or losses recognised in other comprehensive income ("-" for losses)* | *Amount transferred from other comprehensive income to retained earnings* | *Reason for transferring from other comprehensive income to retained earnings* |
|---|---|---|---|---|---|
| Listed equity instruments investment | | | | | |
| - TPV Technology Limited | With the intention of establishing or maintaining a long-term investment for strategic reasons | 471,354 | - | 50,430,448 | Disposal |
| - Beijing Electronic City High Tech Group Co., Ltd | With the intention of establishing or maintaining a long-term investment for strategic reasons | 1,883,379 | (17,574,736) | - | Not applicable |
| - Bank of Chongqing Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | 3,881,382 | (14,677,272) | - | Not applicable |
| - CSC Securities Co., Ltd | With the intention of establishing or maintaining a long-term investment for strategic reasons | 2,055,835 | (1,495,444) | - | Not applicable |
| - New century medical Holding Co., Ltd | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (87,262,590) | - | Not applicable |
| Unlisted equity instruments investment | | | | | |
| - Teralane Semiconductor Inc | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (11,868,000) | - | Not applicable |
| - Zhejiang BOE Display Technology Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | - | - | Not applicable |
| - Zhejiang Qiusheng Photoelectric Technology Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | - | - | Not applicable |
| - National Engineering Laboratory of Digital Television (Beijing) Co., Ltd. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | - | - | Not applicable |
| - Meta Company | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (34,684,948) | - | Not applicable |
| - Danhua Capital, L. P. | With the intention of establishing or maintaining a long-term investment for strategic reasons | 1,692,255 | 147,000 | - | Not applicable |
| - Danhua Capital II, L.P. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 1,989,674 | - | Not applicable |
| - Kateeva Inc. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 468,243 | - | Not applicable |
| - DEPICT INC. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (13,874,000) | - | Not applicable |
| - MOOV INC. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 157,449 | - | Not applicable |
| - ZGLUE INC. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 58,800 | - | Not applicable |
| - Nanosys INC | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 1,972,500 | - | Not applicable |
| - Ceribell INC | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 406,770 | - | Not applicable |
| - Baebies INC | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 1,527,685 | - | Not applicable |
| - Illumina Fund I,L.P. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | 577,382 | - | Not applicable |
| - ACQIS Technology, Inc. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (168,720) | - | Not applicable |
| - KA IMAGING INC. | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | - | - | Not applicable |
| - Beijing Dongfang Electronic Industry Co., Ltd | With the intention of establishing or maintaining a long-term investment for strategic reasons | - | (180,000) | - | Not applicable |
| Total | | 9,984,205 | (174,480,207) | 50,430,448 | |

## 13 Investment properties

| | *Land use rights* | *Buildings* | *Total* |
|---|---|---|---|
| Cost | | | |
| Balance at the beginning of the year | 687,434,677 | 1,012,158,845 | 1,699,593,522 |
| Additions during the year | - | 3,657,282 | 3,657,282 |
| Balance at the end of the year | 687,434,677 | 1,015,816,127 | 1,703,250,804 |
| Less: Accumulated depreciation or amortization | | | |
| Balance at the beginning of the year | 127,149,702 | 288,576,169 | 415,725,871 |
| Charge for the year | 13,622,701 | 32,659,382 | 46,282,083 |
| Balance at the end of the year | 140,772,403 | 321,235,551 | 462,007,954 |
| Carrying amounts | | | |
| At the end of the year | 546,662,274 | 694,580,576 | 1,241,242,850 |
| At the beginning of the year | 560,284,975 | 723,582,676 | 1,283,867,651 |

## 14 Fixed assets

## (1) Analysis of the Group's fixed assets are as follows:

| *Item* | *Plant and buildings* | *Equipment* | *Others* | *Total* |
|---|---|---|---|---|
| Cost | | | | |
| Balance at the beginning of the year | 36,749,694,289 | 152,959,161,443 | 3,253,525,318 | 192,962,381,050 |
| Additions during the year | | | | |
| - Purchase | 153,590,639 | 797,702,827 | 586,734,795 | 1,538,028,261 |
| - Transfer from construction in progress | 2,560,907,495 | 11,348,612,986 | 1,271,722,362 | 15,181,242,843 |
| Disposals or written-off during the year | (18,248,457) | (354,692,916) | (37,340,323) | (410,281,696) |
| Transfer to assets held for sale during the year | (286,546,396) | (19,062,161) | (19,776,266) | (325,384,823) |
| Other decreases | (94,115,518) | (233,187,518) | - | (327,303,036) |
| Translation differences | 1,064,852 | 16,368,778 | 196,506 | 17,630,136 |
| Balance at the end of the year | 39,066,346,904 | 164,514,903,439 | 5,055,062,392 | 208,636,312,735 |
| Less: Accumulated depreciation | | | | |
| Balance at the beginning of the year | 4,287,202,025 | 58,402,866,713 | 1,461,718,975 | 64,151,787,713 |
| Charge during the year | 1,005,246,569 | 16,553,957,538 | 864,384,030 | 18,423,588,137 |
| Disposals or written-off during the year | (4,695,117) | (307,561,970) | (36,873,915) | (349,131,002) |
| Transfer to assets held for sale during the year | (164,215,666) | (5,640,910) | (10,847,513) | (180,704,089) |
| Translation differences | 517,901 | 12,159,063 | 157,104 | 12,834,068 |
| Balance at the end of the year | 5,124,055,712 | 74,655,780,434 | 2,278,538,681 | 82,058,374,827 |
| Less: Provision for impairment | | | | |
| Balance at the beginning of the year | 1,085,094 | 644,638,064 | 7,139,184 | 652,862,342 |
| Charge during the year | - | 160,307,953 | 37,081 | 160,345,034 |
| Disposals or written-off during the year | (11,713) | (20,109,323) | (1,390,370) | (21,511,406) |
| Balance at the end of the year | 1,073,381 | 784,836,694 | 5,785,895 | 791,695,970 |
| Carrying amount | | | | |
| At the end of the year | 33,941,217,811 | 89,074,286,311 | 2,770,737,816 | 125,786,241,938 |
| At the beginning of the year | 32,461,407,170 | 93,911,656,666 | 1,784,667,159 | 128,157,730,995 |

(2) Fixed assets acquired under finance leases

| | 2019 | | | | 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| *Item* | *Original book value* | *Accumulated depreciation* | *Provision for impairment* | *Carrying amount* | *Original book value* | *Accumulated depreciation* | *Provision for impairment* | *Carrying amount* |
| Plant and buildings | 11,291,665 | 4,610,694 | - | 6,680,971 | 11,291,665 | 4,357,005 | - | 6,934,660 |
| Machinery and equipment | 111,358,145 | 10,816,754 | - | 100,541,391 | 111,358,145 | 4,815,787 | - | 106,542,358 |
| Total | 122,649,810 | 15,427,448 | - | 107,222,362 | 122,649,810 | 9,172,792 | - | 113,477,018 |

The Group’s fixed assets under finance leases represented a youth apartment under finance lease for the Company, which is used for the purposes of the staff dormitory and machinery and equipment under finance leases.

(3) Fixed assets pending certificates of ownership

On 31 December 2019, fixed assets pending certificates of ownership totalled RMB 8,208,580,798 and certificates of ownership is still being processed.

15、 Construction in progress

(1) Analysis of the Group’s construction in progress is as follows:

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| *Item* | *Book value* | *Provision for impairment* | *Carrying amount* | *Book value* | *Provision for impairment* | *Carrying amount* |
| The $6^{th}$ generation AMOLED project - Mianyang | 34,753,609,842 | - | 34,753,609,842 | 23,065,639,272 | - | 23,065,639,272 |
| The $6^{th}$ generation LTPS / AMOLED project - Chengdu | 19,490,899,526 | - | 19,490,899,526 | 15,759,483,392 | - | 15,759,483,392 |
| The $10.5^{th}$ generation TFT-LCD project - Hefei | 622,207,613 | - | 622,207,613 | 5,599,769,733 | - | 5,599,769,733 |
| The $10.5^{th}$ generation TFT-LCD project - Wuhan | 24,749,508,699 | - | 24,749,508,699 | 5,226,487,285 | - | 5,226,487,285 |
| Others | 7,760,556,847 | - | 7,760,556,847 | 6,771,975,205 | - | 6,771,975,205 |
| Total | 87,376,782,527 | - | 87,376,782,527 | 56,423,354,887 | - | 56,423,354,887 |

## (2) Movements of major construction projects in progress during the year

| *Item* | *Budget* | *Balance at the beginning of the year* | *Increase during the year* | *Transfers to fixed assets* | *Transfer to intangible assets* | *Balance at the end of the year* | *Percentage of actual cost to budget (%)* | *Accumulated capitalised interest at the end of the year* | *Interest capitalised in 2019* | *Interest rate for capitalisation in 2019 (%)* | *Sources of funding* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| The 6th generation AMOLED project - Mianyang | 44,500,000,000 | 23,065,639,272 | 11,849,171,781 | (161,201,211) | - | 34,753,609,842 | 78.90% | 613,132,029 | 556,855,158 | 4.51% | Self-raised funds and borrowings |
| The 6th generation LTPS / AMOLED project - Chengdu | 44,800,000,000 | 15,759,483,392 | 5,534,324,202 | (1,800,721,546) | (2,186,522) | 19,490,899,526 | 86.07% | 837,160,130 | 454,186,034 | 4.84% | Self-raised funds and borrowings |
| The 10.5th generation TFT-LCD project - Hefei | 42,937,000,000 | 5,599,769,733 | 1,098,716,081 | (6,076,083,329) | (194,872) | 622,207,613 | 86.17% | - | - | - | Self-raised funds and borrowings |
| The 10.5th generation TFT-LCD project - Wuhan | 44,000,000,000 | 5,226,487,285 | 20,161,031,012 | (638,009,598) | - | 24,749,508,699 | 58.63% | 93,594,026 | 93,594,026 | 3.73% | Self-raised funds and borrowings |

# 16 Intangible assets

## (1) Intangible assets

| | *Land use rights* | *Patent and proprietary technology* | *Computer software* | *Others* | *Total* |
|---|---|---|---|---|---|
| Original book value | | | | | |
| Balance at the beginning of the year | 2,685,702,901 | 3,290,629,308 | 902,371,299 | 1,226,628,617 | 8,105,332,125 |
| Additions during the year | | | | | |
| - Purchase | 1,443,397,986 | 428,922,849 | 25,771,138 | 79,110,712 | 1,977,202,685 |
| - Transfer from construction in progress | - | - | 115,360,282 | - | 115,360,282 |
| Disposals during the year | - | - | (892,159) | - | (892,159) |
| Transfers to assets held for sale during the year | (37,857,218) | - | - | - | (37,857,218) |
| Other decreases | - | (997,041) | - | - | (997,041) |
| Balance at the end of the year | 4,091,243,669 | 3,718,555,116 | 1,042,610,560 | 1,305,739,329 | 10,158,148,674 |
| Less: Accumulated amortisation | | | | | |
| Balance at the beginning of the year | 228,473,302 | 1,285,634,672 | 535,554,303 | 117,990,454 | 2,167,652,731 |
| Charge during the year | 83,860,043 | 316,063,422 | 117,440,369 | 66,138,252 | 583,502,086 |
| Disposals during the year | - | - | (795,840) | - | (795,840) |
| Transfers to assets held for sale during the year | (8,627,132) | - | - | - | (8,627,132) |
| Balance at the end of the year | 303,706,213 | 1,601,698,094 | 652,198,832 | 184,128,706 | 2,741,731,845 |
| Carrying amount | | | | | |
| At the end of the year | 3,787,537,456 | 2,116,857,022 | 390,411,728 | 1,121,610,623 | 7,416,416,829 |
| At the beginning of the year | 2,457,229,599 | 2,004,994,636 | 366,816,996 | 1,108,638,163 | 5,937,679,394 |

## (2) Land use rights pending certificates of ownership

As at 31 December 2019, the company has land use rights pending certificates of ownership RMB 614,842,056 in total.

## 17 Goodwill

### (1) Changes in goodwill

| *Name of investee* | *Balance at the beginning of the year* | *Increase during the year* | *Balance at the end of the year* |
|---|---|---|---|
| Book value | | | |
| Beijing Yinghe Century Co., Ltd. | 42,940,434 | - | 42,940,434 |
| K-Tronics (Suzhou) Technology Co., Ltd. | 8,562,464 | - | 8,562,464 |
| Beijing BOE Optoelectronics Technology Co., Ltd. | 4,423,876 | - | 4,423,876 |
| BOE Healthcare Investment & Management Co., Ltd. | 146,460,790 | - | 146,460,790 |
| SES Imagotag SA Co.Ltd. | 706,406,821 | - | 706,406,821 |
| Sub-total | 908,794,385 | - | 908,794,385 |
| Provision for impairment | 4,423,876 | 196,766,653 | 201,190,529 |
| Carrying amount | 904,370,509 | (196,766,653) | 707,603,856 |

### (2) Provision for impairment of goodwill

The recoverable amount of Beijing Yinghe Century Co., Ltd. (“Yinghe Century”), Suzhou K-Tronics, BOE Healthcare Investment & Management Co., Ltd. (“Health Investment”) and SES Imagotag SA Co.Ltd. is determined based on the present value of expected future cash flows. When predicting the present value of cash flow, the cash flow in the next 5 years is determined based on the financial budget approved by the management. The cash flow in the years after the 5-year financial budget will remain stable. The pre-tax discount rate is determined with reference to comparable companies and related capital structures.

On 31 December 2019, as the present value of SES Imagotag SA Co.Ltd.’s future cash flow is lower than the carrying amount of the asset groups, the Group made impairment provision of RMB 196,766,653 for goodwill in 2019.

## 18 Long-term deferred expenses

| | *Balance at the beginning of the year* | *Increase during the year* | *Decrease during the year* | *Balance at the end of the year* |
|---|---|---|---|---|
| Payment for public facilities construction and use | 98,072,789 | - | (15,370,223) | 82,702,566 |
| Cost of operating lease assets improvement | 20,351,453 | 26,109,654 | (18,394,852) | 28,066,255 |
| Others | 242,216,611 | 90,153,351 | (97,714,374) | 234,655,588 |
| Total | 360,640,853 | 116,263,005 | (131,479,449) | 345,424,409 |

## 19 Deferred tax assets/deferred tax liabilities

## (1) Deferred tax assets and liabilities

| | *2019* | | *2018* | |
|---|---|---|---|---|
| *Item* | *Deductible/ (taxable) temporary differences* | *Deferred tax assets/(liabilities)* | *Deductible/ (taxable) temporary differences* | *Deferred tax assets/(liabilities)* |
| Deferred tax assets: | | | | |
| Provision for impairment of assets | 131,848,265 | 29,587,380 | 391,727,136 | 69,662,802 |
| Changes in fair value of other equity instruments | 135,444,338 | 20,316,651 | - | - |
| Depreciation of fixed assets | 147,798,525 | 25,764,520 | 125,811,735 | 22,699,045 |
| Assessed value added by investing real estate in subsidiaries | 136,556,956 | 34,139,239 | 142,110,808 | 35,527,702 |
| Accumulated losses | 361,764,556 | 111,182,956 | 230,110,593 | 67,447,589 |
| Advance payments received | - | - | 290,000,000 | 43,500,000 |
| Others | 214,882,405 | 40,237,079 | 219,548,492 | 42,572,983 |
| Sub-total | 1,128,295,045 | 261,227,825 | 1,399,308,764 | 281,410,121 |
| Amount offset | | (13,074,064) | | (29,036,499) |
| Balance after offsetting | | 248,153,761 | | 252,373,622 |
| Deferred tax liabilities: | | | | |
| Revaluation due to business combinations involving entities not under common control | (2,594,143,798) | (772,597,483) | (2,777,250,385) | (835,036,150) |
| Depreciation of fixed assets | (4,178,779,443) | (643,417,497) | (3,248,856,623) | (517,769,740) |
| Changes in fair value of available-for-sale financial assets | - | - | (53,218,430) | (8,058,902) |
| Long-term equity investments | (120,141,687) | (18,021,253) | (360,863,027) | (54,129,454) |
| Interest on debentures | - | - | (71,525,943) | (10,728,891) |
| Others | (161,910,113) | (30,863,188) | (223,118,577) | (22,686,907) |
| Sub-total | (7,054,975,041) | (1,464,899,421) | (6,734,832,985) | (1,448,410,044) |
| Amount offset | | 13,074,064 | | 29,036,499 |
| Balance after offsetting | | (1,451,825,357) | | (1,419,373,545) |

(2) Details of unrecognised deferred tax assets

| | *2019* | *2018* |
|---|---|---|
| Deductible temporary differences | 9,708,406,691 | 9,073,884,112 |
| Deductible losses | 15,354,248,296 | 6,752,930,780 |
| Total | 25,062,654,987 | 15,826,814,892 |

As at 31 December 2019, the deductible temporary differences are mainly provisions for the subsidiaries' impairment of assets. Due to the uncertainty that there will be sufficient taxable income to cover these deductible differences in future periods, the deferred income tax assets were not recognized in consideration of prudence.

(3) Expiration of deductible tax losses for unrecognized deferred tax assets:

| *Year* | *Note* | *2019* | *2018* |
|---|---|---|---|
| 2019 | | - | 38,076,038 |
| 2020 | | 58,901,625 | 59,149,932 |
| 2021 | | 80,449,618 | 52,190,671 |
| 2022 | | 435,146,446 | 528,642,251 |
| 2023 | | 605,118,016 | 669,677,506 |
| 2024 | | 1,028,882,595 | 125,649,689 |
| 2025 | | 494,894,618 | 512,243,532 |
| 2026 | | 227,711,720 | 233,283,462 |
| 2027 | | 133,673,301 | 133,672,001 |
| 2028 | | 4,215,818,107 | 4,296,683,816 |
| 2029 | | 7,359,029,807 | - |
| Others | (a) | 714,622,443 | 103,661,882 |
| Total | | 15,354,248,296 | 6,752,930,780 |

(a) According to the applicable local tax laws, Loss of some overseas subsidiaries of the Group has indefinite carry-over period to deduct the future taxable income.

## 20 Other non-current assets

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Deferred VAT for imported equipment | | 5,027,130,119 | 3,187,164,914 |
| VAT on tax credits | | 2,482,410,097 | 1,488,605,413 |
| Prepayments for fixed assets | | 1,159,943,991 | 2,896,176,554 |
| Gains from transfer of exploration right | (a) | 512,802,600 | - |
| Prepayments for construction | | 43,162,425 | 155,970,966 |
| Others | | 266,132,327 | 165,084,206 |
| Total | | 9,491,581,559 | 7,893,002,053 |

(a) On 31 December 2019, gains from transfer of exploration right are amount for the transfer of exploration paid by the Group through Erdos BOE Energy Investment Co., Ltd. to Ministry of Natural Resources of Inner Mongolia.

## 21 Short-term loans

| | *2019* | | | |
|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/RMB equivalents* | *Credited/ collateralised guaranteed/ pledged* |
| Bank loans | | | | |
| - RMB | | | 1,706,000,000 | Pledged |
| - RMB | | | 3,570,500,000 | Credited |
| Sub-total | | | 5,276,500,000 | |
| Foreign currency bank loans | | | | |
| - USD | 75,000,000 | 6.9762 | 523,215,000 | Pledged |
| - USD | 74,983,524 | 6.9762 | 523,100,057 | Credited |
| - JPY | 685,049,220 | 0.0641 | 43,902,064 | Credited |
| Sub-total | | | 1,090,217,121 | |
| Total | | | 6,366,717,121 | |

| | 2018 | | | |
|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/RMB equivalents* | *Credited/ collateralised guaranteed/ pledged* |
| Bank loans | | | | |
| - RMB | | | 110,033,961 | Pledged |
| - RMB | | | 1,399,800,000 | Credited |
| Sub-total | | | 1,509,833,961 | |
| Foreign currency bank loans | | | | |
| - USD | 314,573,510 | 6.8632 | 2,158,980,914 | Pledged |
| - USD | 47,369,984 | 6.8632 | 325,109,671 | Collateralised |
| - USD | 139,129,343 | 6.8632 | 954,872,507 | Credited |
| - JPY | 313,000,000 | 0.0619 | 19,370,631 | Collateralised |
| - JPY | 7,784,950,000 | 0.0619 | 481,787,201 | Credited |
| Sub-total | | | 3,940,120,924 | |
| Total | | | 5,449,954,885 | |

The interest rate of short-term loans for the Group ranged from 0.40% to 4.35% in 2019 (2018: 1.28% to 4.95%).

As at 31 December 2019, no short-term loan was past due (2018: nil).

## 22 Bills payable

| | *2019* | *2018* |
|---|---|---|
| Bank acceptance bills | 1,812,309,507 | 326,575,254 |
| Commercial acceptance bills | 216,608,473 | 264,534,018 |
| Total | 2,028,917,980 | 591,109,272 |

There is no due but unpaid bill payable at the end of the year. The above bills are all due within one year.

## 23 Accounts payable

(1) The Group's accounts payable by category are as follows:

| | *2019* | *2018* |
|---|---:|---:|
| Payables to related parties | 77,847,042 | 30,361,810 |
| Payables to third parties | 21,105,720,511 | 22,183,594,806 |
| Total | 21,183,567,553 | 22,213,956,616 |

(2) The Group's accounts payable by currency are as follows:

| | *2019* | | | *2018* | | |
|---|---:|---:|---:|---:|---:|---:|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| - RMB | | | 14,353,247,507 | | | 14,305,998,594 |
| - USD | 869,901,566 | 6.9762 | 6,068,607,305 | 959,572,576 | 6.8632 | 6,585,738,505 |
| - JPY | 10,667,212,793 | 0.0641 | 683,768,340 | 13,279,275,766 | 0.0619 | 821,987,170 |
| - Other foreign currencies | | | 77,944,401 | | | 500,232,347 |
| Total | | | 21,183,567,553 | | | 22,213,956,616 |

As at 31 December 2019, the Group had no individually significant accounts payable ageing more than one year.

## 24 Advance payments received

| *Item* | *2019* | *2018* |
|---|---:|---:|
| Advances from related parties | 60,990 | 1,111 |
| Advances from third parties | 1,260,671,795 | 1,218,933,632 |
| Total | 1,260,732,785 | 1,218,934,743 |

As at 31 December 2019, the Group's significant advance payments received with ageing of more than one year were RMB 122,565,830, which were mainly advances for research and development.

## 25 Employee benefits payable

### (1) Employee benefits payable:

| | *Note* | *Balance at 1 January 2019* | *Increase during the year* | *decrease during the year* | *Balance at 31 December 2019* |
|---|---|---|---|---|---|
| Short-term employee benefits | (2) | 2,175,807,665 | 11,808,187,563 | (11,666,042,336) | 2,317,952,892 |
| Post-employment benefits | | | | | |
| - defined contribution plans | (3) | 34,353,845 | 892,704,459 | (896,248,589) | 30,809,715 |
| Termination benefits | | 14,769,661 | 21,224,469 | (11,011,283) | 24,982,847 |
| Total | | 2,224,931,171 | 12,722,116,491 | (12,573,302,208) | 2,373,745,454 |

| | *Note* | *Balance at 1 January 2018* | *Increase during the year* | *decrease during the year* | *Balance at 31 December 2018* |
|---|---|---|---|---|---|
| Short-term employee benefits | (2) | 2,167,235,414 | 10,681,611,152 | (10,673,038,901) | 2,175,807,665 |
| Post-employment benefits | | | | | |
| - defined contribution plans | (3) | 34,854,644 | 860,558,928 | (861,059,727) | 34,353,845 |
| Termination benefits | | 14,976,886 | 6,091,402 | (6,298,627) | 14,769,661 |
| Total | | 2,217,066,944 | 11,548,261,482 | (11,540,397,255) | 2,224,931,171 |

### (2) Short-term employee benefits

| | *Balance at 1 January 2019* | *Increase during the year* | *decrease during the year* | *Balance at 31 December 2019* |
|---|---|---|---|---|
| Salaries, bonuses, allowances | 1,817,946,511 | 9,760,123,875 | (9,693,967,582) | 1,884,102,804 |
| Staff welfare | - | 726,894,238 | (726,894,238) | - |
| Social insurance | 31,310,324 | 506,406,607 | (505,393,082) | 32,323,849 |
| Medical insurance | 27,150,184 | 458,152,049 | (456,765,159) | 28,537,074 |
| Work-related injury insurance | 2,048,914 | 24,547,049 | (25,003,774) | 1,592,189 |
| Maternity insurance | 2,111,226 | 23,707,509 | (23,624,149) | 2,194,586 |
| Housing fund | 22,081,660 | 534,751,562 | (529,329,478) | 27,503,744 |
| Labour union fee, staff and workers' education fee | 274,477,650 | 258,158,151 | (187,489,314) | 345,146,487 |
| Staff bonus and welfare fund | 7,282,591 | - | - | 7,282,591 |
| Other short-term employee benefits | 22,708,929 | 21,853,130 | (22,968,642) | 21,593,417 |
| Total | 2,175,807,665 | 11,808,187,563 | (11,666,042,336) | 2,317,952,892 |

| | *Balance at 1 January 2018* | *Increase during the year* | *decrease during the year* | *Balance at 31 December 2018* |
|---|---|---|---|---|
| Salaries, bonuses, allowances | 1,840,923,550 | 8,737,680,189 | (8,760,657,228) | 1,817,946,511 |
| Staff welfare | - | 776,550,030 | (776,550,030) | - |
| Social insurance | 33,561,796 | 436,106,436 | (438,357,908) | 31,310,324 |
| Medical insurance | 30,110,821 | 384,231,011 | (387,191,648) | 27,150,184 |
| Work-related injury insurance | 1,419,661 | 31,115,109 | (30,485,856) | 2,048,914 |
| Maternity insurance | 2,031,314 | 20,760,316 | (20,680,404) | 2,111,226 |
| Housing fund | 17,201,305 | 430,417,142 | (425,536,787) | 22,081,660 |
| Labour union fee, staff and workers' education fee | 246,372,990 | 242,263,166 | (214,158,506) | 274,477,650 |
| Staff bonus and welfare fund | 7,282,591 | - | - | 7,282,591 |
| Other short-term employee benefits | 21,893,182 | 58,594,189 | (57,778,442) | 22,708,929 |
| Total | 2,167,235,414 | 10,681,611,152 | (10,673,038,901) | 2,175,807,665 |

## (3) Post-employment benefits - defined contribution plans

| | *Balance at 1 January 2019* | *Increase during the year* | *decrease during the year* | *Balance at 31 December 2019* |
|---|---|---|---|---|
| Basic pension insurance | 29,206,273 | 835,731,675 | (838,665,990) | 26,271,958 |
| Unemployment insurance | 964,893 | 30,896,288 | (30,789,104) | 1,072,077 |
| Annuity | 4,182,679 | 26,076,496 | (26,793,495) | 3,465,680 |
| Total | 34,353,845 | 892,704,459 | (896,248,589) | 30,809,715 |

| | *Balance at 1 January 2018* | *Increase during the year* | *decrease during the year* | *Balance at 31 December 2018* |
|---|---|---|---|---|
| Basic pension insurance | 28,831,475 | 815,071,236 | (814,696,438) | 29,206,273 |
| Unemployment insurance | 1,155,250 | 25,252,494 | (25,442,851) | 964,893 |
| Annuity | 4,867,919 | 20,235,198 | (20,920,438) | 4,182,679 |
| Total | 34,854,644 | 860,558,928 | (861,059,727) | 34,353,845 |

## 26 Taxes payable

| | *2019* | *2018* |
|---|---|---|
| Value-added tax | 104,968,721 | 112,292,699 |
| Corporate income tax | 225,781,442 | 387,053,187 |
| Individual income tax | 46,299,098 | 39,659,862 |
| City maintenance and construction tax | 159,162,466 | 205,222,860 |
| Education surcharges and local education surcharges | 114,515,524 | 148,544,558 |
| Others | 80,268,878 | 77,335,132 |
| Total | 730,996,129 | 970,108,298 |

## 27 Other payables

| | *Note* | *31 December 2019* | *31 December 2018* |
|---|---|---|---|
| Interest payable | | 721,325,540 | 1,016,761,921 |
| Dividends payable | | 14,568,242 | 23,648,778 |
| Others | (1) | 23,834,695,828 | 21,916,569,129 |
| Total | | 24,570,589,610 | 22,956,979,828 |

(1) Others

(a) The Group's other payables by category are as follows:

| | *2019* | *2018* |
|---|---|---|
| Projects and equipment | 19,265,984,958 | 18,042,357,713 |
| Deferred VAT for imported equipment | 2,277,269,457 | 1,400,000,000 |
| Accrued water and electricity charges and freight | 475,398,269 | 606,071,394 |
| Deposits | 565,971,653 | 440,792,988 |
| External agency fee | 95,525,591 | 53,393,714 |
| Others | 1,154,545,900 | 1,373,953,320 |
| Total | 23,834,695,828 | 21,916,569,129 |

The Group's significant other payables aged over one year are payables of projects and equipment.

(b) The Group's other payables by currency are as follows:

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| RMB | | | 14,900,017,469 | | | 15,064,792,480 |
| USD | 939,445,424 | 6.9762 | 6,553,759,167 | 724,117,103 | 6.8632 | 4,969,760,500 |
| JPY | 36,516,333,058 | 0.0641 | 2,340,696,949 | 29,183,294,045 | 0.0619 | 1,806,445,901 |
| Other foreign currencies | | | 40,222,243 | | | 75,570,248 |
| Total | | | 23,834,695,828 | | | 21,916,569,129 |

28 Non-current liabilities due within one year

As at 31 December, the non-current liabilities due within one year for the Group were long-term loans and long-term payables due within one year.

| | *2019* | | | |
|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/RMB equivalents* | *Credited /collateralised guaranteed /pledged* |
| Bank loans | | | | |
| - RMB | | | 3,548,760,000 | Collateralised |
| - RMB | | | 5,660,431,884 | Credited |
| - RMB | | | 27,187,500 | Pledged |
| - USD | 1,192,400,000 | 6.9762 | 8,318,420,880 | Collateralised |
| - EUR | 144,950,000 | 7.8155 | 1,132,856,725 | Pledged |
| - EUR | 415,746 | 7.8155 | 3,249,263 | Credited |
| Sub-total | | | 18,690,906,252 | |
| Long-term payables | | | 158,374,767 | Collateralised |
| Total | | | 18,849,281,019 | |

| | *2018* | | | |
|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/RMB equivalents* | *Credited /collateralised guaranteed /pledged* |
| Bank loans | | | | |
| - RMB | | | 37,743,750 | Pledged |
| - RMB | | | 1,702,180,000 | Collateralised |
| - RMB | | | 990,000,000 | Credited |
| - USD | 378,624,409 | 6.8632 | 2,598,575,044 | Collateralised |
| - EUR | 3,694,262 | 7.8473 | 28,989,985 | Credited |
| - EUR | 3,950,000 | 7.8473 | 30,996,836 | Pledged |
| Sub-total | | | 5,388,485,615 | |
| Long-term payables | | | 209,077,589 | Collateralised |
| Total | | | 5,597,563,204 | |

The interest rate of RMB long-term loans due within one year for the Group ranged from 0% to 5.64% in 2019 (2018: from 0% to 5.88%).

## 29 Other current liabilities

The other current liabilities of the Group were warranty provision. The warranty provision mainly relates to the expected after-sales repair warranty to the customers. The provision is estimated by the Management, based on historical claim experience and current actual sales outcomes.

## 30 Long-term loans

| | *2019* | | | |
|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/RMB equivalents* | *Credited /collateralised guaranteed /pledged* |
| Bank loans | | | | |
| - RMB | | | 590,727,344 | Pledged |
| - RMB | | | 45,290,913,200 | Collateralised |
| - RMB | | | 760,000,000 | Guaranteed |
| - RMB | | | 38,988,142,361 | Credited |
| - USD | 5,603,270,000 | 6.9762 | 39,089,532,174 | Collateralised |
| - EUR | 3,721,275 | 7.8155 | 29,083,625 | Credited |
| - EUR | 214,075,000 | 7.8155 | 1,673,103,163 | Pledged |
| Less: Long-term loans due within one year | | | 18,690,906,252 | |
| Total | | | 107,730,595,615 | |

| | *2018* | | | |
|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/RMB equivalents* | *Credited /collateralised guaranteed /pledged* |
| Bank loans | | | | |
| - RMB | | | 640,180,000 | Pledged |
| - RMB | | | 32,190,024,533 | Collateralised |
| - RMB | | | 660,000,000 | Guaranteed |
| - RMB | | | 27,697,000,000 | Credited |
| - USD | 5,422,274,409 | 6.8632 | 37,214,153,724 | Collateralised |
| - EUR | 7,172,652 | 7.8473 | 56,285,953 | Credited |
| - EUR | 218,025,000 | 7.8473 | 1,710,919,269 | Pledged |
| Less: Long-term loans due within one year | | | 5,388,485,615 | |
| Total | | | 94,780,077,864 | |

The interest rate of RMB long-term loans for the Group ranged from 0% to 5.64% in 2019 (2018: from 0% to 5.88%).

31 Debentures payable

(1) Debentures payable

| *Item* | *2019* | *2018* |
|---|---|---|
| Debentures payable | 387,878,384 | 10,288,666,233 |
| Less: Debentures payable due within one year | - | - |
| Total | 387,878,384 | 10,288,666,233 |

(2) The movements of debentures payable:

| *Debenture* | *Par value* | *Issuance date* | *Maturity period* | *Issuance amount* | *Balance at the beginning of the year* | *Increase during the year* | *Interest at par value* | *Amortisation of discounts or premium* | *Translation differences* | *Repayment during the period* | *Balance at the end of the year* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 16BOE01 | RMB10,000,000,000 | 2016.03.21 | 5 years | RMB10,000,000,000 | 9,976,533,425 | - | 68,547,672 | 23,466,575 | - | (10,068,547,672) | - |
| Euro PP | EUR10,000,000 | 2016.12.29 | 7 years | EUR10,000,000 | 78,470,471 | - | 2,704,800 | 102,502 | (898,623) | (2,704,800) | 77,674,350 |
| Euro PP | EUR30,000,000 | 2017.03.29 | 6 years | EUR30,000,000 | 233,662,337 | - | 8,114,400 | 378,388 | (895,244) | (8,114,400) | 233,145,481 |
| Euro PP | EUR10,000,000 | 2019.07.22 | 6 years | EUR10,000,000 | - | 75,977,975 | 1,560,633 | 75,028 | 1,005,550 | (1,560,633) | 77,058,553 |
| 合计 | | | | | 10,288,666,233 | 75,977,975 | 80,927,505 | 24,022,493 | (788,317) | (10,080,927,505) | 387,878,384 |

From 21 March 2016 to 22 March 2016, with the Approval document No. 469 [2016] of CSRC, the Group successfully issued a corporate bond of RMB 10 billion to qualified investors via Shenzhen Stock Exchange. The full name of the bond was Corporate Bond Issued Publicly by BOE Technology Group Co., Ltd. to Qualified Investors in 2016 (the First Phase), which referred to as 16BOE01. The total amount of the bond in the current period is RMB 10 billion issued at a par value of RMB 100, with a maturity of 5 years from 21 March 2016 to 21 March 2021. Interest starts to accrue on 21 March 2016 and the interest payments are made annually. The company will pay out the last interest payment with the principle amount of the bond when it becomes mature. The coupon rate is 3.15% which is fixed in the first 3 years, after which the company has a right to raise the rate and so are the investors to sell back the bond to the company. On 30 January 2019, the company has decided that the coupon rate remains unchanged and the investors may exercise the put option considering the market environment at the time. A number of 96,705,976 bonds were sold back to the company at a total value of RMB 9,975,221,424.40 with interests included. In April 2019, the remaining 3,294,024 bonds were honoured in advance whose amount is RMB 329,698,071.60 with interests included. The bond has been terminated on the trading system of Shenzhen Stock Exchange on 3 April 2019.

SES issued two private placement bonds with a total face value of 40 million euro to institutional investors on 29 December 2016 and 29 March 2017. The coupon rate of the bonds is 3.5% and the maturity date is 29 December 2023. Interest payments are made annually and the principle amount will be paid when the bonds become due.

SES issued a private placement bond with a total face value of 10 million euro to institutional investors on 22 July 2019. The coupon rate of the bond is 4.55% and the maturity date is 22 July 2025. Interest payments are made annually, and the principle amount will be paid when the bond become due.

32 Long-term payables

| *Item* | *Note* | *2019* | *2018* |
|---|---|---|---|
| Obligations under finance leases | (1) | 1,142,895,591 | 1,625,169,828 |
| Less: Obligations under finance leases due within one year | | 158,374,767 | 209,077,589 |
| Total | | 984,520,824 | 1,416,092,239 |

(1) Details of obligations under finance leases included in long-term payables

As at 31 December, the total future minimum lease payments under finance leases were as follows:

| *Minimum lease payments* | *2019* | *2018* |
|---|---|---|
| Within 1 year (inclusive) | 240,790,871 | 310,816,661 |
| After 1 year but within 2 years (inclusive) | 211,473,668 | 362,741,342 |
| After 2 years but within 3 years (inclusive) | 198,335,280 | 345,762,549 |
| Over 3 years | 866,709,073 | 1,096,208,635 |
| Sub-total | 1,517,308,892 | 2,115,529,187 |
| Less: Unrecognised finance charges | 374,413,301 | 490,359,359 |
| Total | 1,142,895,591 | 1,625,169,828 |

The Group leased back some of its sold machinery equipment and constructions in progress. The sales of the assets are related to the leases, and the Group basically can ensure to buy back the asset after lease term. Therefore, the Group adopts the accounting treatment of collateral loans.

33 Provisions

| *Name of investee* | *2019* | *2018* |
|---|---|---|
| Pending implementation of the agreement | 16,457,010 | 16,457,010 |

In 2009, the Group ceased producing several products and stopped fulfilling the purchase contract related to production. Due to the indemnity incurred accordingly, the Group accrued provisions according to reasonable estimation of loss.

## 34 Deferred income

| *Item* | *Balance at the beginning of the year* | *Government grants newly increased during the year* | *Amount included in other income* | *Other changes* | *Balance at the end of the year* |
|---|---|---|---|---|---|
| Related to assets | 1,919,750,983 | 615,717,141 | (316,744,767) | (259,201,083) | 1,959,522,274 |
| Related to income | 267,807,550 | 644,082,160 | (665,011,418) | (2,000,000) | 244,878,292 |
| Total | 2,187,558,533 | 1,259,799,301 | (981,756,185) | (261,201,083) | 2,204,400,566 |

## 35 Other non-current liabilities

| *Item* | *Note* | *2019* | *2018* |
|---|---|---|---|
| Convertible debts | (1) | - | 4,175,131,508 |
| Contribution of minority shareholders with redemption provisions | (2) | 3,699,127,228 | 3,700,737,154 |
| Deferred VAT for imported equipment | | 4,409,269,015 | 3,187,164,914 |
| Others | | 92,146,169 | 271,839,746 |
| Total | | 8,200,542,412 | 11,334,873,322 |

(1) Convertible debts

Convertible debts mainly result from the Company’s capital commitment and conversion obligations to the minority shareholders of Hefei Xinsheng, the Company has repurchased relevant equities in cash in 2019.

(2) Contribution of minority shareholders with redemption provisions

The Contribution of minority shareholders with redemption provisions is mainly due to the redemption obligation of the company to the minority shareholders of Fuzhou BOE and BOE Smart Retail (Hong Kong) Co., Ltd. The company recognizes the above minority shareholder contribution as a financial liability which is subsequently measured at the cost of amortization. The book balance on 31 December 2019 is RMB 3,699,127,228.

## 36 Share capital

| | *Balance at The beginning of the year* | *Balance at the end of the year* |
|---|---|---|
| Total shares | 34,798,398,763 | 34,798,398,763 |

## 37 Other equity instruments

(1) Financial instruments (including perpetual bonds) that remain outstanding at the end of the year are set out as follows:

| *Outstanding financial instruments* | *Issuance date* | *Accounting classification* | *Dividend rate* | *Issuance price* | *Quantity* | *Amount* | *Maturity date or renewal status* | *Conditions for conversion* | *Conversion status* |
|---|---|---|---|---|---|---|---|---|---|
| 19BOEY1 | 29 October 2019 | Equity instrument | 4.0% | RMB 100/bond | 80 million | RMB 8 billion | 3+N years | N/A | N/A |

(2) Major terms

On 29 October 2019, with the approval document No. 1801 [2019] of CSRC, the Company successfully issued a renewable corporate bond to qualified investors. The full name of the bond was Renewable Corporate Bond Publicly Issued by BOE Technology Group Co., Ltd. (to qualified investors) in 2019 (the First Phase), which referred to as 19BOEY1.

The current bond has a base term of 3 years and takes every three interest-bearing years as a period. The Company is entitled to choose to extend the maturity by 1 period at the end of each period, or choose to fully redeem the bond at the end of the maturity. The nominal interest rate of the bond is fixed during the first period, and then is reset once every period. The nominal interest rate in the first period is the initial benchmark interest rate plus the initial spread, and the nominal interest rate in the subsequent period is adjusted to the current benchmark interest rate plus the initial spread and 300 basis points. Therefore, when the Company exercises the renewal option, the nominal interest rate will significantly increase, and the corresponding nominal interest will also increase sharply. The bond has an issuer’s right to defer the payment of interest. Unless a mandatory interest payment event occurs (including distributions to ordinary shareholders and decrease of registered capital). At each interest payment date of the bond, the Company may choose at its discretion whether to defer the payment of the current interest as well as all the deferred interests and the yields under this term until the next interest payment date without being subjected to any limit on the number of interest deferring attempts.

The actual issuance of the bonds for the current period amounted to RMB 8,000,000,000, and the Company considers that the renewable corporate bonds do not meet the definition of financial liabilities, and therefore will charge the total amount of the issue to other equity instruments at RMB 7,957,047,264 after deducting underwriting fees and other transaction costs.

(3) Movement of the financial instruments (including perpetual bonds) that remain outstanding at the end of the year:

| Outstanding financial instruments | At the beginning of the year | | Increase during the year | | Accumulated interest | At the end of the year | |
|---|---|---|---|---|---|---|---|
| | Quantity | Carrying amount | Quantity | Carrying amount | Charge for the year | Quantity | Carrying amount |
| 19BOEY1 | - | - | 80,000,000 | 7,957,047,264 | 56,109,589 | 80,000,000 | 8,013,156,853 |

(4) Relevant information of amounts attributable to holders of equity instruments

| | *2019* |
|---|---|
| Equity attributable to shareholders of the Company | 95,058,129,055 |
| - Equity attributable to ordinary shareholders of the Company | 87,044,972,202 |
| - Equity attributable to holders of the Company's other equity instruments | 8,013,156,853 |
| Equity attributable to non-controlling shareholders | 45,999,567,919 |
| - Equity attributable to non-controlling ordinary shareholders | 45,999,567,919 |
| - Equity attributable to non-controlling shareholders of other equity instruments | - |

(5) Accrued interest on holders of other equity instruments

On 31 December 2019, as the above-mentioned issued renewable corporate bond is cumulative other equity instruments, the Company accrued RMB 56,109,589 of interest on renewable corporate bonds from undistributed profits.

## 38 Capital reserve

| *Item* | *Share premiums* | *Other capital reserves* | *Total* |
|---|---|---|---|
| Balance at the beginning of the year | 37,546,517,053 | 666,583,543 | 38,213,100,596 |
| Add: Change in shareholding ratio of subsidiaries | - | 123,068,274 | 123,068,274 |
| Other movements in equity of investee | - | 26,721,099 | 26,721,099 |
| Less: Other equity movements arising from the disposal of equities transferred from associates | - | 9,647,605 | 9,647,605 |
| Balance at the end of the year | 37,546,517,053 | 806,725,311 | 38,353,242,364 |

## 39 Other comprehensive income

| | | | | Movements during the year | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Item | Balance at the end of the previous year attributable to shareholders of the Company | Changes in accounting policies | Balance of other comprehensive income at the beginning of the year after adjustment | Before-tax amount | Less: Income tax expenses | Net-of-tax amount attributable to the parent company | Net-of-tax amount attributable to non-controlling interests | Transfer of other comprehensive income to retained earnings | Balance at the end of the year attributable to shareholders of the Company |
| Items that will not be reclassified to profit or loss | - | (240,595,947) | (240,595,947) | 343,106,828 | 12,864,994 | 330,241,834 | - | 50,430,448 | 140,076,335 |
| Including: Other comprehensive income recognised under equity method | - | (58,383,948) | (58,383,948) | 366,930,596 | - | 366,930,596 | - | - | 308,546,648 |
| Changes in fair value of investments in other equity instruments | - | (182,211,999) | (182,211,999) | (23,823,768) | 12,864,994 | (36,688,762) | - | 50,430,448 | (168,470,313) |
| Items that may be reclassified to profit or loss | (125,258,252) | 73,997,231 | (51,261,021) | (101,796,181) | | (93,381,953) | (8,414,228) | - | (144,642,974) |
| Including: Other comprehensive income recognised under equity method | (58,383,948) | 58,383,948 | - | - | - | - | - | - | - |
| Gains or losses arising from changes in fair value of available-for-sale financial assets | (25,305,733) | 25,305,733 | - | - | - | - | - | - | - |
| Fair value changes in wealth management products | 9,692,450 | (9,692,450) | - | - | - | - | - | - | - |
| Translation differences arising from translation of foreign currency financial statements | (51,261,021) | - | (51,261,021) | (101,796,181) | - | (93,381,953) | (8,414,228) | - | (144,642,974) |
| Total | (125,258,252) | (166,598,716) | (291,856,968) | 241,310,647 | 12,864,994 | 236,859,881 | (8,414,228) | 50,430,448 | (4,566,639) |

## 40 Surplus reserve

| *Item* | *Balance at the beginning of the year* | *Increase during the year* | *Decreases during the year* | *Balance at the end of the year* |
|---|---|---|---|---|
| Statutory surplus reserve | 862,955,001 | 368,556,446 | (5,043,047) | 1,226,468,400 |
| Discretionary surplus reserve | 289,671,309 | - | - | 289,671,309 |
| Total | 1,152,626,310 | 368,556,446 | (5,043,047) | 1,516,139,709 |

## 41 Retained earnings

| *Item* | *2019* | *2018* |
|---|---|---|
| Retained earnings at the beginning of the year (before adjustment) | 11,817,881,286 | 10,385,659,084 |
| Add: Changes in accounting policies | 159,238,247 | - |
| Retained earnings at the beginning of the year (after adjustment) | 11,977,119,533 | 10,385,659,084 |
| Add: Net profits for the year attributable to shareholders of the Company | 1,918,643,871 | 3,435,127,975 |
| Less: Appropriation for statutory surplus reserve | 368,556,446 | 262,985,835 |
| Dividends to ordinary shares | 1,043,951,963 | 1,739,919,938 |
| Interest of holders of other equity instruments | 56,109,589 | - |
| Transfer of other comprehensive income to retained earnings | 45,387,401 | - |
| Retained earnings at the end of the year | 12,381,758,005 | 11,817,881,286 |

According to the Annual Shareholders' Meeting for 2018 held on 26 April 2019, the Company distributed cash dividends to all shareholders on 31 May 2019, with RMB 0.3 every 10 shares (2018: RMB 0.5) and a total dividend of RMB 1,043,951,963 (2018: RMB 1,739,919,938) distributed.

As at 31 December 2019, the consolidated retained earnings attributable to the Company included an appropriation of RMB 2,197,635,471 (2018: RMB 2,028,756,975) to surplus reserve made by the subsidiaries.

## 42 Operating income and operating costs

| *Item* | *2019* *Income* | *2019* *Cost* | *2018* *Income* | *2018* *Cost* |
|---|---|---|---|---|
| Principal activities | 112,869,129,027 | 96,547,463,221 | 94,629,547,884 | 75,771,556,938 |
| Other operating activities | 3,190,461,137 | 1,898,806,075 | 2,479,317,051 | 1,534,667,350 |
| Total | 116,059,590,164 | 98,446,269,296 | 97,108,864,935 | 77,306,224,288 |

Details of operating income:

| | *2019* | *2018* |
|---|---|---|
| Operating income from principal activities | | |
| - Sale of goods | 112,869,129,027 | 94,629,547,884 |
| Other operating income | | |
| - Sales of raw materials | 1,049,219,352 | 936,524,913 |
| - Rental income of investment properties | 1,164,355,875 | 1,023,141,383 |
| - Others | 976,885,910 | 519,650,755 |
| Total | 116,059,590,164 | 97,108,864,935 |

Information on income, expenses and profit of principal activities has been included in Note XIII.

## 43 Taxes and surcharges

| | *2019* | *2018* |
|---|---|---|
| Property tax | 352,251,436 | 311,354,873 |
| City maintenance and construction tax | 190,993,833 | 192,007,248 |
| Education surcharges and local education surcharges | 136,854,543 | 137,643,535 |
| Stamp duty | 108,178,185 | 84,381,357 |
| Land use tax | 43,676,217 | 28,005,681 |
| Others | 29,146,391 | 25,213,432 |
| Total | 861,100,605 | 778,606,126 |

## 44 Selling and distribution expenses

| | *2019* | *2018* |
|---|---|---|
| Warranty provisions | 927,748,774 | 1,068,015,463 |
| Staff cost | 698,586,373 | 582,456,239 |
| Logistics | 589,504,713 | 530,295,839 |
| Others | 702,025,520 | 710,289,428 |
| Total | 2,917,865,380 | 2,891,056,969 |

## 45 General and administrative expenses

| | *2019* | *2018* |
|---|---|---|
| Staff cost | 2,456,007,113 | 2,304,932,925 |
| Repair expense | 1,221,489,432 | 1,155,436,163 |
| Depreciation and amortisation | 586,695,417 | 445,659,627 |
| Others | 950,756,065 | 1,053,155,482 |
| Total | 5,214,948,027 | 4,959,184,197 |

## 46 Research and development costs

| | *2019* | *2018* |
|---|---|---|
| Staff cost | 2,764,095,983 | 2,337,224,942 |
| Material expenses | 1,517,000,923 | 888,449,869 |
| Depreciation and amortisation | 1,234,104,120 | 662,379,702 |
| Others | 1,184,772,214 | 1,151,872,922 |
| Total | 6,699,973,240 | 5,039,927,435 |

## 47 Financial expenses

| | *2019* | *2018* |
|---|---|---|
| Interest expenses from loans | 3,651,979,758 | 4,566,725,543 |
| Less: Borrowing costs capitalised | 1,126,843,549 | 1,300,993,229 |
| Interest income from bank deposits | (840,190,118) | (748,004,557) |
| Net exchange losses | 226,570,667 | 544,018,382 |
| Other financial expenses | 82,633,500 | 134,949,751 |
| Total | 1,994,150,258 | 3,196,695,890 |

The interest rate per annum, at which the borrowing costs were capitalized by the Group, was 3.73% ~ 4.84% (2018: 3.88% ~ 5.06% for the year).

## 48 Other income

| | *2019* | *2018* |
|---|---|---|
| Government grants related to assets | 316,744,767 | 514,836,515 |
| Government grants related to income | 2,287,022,704 | 1,485,737,116 |
| Others | 1,891,240 | - |
| Total | 2,605,658,711 | 2,000,573,631 |

The amount of government subsidies received by the Group in 2019 and directly included in other income was RMB 1,622,011,286.

## 49 Investment income

| | *2019* | *2018* |
|---|---|---|
| Income / (losses) from long-term equity investments accounted for using equity method | 200,020,686 | (13,925,731) |
| Investment income / (losses) from disposal of long-term equity investments | 48,846,682 | (3,948,640) |
| Investment income from holding available-for-sale financial assets | - | 11,543,726 |
| Dividend income from investments in other equity instruments | 9,984,205 | - |
| Including: Dividend income from investments in other equity instruments derecognised during the year | 471,354 | - |
| Dividend income from investments in other equity instruments held at the balance sheet date | 9,512,851 | - |
| Investment income from wealth management products on maturity | 83,769,118 | 313,218,224 |
| Total | 342,620,691 | 306,887,579 |

## 50 Gains from changes in fair value

| *Item* | *2019* | *2018* |
|---|---|---|
| Financial assets held for trading | 66,473,077 | - |
| Gains from changes in fair value of derivative financial liabilities | 71,000,000 | 2,061,153 |
| Total | 137,473,077 | 2,061,153 |

## 51 Credit losses

| *Item* | *2019* |
|---|---|
| Accounts receivable | 22,016,906 |
| Other receivables | 6,245,721 |
| Total | 28,262,627 |

## 52 Impairment losses

| | *2019* | *2018* |
|---|---|---|
| Losses of bad and doubtful debts | - | 4,499,724 |
| Impairment losses of inventories | 1,986,350,231 | 1,201,958,587 |
| Impairment losses of fixed assets | 160,345,034 | - |
| Impairment losses of Long-term equity investments | 240,721,340 | - |
| Impairment losses of goodwill | 196,766,653 | - |
| Impairment losses of Available-for-sale financial assets | - | 33,130,452 |
| Total | 2,584,183,258 | 1,239,588,763 |

## 53 Gains from asset disposals

| *Item* | *2019* | *2018* | *Amount recognised in extraordinary gain and loss in 2019* |
|---|---|---|---|
| Gains from disposal of fixed assets | 79,029 | 1,067,273 | 79,029 |
| Total | 79,029 | 1,067,273 | 79,029 |

## 54 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

| *Item* | *2019* | *2018* | *Amount recognised in extraordinary gain and loss in 2019* |
|---|---|---|---|
| Government grants | 36,867,390 | 73,136,030 | 36,867,390 |
| Others | 171,562,808 | 96,293,485 | 171,562,808 |
| Total | 208,430,198 | 169,429,515 | 208,430,198 |

Government grants recognised in profit or loss for the current period

| *Item* | *2019* | *2018* |
|---|---|---|
| Policy incentives and others | 36,867,390 | 73,136,030 |

(2) Non-operating expenses

| | *2019* | *2018* | *Amount recognised in extraordinary gain and loss in 2019* |
|---|---|---|---|
| Donations provided | 9,985,603 | 8,931,099 | 9,985,603 |
| Losses from damage or scrapping of non-current assets | 31,048,028 | 25,378,178 | 31,048,028 |
| Others | 62,315,447 | 21,000,974 | 62,315,447 |
| Total | 103,349,078 | 55,310,251 | 103,349,078 |

55 Income tax expenses

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Current tax expense for the year based on tax law and regulations | | 956,184,825 | 1,114,931,211 |
| Changes in deferred tax | (1) | 23,806,679 | 127,484,883 |
| Total | | 979,991,504 | 1,242,416,094 |

(1) The analysis of changes in deferred tax assets/liabilities is set out below:

| | *2019* | *2018* |
|---|---|---|
| Origination and reversal of temporary differences | 23,806,679 | 127,484,883 |

(2) Reconciliation between income tax expense and accounting profit is as follows:

| | *2019* | *2018* |
|---|---|---|
| Profit before taxation | 503,750,101 | 4,122,290,167 |
| Expected income tax expense at tax rate of 15% | 75,562,515 | 618,343,525 |
| Add: Effect of different tax rates applied by subsidiaries | 7,640,088 | (8,605,091) |
| Effect of non-deductible costs, expense and losses | 58,923,605 | 57,787,173 |
| Tax effect of weighted deduction and tax preference | (590,392,743) | (326,776,754) |
| Utilisation of prior year tax losses | (20,942,179) | (42,090,199) |
| Tax effect of deductible losses of deferred tax assets not recognised | 1,358,934,997 | 801,853,138 |
| Tax effect of deductible temporary differences of deferred tax assets not recognised | 106,073,260 | 167,943,845 |
| Effect of tax rates changes on deferred tax | (15,808,039) | (26,039,543) |
| Income tax expenses | 979,991,504 | 1,242,416,094 |

According to the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology Finance and Taxation [2018] No. 99 Notice on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses, in order to further encourage enterprises to increase investment in research and development, support scientific and technological innovation, enterprises actually carry out research and development activities. The research and development expenses which are not resulted in intangible assets but in the current profits and losses, are deducted on the basis of the regulations truthfully. Besides, during January 1, 2018 and December 31 2020, extra deduction will be added to the research and development expenses before taxation according to 75% of the actual amount.

56 Basic earnings per share and diluted earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The Group does not have any potential dilutive ordinary shares for the listed years.

| | *2019* | *2018* |
|---|---|---|
| Net profit attributable to the Company's shareholders | 1,918,643,871 | 3,435,127,975 |
| Less: Current interest of other equity instruments | 56,109,589 | - |
| Consolidated net profit attributable to ordinary shareholders of the Company | 1,862,534,282 | 3,435,127,975 |
| Weighted average number of ordinary shares outstanding (share) | 34,798,398,763 | 34,798,398,763 |
| Basic earnings per share (RMB/share) | 0.05 | 0.10 |

## 57 Supplementary information on cash flow statement

### (1) Supplement to cash flow statement

| | *2019* | *2018* |
|---|---|---|
| (a) Reconciliation of net profit to cash flows from operating activities: | | |
| Net (loss)/profit | (476,241,403) | 2,879,874,073 |
| Add: Credit loss | 28,262,627 | - |
| Impairment loss | 2,584,183,258 | 1,239,588,763 |
| Depreciation of fixed assets and investment properties | 18,357,209,097 | 13,335,938,485 |
| Amortisation of intangible assets | 505,881,147 | 439,474,291 |
| Amortisation of long-term deferred expenses | 123,883,157 | 141,908,077 |
| Gains from disposal of fixed assets, intangible assets, and other long-term assets | (79,029) | (3,694,057) |
| Losses from scrapping of fixed assets and intangible assets | 28,585,575 | 25,378,178 |
| Financial expenses | 2,849,179,043 | 2,568,053,826 |
| Gains from changes in fair value | (137,473,077) | (2,061,153) |
| Investment income | (342,620,691) | (306,887,579) |
| Change in deferred income | 276,854,045 | 87,642,739 |
| Increase in deferred tax assets | (9,992,167) | (97,760,872) |
| Increase in deferred tax liabilities | 33,798,846 | 841,185,989 |
| Increase in inventories | (2,397,146,821) | (3,709,307,660) |
| Decrease in operating receivables | 1,113,154,602 | 828,109,193 |
| Increase in operating payables | 3,545,640,985 | 7,416,604,903 |
| Net cash flows from operating activities | 26,083,079,194 | 25,684,047,196 |

(b) Net changes in cash and cash equivalents:

| | *2019* | *2018* |
|---|---|---|
| Cash and cash equivalents at the end of the year | 50,270,321,573 | 43,350,696,520 |
| Less: Cash and cash equivalents at the beginning of the year | 43,350,696,520 | 47,913,287,583 |
| Net increase/(decrease) in cash and cash equivalents | 6,919,625,053 | (4,562,591,063) |

(2) Information on acquisition of subsidiaries during the year

Information on acquisition of subsidiaries:

| | *2019* | *2018* |
|---|---|---|
| Cash and cash equivalents paid during the year for acquiring subsidiaries during the year | - | - |
| Less: Cash and cash equivalents held by subsidiaries | 33,640,033 | 6,801,508,810 |
| Net cash paid for the acquisition | (33,640,033) | (6,801,508,810) |

(3) Details of cash and cash equivalents

| | *2019* | *2018* |
|---|---|---|
| Cash on hand | 538,338 | 537,805 |
| Bank deposits available on demand | 50,269,207,607 | 43,340,146,382 |
| Other monetary funds available on demand | 575,628 | 10,012,333 |
| Cash and cash equivalents at the end of the year | 50,270,321,573 | 43,350,696,520 |

Note: Cash and cash equivalents disclosed above exclude other monetary fund with restricted usage.

58 Assets with restrictive ownership title or right of use

| *Item* | *Balance at the beginning of the year* | *Increase during the year* | *Decrease during the year* | *Balance at the end of the year* | *Reason for restriction* |
|---|---|---|---|---|---|
| Cash at bank and on hand | 8,130,843,191 | 6,330,578,381 | (7,759,019,906) | 6,702,401,666 | Pledged as collateral and margin deposit |
| Bills receivable | 208,324,414 | 65,247,847 | (216,469,744) | 57,102,517 | Discounted with recourse, endorsed with resource and pledged for drawing bill |
| Financial assets held for trading | - | 24,000,000 | - | 24,000,000 | Pledged for drawing bill |
| Investment properties | 217,435,561 | - | (174,038,890) | 43,396,671 | Mortgaged as collateral |
| Fixed assets | 98,251,866,706 | 15,518,033,137 | (20,762,127,016) | 93,007,772,827 | Mortgaged as collateral |
| Construction in progress | 34,117,974,254 | 29,774,500,251 | (6,809,015,524) | 57,083,458,981 | Mortgaged as collateral |
| Intangible assets | 1,216,927,485 | 743,427,450 | (425,969,092) | 1,534,385,843 | Mortgaged as collateral |
| Total | 142,143,371,611 | 52,455,787,066 | (36,146,640,172) | 158,452,518,505 | |

## 59 Details of provision for impairment of assets

| *Item* | *Note* | *Balance at 31 December 2018* RMB | *Impact of change in accounting policy* | *Balance at 1 January 2019* | *Increase during the year* RMB | *Decrease during the year* — *Reversal* RMB | *Decrease during the year* — *Transferred out* RMB | *Translation differences* RMB | *Balance at the end of the year* RMB |
|---|---|---|---|---|---|---|---|---|---|
| Provision for bad and doubtful debts | V.4, 6 | 319,662,342 | 8,482,829 | 328,145,171 | 29,761,432 | (1,498,805) | (4,755,005) | 4,988,616 | 356,641,409 |
| Provision for impairment of inventories | V.7 | 1,691,635,384 | - | 1,691,635,384 | 2,899,581,455 | (913,231,224) | (1,866,910,805) | 1,544,179 | 1,812,618,989 |
| Provision for impairment of available-for-sale financial assets | V.10 | 184,595,607 | (184,595,607) | - | - | - | - | - | - |
| Provision for impairment of held-to-maturity investments | | 17,960,946 | (17,960,946) | - | - | - | - | - | - |
| Provision for impairment of long-term equity investments | V.11 | 537,136,972 | - | 537,136,972 | 240,721,340 | - | - | - | 777,858,312 |
| Provision for impairment of fixed assets | V.14 | 652,862,342 | - | 652,862,342 | 160,345,034 | - | (21,511,406) | - | 791,695,970 |
| Provision for impairment of goodwill | V.17 | 4,423,876 | - | 4,423,876 | 196,766,653 | - | - | - | 201,190,529 |
| Total | | 3,408,277,469 | (194,073,724) | 3,214,203,745 | 3,527,175,914 | (914,730,029) | (1,893,177,216) | 6,532,795 | 3,940,005,209 |

For reasons of recognition of impairment losses, refer to the notes of relevant assets.

# VI. Interests in other entities

## 1 Interests in subsidiaries

### (1) Composition of the Group

| *Name of the Subsidiary* | *Principal place of business* | *Registered place* | *Business nature* | *Registered capital* | *Shareholding (or similar equity interest) percentage* | | *Acquisition method* |
|---|---|---|---|---|---|---|---|
| | | | | | *Direct* | *Indirect* | |
| Beijing BOE Optoelectronics Technology Co., Ltd. | Beijing, China | Beijing, China | Research and development, design and manufacture of TFT-LCD | USD 649,110,000 | 82.49% | 17.51% | Founded by investment |
| Chengdu BOE Optoelectronics Technology Co., Ltd. | Chengdu, China | Chengdu, China | Research and development, design, manufacture, and sale of new display devices and components | RMB 25,000,000,000 | 100% | - | Business combinations involving entities not under common control |
| Hefei BOE Optoelectronics Technology Co., Ltd. | Hefei, China | Hefei, China | Investing, researching, manufacturing and promoting TFT-LCD products and accessory products | RMB 9,000,000,000 | 100% | - | Business combinations involving entities not under common control |
| Beijing BOE Display Technology Co., Ltd. | Beijing, China | Beijing, China | Development of TFT-LCD, manufacture and sale of LCD | RMB 17,882,913,500 | 97.17% | 2.83% | Founded by investment |
| Hefei Xinsheng Optoelectronics Technology Co., Ltd | Hefei, China | Hefei, China | Investing, researching, manufacturing and promoting TFT-LCD products and accessory products | RMB 19,500,000,000 | 99.97% | 0.03% | Business combinations involving entities not under common control |
| Ordos Yuansheng Optoelectronics Co., Ltd. | Ordos, China | Ordos, China | The production and operation of AMOLED and relevant products | RMB 11,804,000,000 | 100% | - | Founded by investment |
| Chongqing BOE Optoelectronics Co., Ltd. | Chongqing, China | Chongqing, China | Research, development, manufacture and sales of semiconductor display devices, machine and relevant products, import and export of goods and technical consulting | RMB 19,226,000,000 | 100% | - | Business combinations involving entities not under common control |
| Fuzhou BOE Optoelectronics Technology Co., Ltd. | Fuzhou, China | Fuzhou, China | Investing, researching, manufacturing and promoting TFT-LCD products and accessory products | RMB 17,600,000,000 | 81.25% | - | Business combinations involving entities not under common control |
| Beijing BOE Vision-electronic Technology Co., Ltd. | Beijing, China | Beijing, China | Research, manufacture and sales of terminal products of LCD monitor and TV etc. | RMB 4,093,500,000 | 100% | - | Founded by investment |
| Beijing BOE Vacuum Electronics Co., Ltd. | Beijing, China | Beijing, China | Manufacture and sales of vacuum electronic products | RMB 35,000,000 | 55% | - | Founded by investment |
| Beijing BOE Vacuum Technology Co., Ltd. | Beijing, China | Beijing, China | Manufacture and sales of vacuum tubes | RMB 32,000,000 | 100% | - | Founded by investment |

| *Name of the Subsidiary* | *Principal place of business* | *Registered place* | *Business nature* | *Registered capital* | *Shareholding (or similar equity interest) percentage* | | *Acquisition method* |
|---|---|---|---|---|---|---|---|
| | | | | | *Direct* | *Indirect* | |
| Beijing BOE Special Display Technology Co., Ltd. | Beijing, China | Beijing, China | Development of display products and sales of electronic products | RMB 100,000,000 | 100% | - | Founded by investment |
| Beijing Yinghe Century Co., Ltd. | Beijing, China | Beijing, China | Engineering project management, real estate development, mobile vehicle parking lot services and marketing research | RMB 233,105,200 | 100% | - | Founded by investment |
| BOE Optical Science and technology Co., Ltd. | Suzhou, China | Suzhou, China | Development, manufacture and sales of backlight and related parts and components for LCD | RMB 826,714,059 | 95.17% | - | Founded by investment |
| BOE Hyundai LCD Inc. | Beijing, China | Beijing, China | Development of display products and sales of electronic products | USD 5,000,000 | 75% | - | Founded by investment |
| BOE (Hebei) Mobile Technology Co., Ltd. | Langfang, China | Langfang, China | Manufacture and sales of mobile flat screen display technical products and related services | RMB 1,358,160,140 | 100% | - | Founded by investment |
| Beijing BOE multimedia Technology Co., Ltd. | Beijing, China | Beijing, China | Sales of computer software and Hardware, the numeral regards the audio frequency technology | RMB 400,000,000 | 100% | - | Founded by investment |
| Beijing BOE Energy Technology Co., Ltd. | Beijing, China | Beijing, China | Design, consultation and services of solar battery, photovoltaic system, wing turbine system and photo-thermal system, and energy saving service | RMB 850,000,000 | 100% | - | Founded by investment |
| Beijing BOE Life Technology Co., Ltd | Beijing, China | Beijing, China | Technology poromotion services, property management, sales of electronic products | RMB 24,000,000 | 100% | - | Founded by investment |
| Beijing Zhongxiangying Technologies Co., Ltd. | Beijing, China | Beijing, China | Technology poromotion services, property management, sales of electronic products | RMB 10,000,000 | 100% | - | Founded by investment |
| Ordos City Haosheng Energy Investment Co., Ltd. | Ordos, China | Ordos, China | Investment in enegy | RMB 30,000,000 | - | 100% | Founded by investment |
| BOE Semi-conductor Co., Ltd. | Beijing, China | Beijing, China | Processing, production, and sales of goods, primarily comprising sales of precision electronic metal parts and semiconductor devices, in addition to micromodules, microelectronic devices and electronic materials; import and export of goods | RMB 11,250,000 | 84% | - | Founded by investment |
| BOE Optoelectronics Holding Co., Ltd | Hong Kong, China | British Virgin Islands | Design, manufacturing and sales of electronic-information industry related products, investment and financing businesses | USD 260,809,100 | 100% | - | Founded by investment |
| Beijing Asahi Electronic Materials Co., Ltd. | Beijing, China | Beijing, China | Sales of Supports and glass bar for TV and CTV low melting sealing frit | RMB 61,576,840 | 100% | - | Business combinations involving entities not under common control |
| BOE Health Investment & Management Co., Ltd. | Beijing, China | Beijing, China | Investment management and investment | RMB 3,000,000,000 | 100% | - | Business combinations involving entities not under common control |

| *Name of the Subsidiary* | *Principal place of business* | *Registered place* | *Business nature* | *Registered capital* | *Shareholding (or similar equity interest) percentage* | | *Acquisition method* |
|---|---|---|---|---|---|---|---|
| | | | | | *Direct* | *Indirect* | |
| Beijing·Matsushita Color Innovation Co., Ltd | Beijing, China | Beijing, China | Color TV, display tube, color rear projection TV projection tube and electronic component materials, property management, parking services, etc. | RMB 325,754,049 | 88.80% | - | Business combinations involving entities not under common control |
| Hefei BOE Display Technology Co., Ltd. | Hefei, China | Hefei, China | Investing, researching, manufacturing and promoting TFT-LCD products and accessory products | RMB 24,000,000,000 | 8.33% | - | Business combinations involving entities not under common control |
| Beijing BOE Technology Development Co., Ltd. | Beijing, China | Beijing, China | Development, transfer, consultation and services of technologies | RMB 1,000,000 | 100% | - | Founded by investment |
| BOE smart IOT Technology Co., Ltd | Beijing, China | Beijing, China | Development, transfer, consultation, services and promotion of technologies | RMB 142,000,000 | 100% | - | Founded by investment |
| Hefei BOE Zhuoyin Technology Co., Ltd. | Hefei, China | Hefei, China | Investing, researching, manufacturing and promoting TFT-LCD products and accessory products | RMB 800,000,000 | 75% | - | Founded by investment |
| Beijing BOE Land Co., Ltd. | Beijing, China | Beijing, China | Development, construction, property management and supporting services of industrial plants and supporting facilities, information and consultation of real estates, lease of commercial facilities, service staff and other supporting facilities and public parking area services for vehicles | RMB 55,420,000 | 70% | - | Founded by investment |
| Beijing BOE Sales Co., Ltd. | Beijing, China | Beijing, China | Sales of communication devices, computer hardware and software and accessory devices and electronic products and equipment maintenance; development, transfer, consultation and services of technologies; import and export of goods, import and export agency, import and export of technologies; Consigned processing of electronic products and LCD | RMB 50,000,000 | 100% | - | Founded by investment |
| Kunming BOE Display Technology Co., Ltd. | Yunnan, China | Yunnan, China | Development, promotion, transfer, consultation and services of display technology; computer software, hardware and network system services; the construction, operations and management of e-commerce platform; product design; conference services; undertaking exhibitions and presentation activities; computer animation design; production, R&D and sales of OLED microdisplays and AR/VR complete machines; warehousing services; I-type Xuanmu investment and management of investment projects | RMB 3,040,000,000 | 69.43% | - | Founded by investment |
| Mianyang BOE Optoelectronics Technology Co., Ltd. | Mianyang, China | Mianyang, China | research and development, production and sales of flexible AMOLED, the products are mainly used in smart phones, wearable devices, car display, AR/VR, etc. | RMB 24,000,000,000 | 68.72% | - | Business combinations involving entities not under common control |

| *Name of the Subsidiary* | *Principal place of business* | *Registered place* | *Business nature* | *Registered capital* | *Shareholding (or similar equity interest) percentage* | | *Acquisition method* |
|---|---|---|---|---|---|---|---|
| | | | | | *Direct* | *Indirect* | |
| Beijing BOE Sensing Technology Co., Ltd. | Beijing, China | Beijing, China | Formation of X-ray sensors, microfluidic chips, biochemical chips, gene chips, security sensors, microwave antennas, biosensors, logistics network technology and other semiconductor sensors, technology testing, technical consulting, technical services, technology transfer | RMB 50,000,000 | 100% | - | Founded by investment |
| Beijing BOE Yiyun Science &Technology Co., Ltd. | Beijing, China | Beijing, China | Technology development, technology transfer, technical consulting, technical services; technology intermediary services; information system integration; basic software services; application software services; software development | RMB 200,000,000 | 95.92% | - | Business combinations involving entities not under common control |
| Wuhan BOE Optoelectronics Technology Co., Ltd. ("Wuhan BOE") | Wuhan, China | Wuhan, China | Investing, researching, manufacturing and promoting TFT-LCD products and accessory products | RMB 19,523,000,000 | 23.08% | - | Business combinations involving entities not under common control |
| Chongqing BOE Display Technology Co., Ltd. (Chongqing BOE Display) | Chongqing, China | Chongqing, China | Research, development, manufacture and sales of semiconductor display devices, machine and relevant products, import and export of goods and technical consulting | RMB 6,010,000,000 | 38.46% | - | Business combinations involving entities not under common control |
| Fuzhou BOE Display Technology Co., Ltd. ("Fuzhou BOE Display") | Fuzhou, China | Fuzhou, China | Mainly engaged in the research and development, production and sales of semiconductor display device-related products and related products; import or export of goods or technology; display device and component, other electronic components, and technology development, technology transfer, technical consulting, related fields related to display devices and electronic products, Technical services; business management consulting; property management; house leasing; machinery and equipment leasing | RMB 50,000,000 | 43.46% | - | Business combinations involving entities not under common control |
| SES Imagotag SA Co.Ltd. | Nanterre, France | Nanterre, France | Supports color electronic paper, segment LCD, TFT-LCD display, covering ESL multi-frequency protocol, Wi-Fi, BLE and NFC; multiple communication methods, integrated electronic paper supply chain resources and downstream software around electronic shelf labels Platform, image recognition and big data analytics resources to create a complete solution for the retail industry | EUR 31,512,216 | - | 68.48% | Business combinations involving entities not under common control |

The Company and the shareholder of Hefei Display Technology, Hefei Core Screen Industrial Investment Fund (Limited Partnership) signed a concerted action agreement on November 30, 2016, Hefei Core Screen Industrial Investment Fund (Limited Partnership) agreed to act as a concerted action according to the wishes of the Company, and exercised the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the Company's voting right ratio to Hefei is 71.67%.

The Company and Shareholder of Wuhan BOE, Wuhan Airport Economic Development Zone Industrial Development Investment Group Co., Ltd. signed a concerted action agreement on 25 December 2018. Wuhan Airport Economic Development Zone Industrial Development Investment Group Co., Ltd. agreed to follow the Company's will to act as a concerted action, unconditionally and irrevocably exercising voting rights in accordance with the opinions of the company, the voting rights of the Company to Wuhan BOE is 61.95%.

The Company and shareholders of Chongqing BOE Display, Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Yuzi Optoelectronic Industry Investment Co., Ltd. signed a concerted action agreement on 25 December 2018, Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Yuzi Optoelectronic Industry Investment Co., Ltd. agreed to act as a concerted action according to the will of the Company, and exercise the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the proportion of voting rights displayed by the Company on Chongqing BOE is 100%.

The Company and Shareholder of Fuzhou BOE Display, Fuqing City Invested-Construction Investment Group Co., Ltd and Fuzhou Urban Construction Investment Group Co., Ltd signed a concerted action agreement on 21 January 2019. Fuqing City Invested-Construction Investment Group Co., Ltd and Fuzhou Urban Construction Investment Group Co., Ltd agreed to act as a concerted action according to the will of the Company, and exercise the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the proportion of voting rights displayed by the Company on Fuzhou BOE Display is 100%.

## (2) Material non-wholly owned subsidiaries

| *Name of subsidiaries* | *Shareholding percentage of non-controlling interests* | *Losses attributable to non-controlling interests during the year* | *Dividend declared to non-controlling shareholders during the year* | *Balance of non-controlling interests at the end of the year* |
|---|---|---|---|---|
| Hefei Display Technology | 91.67% | (2,244,850,606) | - | 19,288,976,939 |
| Mianyang BOE | 31.28% | (60,432,308) | - | 6,574,587,034 |

## (3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made for the fair value adjustment at the acquisition date and any differences in accounting policies:

| | *Hefei Display Technology* | | *Mianyang BOE* | |
|---|---|---|---|---|
| | *2019* | *2018* | *2019* | *2018* |
| Current assets | 11,633,732,300 | 11,725,102,123 | 3,644,261,703 | 2,773,489,555 |
| Non-current assets | 33,264,338,502 | 36,531,775,939 | 39,751,190,014 | 25,796,166,533 |
| Total assets | 44,898,070,802 | 48,256,878,062 | 43,395,451,717 | 28,569,656,088 |
| Current liabilities | 9,069,027,029 | 7,708,059,063 | 4,971,407,195 | 4,403,438,719 |
| Non-current liabilities | 14,787,288,631 | 16,968,627,760 | 17,405,543,775 | 7,155,140,937 |
| Total liabilities | 23,856,315,660 | 24,676,686,823 | 22,376,950,970 | 11,558,579,656 |
| Operating income | 11,455,196,518 | 3,318,954,798 | 110,313,244 | 479,530 |
| Net loss | (2,448,838,884) | (406,216,942) | (252,575,687) | (113,788,845) |
| Total comprehensive income | (2,448,838,884) | (412,759,853) | (252,575,687) | (113,788,845) |
| Cash flows from operating activities | 912,437,769 | 407,026,027 | 184,012,366 | (524,307,111) |

## 2 Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

## (1) Changes in the Group's interests in subsidiaries:

| | *Before changes of interests* | *after changes of interests* |
|---|---|---|
| BOE Semi-conductor Co., Ltd. | 80.77% | 84.00% |
| Kunming BOE Display Technology Co., Ltd. | 45.11% | 69.43% |
| Mianyang BOE Optoelectronics Technology Co., Ltd. | 81.35% | 68.72% |
| Wuhan BOE Optoelectronics Technology Co., Ltd. | 14.58% | 23.08% |
| Fuzhou BOE Display Technology Co., Ltd. | 65.77% | 43.46% |
| SES Imagotag SA Co., Ltd. | 73.93% | 68.48% |

(2) Impact from transactions with non-controlling interests and equity attributable to the shareholders of the Company:

The changes in the shareholding of the Company in the owners of above-mentioned other subsidiaries were caused by the capital increase of the Company and its non-controlling interests, which results to the increase of capital reserver by RMB 123,068,274 (Note V.38).

3 Interests in joint ventures or associates

Please see Note V.11 (2) for details of the summarized financial information of the associates and joint ventures.

No material restrictions on transfers of funds from investees to the Group. The judgment basis of the Company and its subsidiaries to hold lower than 20% of the voting rights of other entities but have significant influence on the entity is due to the fact that the Company and its subsidiaries have seats in the board of directors of the entity, and the Company and Subsidiaries of the Company may have significant influence on the entity through the representation of the directors in the process of formulating financial and operating policies.

VII. Risk related to financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risks

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and the record of previous transactions. Receivables are due within 15 to 120 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company's accounts receivable and other receivables due from the top five customers account for 43% and 0.07% of the total accounts receivable respectively (2018: 40% and 0.06%). In addition, the accounts receivable not overdue or impaired is mainly related to many clients who don't have payment in arrears records recently.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As mentioned in Note XI, as at 31 December 2019 the Group does not provide any external guarantees which would expose the Group or the Company to credit risk.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands (subject to approval by the Company's board when the borrowings exceed certain predetermined levels). The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

| | *2019 Contractual undiscounted cash flow* | | | | | |
|---|---|---|---|---|---|---|
| | *Within 1 year or on demand* | *More than 1 year but less than 3 years* | *More than 3 years but less than 5 years* | *More than 5 years* | *Total* | *Carrying amount of balance sheet* |
| Financial liabilities | | | | | | |
| Short-term loans | 6,458,040,008 | - | - | - | 6,458,040,008 | 6,366,717,121 |
| Bills payable | 2,028,917,980 | - | - | - | 2,028,917,980 | 2,028,917,980 |
| Accounts payable | 21,183,567,553 | - | - | - | 21,183,567,553 | 21,183,567,553 |
| Other payables | 24,570,589,610 | - | - | - | 24,570,589,610 | 24,570,589,610 |
| Non-current liabilities due within one year | 19,473,884,018 | - | - | - | 19,473,884,018 | 18,849,281,019 |
| Long-term loans | 4,478,877,485 | 8,296,257,569 | 26,580,720,126 | 94,478,027,383 | 133,833,882,563 | 107,730,595,615 |
| Long-term payables | - | 409,808,948 | 328,617,676 | 538,091,397 | 1,276,518,021 | 984,520,824 |
| Debentures payable | 14,497,753 | 28,995,505 | 330,673,806 | 3,556,053 | 377,723,117 | 387,878,384 |
| Total | 78,208,374,407 | 8,735,062,022 | 27,240,011,608 | 95,019,674,833 | 209,203,122,870 | 182,102,068,106 |

| | *2018 Contractual undiscounted cash flow* | | | | | |
|---|---|---|---|---|---|---|
| | *Within 1 year or on demand* | *More than 1 year but less than 3 years* | *More than 3 years but less than 5 years* | *More than 5 years* | *Total* | *Carrying amount of balance sheet* |
| Financial liabilities | | | | | | |
| Short-term loans | 5,542,824,867 | - | - | - | 5,542,824,867 | 5,449,954,885 |
| Bills payable | 591,109,272 | - | - | - | 591,109,272 | 591,109,272 |
| Accounts payable | 22,213,956,616 | - | - | - | 22,213,956,616 | 22,213,956,616 |
| Other payables | 22,956,979,828 | - | - | - | 22,956,979,828 | 22,956,979,828 |
| Non-current liabilities due within one year | 6,081,520,241 | - | - | - | 6,081,520,241 | 5,597,563,204 |
| Long-term loans | 4,283,202,579 | 9,376,015,293 | 14,959,103,283 | 92,225,178,032 | 120,843,499,187 | 94,780,077,864 |
| Long-term payables | - | 708,503,891 | 399,396,820 | 696,811,815 | 1,804,712,526 | 1,416,092,239 |
| Debentures payable | 325,986,220 | 10,651,972,440 | 335,864,440 | - | 11,313,823,100 | 10,288,666,233 |
| Total | 61,995,579,623 | 20,736,491,624 | 15,694,364,543 | 92,921,989,847 | 191,348,425,637 | 163,294,400,141 |

## (3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

| | *2019* | | *2018* | |
|---|---|---|---|---|
| *Item* | *Effective interest rate* | *Amount* | *Effective interest rate* | *Amount* |
| Financial assets | | | | |
| - Cash at bank and on hand | 0.20%~3.74% | 26,721,273,607 | 0.20% ~ 3.74% | 21,898,508,469 |
| Financial liabilities | | | | |
| - Short-term loans | 0.40%-4.35% | (4,643,502,121) | 1.28% ~ 4.95% | (2,927,190,124) |
| - Non-current liabilities due within one year | 0%-5.64% | (9,071,034,895) | 0% ~ 5.88% | (2,967,991,325) |
| - Debentures payable | 3.50%~4.55% | (387,878,384) | 3.15% ~ 3.50% | (10,288,666,233) |
| - Long-term payables | 4.24%~7.09% | (984,520,824) | 3.56% ~ 7.09% | (1,416,092,239) |
| - Long-term loans | 0%-5.64% | (59,667,474,395) | 0% ~ 5.88% | (58,484,576,750) |
| Total | | (48,033,137,012) | | (54,186,008,202) |

Variable rate instruments:

| | *2019* | | *2018* | |
|---|---|---|---|---|
| *Item* | *Effective interest rate* | *Amount* | *Effective interest rate* | *Amount* |
| Financial assets | | | | |
| - Cash at bank and on hand | 0.0001%~3.90% | 30,250,911,294 | 0.0001% ~ 3.90% | 29,582,493,437 |
| Financial liabilities | | | | |
| - Short-term loans | 3.56%~3.92% | (1,723,215,000) | 3.44%-4.39% | (2,522,764,761) |
| - Non-current liabilities due within one year | 1.04%-6.38% | (9,619,871,357) | 5.37% ~ 7.18% | (2,629,571,879) |
| - Long-term loans | 3.00%~6.38% | (48,063,121,220) | 1.04% ~ 7.18% | (36,295,501,114) |
| Total | | (29,155,296,283) | | (11,865,344,317) |

(b) Sensitivity analysis

As at 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates of variable rate instrument, with all other variables held constant, would decrease/increase the Group's net profit and equity by RMB 251,370,000 (2018: RMB 104,380,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

(4) Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) The Group's exposure as at 31 December to currency risk arising from recognized foreign currency assets or liabilities is mainly denominated in US dollar. The amount of the USD exposure is net liabilities exposure USD 1,791,577,868 (2018 net liabilities exposure: USD 2,098,686,634), translated into RMB 12,498,405,521 (2018: RMB 14,403,706,106), using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

(b) The following are the exchange rates for Renminbi against US dollar applied by the Group:

| | *Average rate* | | *Reporting date mid-spot rate* | |
|---|---|---|---|---|
| | *2019* | *2018* | *2019* | *2018* |
| USD | 6.9197 | 6.6987 | 6.9762 | 6.8632 |

Assuming all other risk variables remained constant, a 5% strengthening/weakening of the Renminbi against the US dollar at 31 December would have increased/decreased both the Group's equity and net profit by the amount RMB 197,336,145 (2018: RMB 506,911,356).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

(5) Other price risks

Other price risks include stock price risk, commodity price risk and others.

## VIII. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

### 1 Fair value of assets measured at fair value at the end of the year

| | | *31 December 2019* | | | |
|---|---|---|---|---|---|
| *Assets* | *Notes* | *Level 1 Fair value measurement* | *Level 2 Fair value measurement* | *Level 3 Fair value measurement* | *Total* |
| Recurring fair value measurements | | | | | |
| - Financial assets held for trading | | - | - | 5,809,184,994 | 5,809,184,994 |
| Including: Wealth management products | V.2 | - | - | 5,809,184,994 | 5,809,184,994 |
| - Investments in other equity instruments | V.12 | 300,124,974 | - | 331,951,673 | 632,076,647 |
| Total assets measured at fair value on a recurring basis | | 300,124,974 | - | 6,141,136,667 | 6,441,261,641 |

| | | *31 December 2018* | | | |
|---|---|---|---|---|---|
| *Assets* | *Notes* | *Level 1 Fair value measurement* | *Level 2 Fair value measurement* | *Level 3 Fair value measurement* | *Total* |
| Recurring fair value measurements | | | | | |
| - Wealth management products | V.9 | - | - | 5,534,413,566 | 5,534,413,566 |
| - Available-for-sale financial assets | V.10 | | | - | - |
| Including: Debt instruments | | - | - | 12,866,432 | 12,866,432 |
| Equity instruments | | 378,636,117 | - | - | 378,636,117 |
| Total assets measured at fair value on a recurring basis | | 378,636,117 | - | 5,547,279,998 | 5,925,916,115 |
| - Equity of redemption terms-Swap obligation | | - | - | (71,000,000) | (71,000,000) |
| Total liabilities measured at fair value on a recurring basis | | - | - | (71,000,000) | (71,000,000) |

2 Basis of determining the market price for recurring and non-recurring fair value measurements categorised within Level 1

The Group uses the active market quote as the fair value of financial assets within Level 1.

3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

Financial assets held for trading at recurring fair value within Level 3 are bank wealth management products. For wealth management products measured at fair value, the fair value is determined based on the discounted cash flow method.

Investments in other equity instruments at recurring fair value within Level 3 are unlisted equity investments held by the Group, including:

(i) For those who raised a new round of financing in 2019, the Group used the financing price as the best estimates of their fair value;

(ii) For other investments in other equity instruments, since the operating environment, operating conditions and financial status of the investee have not changed significantly during the year, the Group uses the book investment cost as a reasonable estimate of fair value for measurement.

On 31 December 2018, the fair value of available-for-sale equity instruments and available-for-sale debt instruments is determined by market price on the balance sheet date. The fair value of financial products is determined using discounted cash flow method,
whose amortised cost is not significantly different from the fair value on the balance sheet date. The fair value of Equity of redemption terms-Swap obligation is determined by Monte Carlo method.

4 During 2019, there were no changes in valuation technique of fair value. As at 31 December, there were no significant discrepancies between the book value and fair value of all the financial assets and financial liabilities except the above assets measured at fair value and the non-current assets held for sale presented in Note V.8.

# IX. Related parties and related party transactions

## 1 Information about the parent of the Company

| *Company name* | *Registered place* | *Business nature* | *Registered capital* | *Shareholding percentage (%)* | *Percentage of voting rights (%)* | *Ultimate controlling party of the Company* |
|---|---|---|---|---|---|---|
| Beijing Electronics Holding Co., Ltd. | No. 12, Jiuxianqiao Road Chaoyang District, Beijing | Operation and management of state-owned assets within authorization, etc. | RMB 2,418,350,000 | 0.79% | 27.85% | Yes |

## 2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VI.1.

## 3 Information about joint ventures and associates of the Company

Associates and Joint ventures that have related party transactions with the Group during this year or the previous year are as follows:

| *Name of entity* | *Relationship with the Company* |
|---|---|
| TPV Display Technology (China) Limited | Associate of the Group and the Company |
| Beijing Xindongneng Investment Management Co., Ltd. | Associate of the Group and the Company |
| Shenzhen Yunyinggu Technology Co., Ltd. | Associate of the Group and the Company |
| Beijing Nittan Electronic Co., Ltd. | Associate of the Group and the Company |
| Beijing Zhonglianhe Ultra HD Collaborative Technology Center Co., Ltd. | Associate of the Group |
| Hefei Xin Jing Yuan Electronic Materials Co., Ltd. | Associate of the Group |
| Cnoga Medical Ltd. | Associate of the Group |

4 Information on other related parties

| *Name of other related parties* | *Related party relationship* |
|---|---|
| Beijng NAURA Microelectronics Equipment Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Zhengdong Electronic Power Group Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Yandong Microelectronic Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Dongdian Industrial Development Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Sevenstar PV Group Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Sevenstar Semiconductor Technologies Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| NAURA Technology Group Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Zhaowei Electronic Group Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Zhaowei Technology Development Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing BBEF Science & Technology Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing C&W Intelligent Equipment Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| New Vision Micro.(Hong Kong) Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Ether Electronics Group Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Yansong Economic and Trade Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing BOE Investment Development Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Ripeness Sanyuan Instrumentation Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Electronics Holding & SK Technology Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Electronics ST (Jiangsu) Technology Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Yandong Microelectronic Technology Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| Beijing Electronics Holding Jiuyi Industrial Development Co., Ltd. | Enterprises that are controlled by the Company's ultimate holding company |
| BAIC Motor Corporation., Ltd. | Other related parties |
| China United Network Communications Limited | Other related parties |
| Hefei ESWIN IC Technology Co., Ltd | Other related parties |
| Chengdu ESWIN IC Design Co., Ltd. | Other related parties |

5 Transactions with related parties

The transactions below with related parties were conducted under normal commercial terms or agreements.

(1) Purchase of goods, equipments, and receiving of services (excluding remuneration of key management personnel)

The Group

| *Nature of transaction* | *2019* | *2018* |
|---|---|---|
| Purchase of goods | 480,284,012 | 141,966,350 |
| Procurement of equipment | 397,005,152 | 601,680,874 |
| Receiving services | 17,744,265 | 19,901,930 |
| Total | 895,033,429 | 763,549,154 |

The Company

| *Nature of transaction* | *2019* | *2018* |
|---|---|---|
| Purchase of goods | 12,379,363 | 11,854,329 |
| Receiving services | 844,688,884 | 96,670,167 |
| Payment of interest expenses | 65,689,459 | 544,410,236 |
| Total | 922,757,706 | 652,934,732 |

(2) Sale of goods/rendering of services

The Goup

| *Nature of transaction* | *2019* | *2018* |
|---|---|---|
| Sales of goods | 2,846,583 | 45,676,373 |
| Rendering of services | 4,670,427 | 10,166,253 |
| Total | 7,517,010 | 55,842,626 |

The Company

| *Nature of transaction* | *2019* | *2018* |
|---|---|---|
| Rendering of services | 4,635,072,473 | 3,864,353,230 |
| Interest income received | 318,036 | 511,825 |
| Total | 4,635,390,509 | 3,864,865,055 |

(3) Leases

(a) As the lessor

The Group

| *Type of assets leased* | *Lease income recognized in 2019* | *Lease income recognized in 2018* |
|---|---|---|
| Investment properties | 1,176,283 | 2,485,506 |

The Company

| *Type of assets leased* | *Lease income recognized in 2019* | *Lease income recognized in 2018* |
|---|---|---|
| Investment properties | 63,700,904 | 17,972,397 |

(b) As the lessee

The Group

| *Type of assets leased* | *Lease expense recognized in 2019* | *Lease expense recognized in 2018* |
|---|---|---|
| Fixed assets | 3,082,942 | 2,441,711 |

The Company

| *Type of assets leased* | *Lease expense recognized in 2019* | *Lease expense recognized in 2018* |
|---|---|---|
| Fixed assets | - | 1,936,219 |

(4) Funding from related party

The Company

| *Name of related party* | *Amount of funding* | *Inception date* | *Maturity date* |
|---|---|---|---|
| Funds from | | | |
| Subsidiary of the parent company | 500,000,000 | 28/05/2019 | 31/12/2020 |
| Subsidiary of the parent company | 500,000,000 | 13/09/2015 | Non-fixed term |
| Subsidiary of the parent company | 2,000,000,000 | 09/06/2017 | 31/12/2020 |
| Subsidiary of the parent company | 700,000,000 | 13/04/2018 | 31/12/2020 |
| Subsidiary of the parent company | 1,600,000,000 | 27/05/2019 | 31/12/2020 |
| Subsidiary of the parent company | 1,200,000,000 | 30/09/2015 | Non-fixed term |
| Subsidiary of the parent company | 650,000,000 | 25/04/2018 | 31/12/2020 |
| Subsidiary of the parent company | 3,500,000,000 | 01/08/2018 | 01/08/2023 |
| Subsidiary of the parent company | 1,500,000,000 | 24/05/2019 | 31/12/2020 |
| Subsidiary of the parent company | 200,000,000 | 28/07/2017 | 31/12/2020 |
| Subsidiary of the parent company | 1,600,000,000 | 04/12/2017 | 31/12/2020 |
| Subsidiary of the parent company | 3,800,000,000 | 19/07/2018 | 19/07/2023 |
| Subsidiary of the parent company | 800,000,000 | 26/07/2019 | 31/12/2020 |
| Subsidiary of the parent company | 4,000,000,000 | 09/06/2017 | 31/12/2020 |
| Subsidiary of the parent company | 1,000,000,000 | 23/12/2016 | 31/12/2020 |
| Subsidiary of the parent company | 3,000,000,000 | 27/04/2018 | 31/12/2020 |
| Subsidiary of the parent company | 2,370,579,024 | 31/08/2018 | 19/12/2023 |
| Subsidiary of the parent company | 3,000,000,000 | 28/05/2018 | 28/05/2023 |
| Subsidiary of the parent company | 1,200,000,000 | 21/05/2019 | 31/12/2020 |

| *Name of related party* | *Amount of funding* | *Inception date* | *Maturity date* |
|---|---|---|---|
| Funds to | | | |
| Subsidiary of the parent company | 50,000,000 | 27/03/2015 | 26/12/2021 |
| Subsidiary of the parent company | 30,000,000 | 21/01/2016 | 21/01/2022 |
| Subsidiary of the parent company | 5,000,000 | 19/08/2016 | Non-fixed term |
| Subsidiary of the parent company | 2,000,000 | 16/12/2016 | Non-fixed term |
| Subsidiary of the parent company | 100,000,000 | 13/12/2019 | 13/12/2022 |
| Subsidiary of the parent company | 150,000,000 | 20/12/2019 | 19/12/2022 |
| Subsidiary of the parent company | 100,000,000 | 24/12/2019 | 24/12/2022 |
| Subsidiary of the parent company | 50,000,000 | 13/12/2019 | 13/12/2022 |
| Subsidiary of the parent company | 800,000,000 | 17/12/2019 | 17/12/2022 |
| Subsidiary of the parent company | 550,000,000 | 20/12/2019 | 19/12/2022 |
| Subsidiary of the parent company | 100,000,000 | 20/12/2019 | 19/12/2022 |
| Subsidiary of the parent company | 100,000,000 | 24/12/2019 | 24/12/2022 |
| Subsidiary of the parent company | 250,000,000 | 13/12/2019 | 13/12/2022 |
| Subsidiary of the parent company | 350,000,000 | 20/12/2019 | 19/12/2022 |
| Subsidiary of the parent company | 100,000,000 | 20/12/2019 | 19/12/2022 |
| Subsidiary of the parent company | 50,000,000 | 24/12/2019 | 24/12/2022 |
| Subsidiary of the parent company | 150,000,000 | 25/12/2019 | 17/12/2022 |
| Subsidiary of the parent company | 400,000,000 | 13/12/2019 | 13/12/2022 |
| Subsidiary of the parent company | 120,000,000 | 24/12/2019 | 17/12/2022 |
| Subsidiary of the parent company | 180,000,000 | 24/12/2019 | 24/12/2022 |

(5) Remuneration of key management personnel

The Group and the Company

| *Item* | *2019* | *2018* |
|---|---|---|
| Remuneration of key management personnel | 49,799,000 | 65,765,000 |

6 Receivables from and payables to related parties

Receivables from related parties

The Group

| | *2019* | | *2018* | |
|---|---|---|---|---|
| *Item* | *Book value* | *Provision for bad and doubtful debts* | *Book value* | *Provision for bad and doubtful debts* |
| Accounts receivable | 1,960,247 | - | 52,246 | - |
| Prepayments | 2,259,308 | - | 2,814,000 | - |
| Other receivables | 603,515 | - | 12,148 | - |

The Company

| *Item* | *2019* Book value | *2019* Provision for bad and doubtful debts | *2018* Book value | *2018* Provision for bad and doubtful debts |
|---|---|---|---|---|
| Accounts receivable | 659,753,039 | 14,979,329 | 36,108,800 | 473,228 |
| Prepayments | 833,053 | - | 79,660 | - |
| Dividends receivable | 941,634,611 | - | 14,115,915 | - |
| Other receivables | 3,889,934,009 | 41,038,073 | 1,967,828,693 | - |
| Other non-current assets | 156,920,400 | - | 280,000,000 | - |
| Non-current assets due within one year | - | - | 450,000,000 | - |

Payables to related parties

The Group

| *Item* | *2019* | *2018* |
|---|---|---|
| Accounts payable | 77,847,042 | 30,361,810 |
| Advance payments received | 60,990 | 1,111 |
| Other payables | 166,424,203 | 294,554,788 |

The Company

| *Item* | *2019* | *2018* |
|---|---|---|
| Accounts payable | 1,093,063 | 3,119,036 |
| Advance payments received | 2,108,152,470 | 1,563,300,806 |
| Other payables | 4,739,212,844 | 7,690,814,090 |
| Other non-current liabilities | 33,297,240,830 | 20,954,104,125 |

7 Commitments of the related parties

As at balance sheet date, the commitments of the related parties, which are signed but not listed in financial statement are as following:

| | *2019* | *2018* |
|---|---|---|
| Procurement of equipment | 133,794,504 | 370,768,209 |

X. Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity, less unaccrued proposed dividends. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio (total liabilities divided by total assets). The capital management strategies exerted by the Group remained unchanged from 2018. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, request new loans, issue new shares, or sell assets to reduce debt.

As at 31 December 2019 and 31 December 2018, the Group's asset-liability ratios are as follows:

| | *2019* | *2018* |
|---|---|---|
| Asset-liability ratio | 58.56% | 60.41% |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## XI. Commitments and contingencies

### 1 Significant commitments

### (1) Capital commitments

| *The Group* | *2019* | *2018* |
|---|---|---|
| Contracts entered into but not performed or partially performed | 59,347,872,614 | 61,515,573,632 |
| Contracts authorized but not entered into | 102,974,551,619 | 84,789,129,465 |
| Total | 162,322,424,233 | 146,304,703,097 |

The Group's contracts authorised but not entered into mainly included the fixed assets that Chongqing Display Technology, Fuzhou BOE Display, Health Investment and Wuhan BOE planned to purchase in subsequent years and project equipment that the Group planned to purchase in subsequent years.

| *The Company* | *2019* | *2018* |
|---|---|---|
| Contracts entered into but not performed or partially performed Total | 36,732,291,172 | 39,666,849,756 |

The Company's contracts entered into but not performed or partially performed mainly included guaranteed investments in Chongqing Display Technology, Fuzhou BOE Display, Health Investment and Wuhan BOE.

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of the Group's properties were payable as follows:

| *Item* | *2019* | *2018* |
|---|---|---|
| Within 1 year (inclusive) | 56,919,248 | 53,187,055 |
| After 1 year but within 2 years (inclusive) | 34,440,482 | 30,220,405 |
| After 2 years but within 3 years (inclusive) | 31,151,809 | 21,345,206 |
| Over 3 years | 61,129,358 | 82,499,050 |
| Total | 183,640,897 | 187,251,716 |

As at 31 December 2019, the Company had no significant operating lease commitments.

2 Guarantee

(1) The Group as the guarantor

As at 31 December 2019, the Group did not have guarantees provided for external enterprises.

(2) The Company as the guarantor

On 31 December 2019, Chengdu Optoelectronics used the land use right with the carrying amount of RMB 42,097,694, the construction in progress of RMB 14,770,912,709, the machinery and equipment of RMB 13,141,613,512 and its plant and buildings of RMB 2,392,317,974 as collateral to obtain long-term loans of USD 712,000,000 and RMB 14,000,000,000, the Company provides joint and several liability guarantee for the above loans. In addition, the Company also provides joint and several liability guarantee for the letter of credit issued but not accepted of USD 15,294,879 and JPY 569,940,000 and the long-term guarantee letter of issued but not accepted of RMB 1,719,500,000.

On 31 December 2019, Yuansheng Optoelectronics used its plant and buildings with the carrying amount of RMB 2,267,182,300, machinery and equipment of RMB 11,205,995,635 and the land use right of RMB 46,724,309 as collateral to obtain long-term loans of RMB 3,600,000,000, the Company provides joint and several liability guarantee for the above loans.

On 31 December 2019, Hefei Xinsheng used the land use right with the carrying amount of RMB 116,727,860, its plant and buildings of RMB 3,551,280,865 and its equipment of RMB 5,497,655,251 as collateral to obtain long-term loans due within 1 year of USD 418,260,000 and the long-term loans of USD 402,180,000, the Company provides joint and several liability guarantee for the above loans.

On 31 December 2019, Chongqing BOE Display used the land use right with the carrying amount of RMB 135,431,145 and its machineries and buildings of RMB 12,220,493,020 as collateral, and also used its deposit receipt of USD 7,500,000 as pledge to obtain long-term loans of USD 952,030,000 and RMB 637,300,000, the Company provides joint and several liability guarantee for the above loans.

On 31 December 2019, Fuzhou BOE used the land use right with the carrying amount of RMB 211,688,367, the machinery and equipment of RMB 13,674,922,143 and the construction in progress of RMB 264,633,031 as collateral to obtain long-term loans of USD 933,000,000 and RMB 5,250,670,000, the Company provides joint and several liability guarantee for the above loans. In addition, the Company also provides joint and several liability guarantee for the long-term letter of guarantee issued but not accepted of RMB 1,320,000,000.

On 31 December 2019, Hefei Display Technology used the land use right with the carrying amount of RMB 293,021,262, the plant and buildings of RMB 4,342,039,221 and machinery and equipment of RMB 21,939,732,132 as collateral to obtain long-term loans of USD 1,470,800,000 and RMB 5,001,721,200, the Company provides joint and several liability guarantee for the above loans. In addition, the Company also provides joint and several liability guarantee for the letter of credit issued but not accepted of JPY 2,729,040,000.

On 31 December 2019, Mianyang BOE used the land use right with the carrying amount of RMB 392,595,952, the plant and buildings of RMB 472,566,951, the machinery and equipment of RMB 146,684,699 and the construction in progress of RMB 25,199,606,849 as collateral to obtain long-term loans of USD 385,000,000 and RMB 12,300,000,000, the company provides joint and several liability guarantee for the above loans. In addition, the company also provides joint and several liability guarantee for the letter of credit issued but not accepted of USD 164,363,778 and JPY 311,570,000 and the long-term letter of guarantee issued but not accepted of RMB 1,800,000,000.

On 31 December 2019, Wuhan BOE used the machinery and equipment with the carrying amount of RMB 160,883,379, the land use right of RMB 260,167,834 and the construction in progress of RMB 16,530,866,018 as collateral to obtain long-term loans of USD 330,000,000 and RMB 4,000,000,000, the Company provides joint and several liability guarantee for the above loans. In addition, the Company also provides joint and several liability guarantee for the letter of credit issued but not accepted of USD 114,956,888 and JPY 9,515,590,800.

## XII. Subsequent events

On 28 February 2020, the Company has completed the public issuance of corporate bonds (first phase) (plague prevention bonds) to qualified investors, the short name of the bond is “20BOEY1”, with a total of RMB 2 billion, and the nominal interest rate is 3.64%.

On 19 March 2020, the Company has completed the public issuance of corporate bonds (second phase) (plague prevention bonds) to qualified investors, the short name of the bond is “20BOEY2”, with a total of RMB 2 billion, and the nominal interest rate is 3.54%.

Both ‘20BOEY1’ and ‘20BOEY2’ have 3 interest-bearing years as a cycle. At the end of each cycle, the Company has the right to extend the bond period by 1 cycle (i.e. 3 years) or choose to fully pay the bond at the end of the cycle. The nominal interest rate of the bond is fixed in the first period, and then resets every period thereafter. The nominal interest rate in the first period is the initial benchmark rate plus the initial spread, and the nominal interest rate in the subsequent period is adjusted to the current benchmark rate plus the initial spread plus 300 basis points. Therefore, when the Company exercises the renewal option, the nominal interest rate will increase sharply, and the corresponding nominal interest will also increase significantly. Both ‘20BOEY1’ and ‘20BOEY2’ set the right for the issuers to delay the payment of interest. At every interest payment day, the Company can choose to delay the current interest to next interest payment day along with the accumulated interests delayed under this term, with no restrictions to how many times interests have been delayed, unless mandatory interest payment event is triggered (including dividends-payment to oridinary shareholders or reducing registered capital). The Company classified the bonds to other equity instruments at the total issuing amount lessing the related transaction fees as these bonds don not meet the definition of financial liabilities.

On 22 April 2020, the Company announced that they are planning to issue to qualified investors the corporate bonds (third phase) (plague prevention bonds), the short name of the bond is “20BOEY3”, with a total of no more than RMB 2 billion, the issue is now in progress.

## XIII. Segment reporting

### (1) Segment reporting considerations

The Group management reviews the operation performance and allocates resources according to the business segments below.

(a) Display and Sensor Devices — This business mainly leading the innovation and development of TFT-LCD technologies, has been committed to speeding up the development of AMOLED, flexible display, VR/AR and other new display devices and sensors, promoting the development of gene sequencing, molecular antenna, multi-sign sensor, photoelectric sensing, fingerprint identification and security, and upgrading information exchange ports and related sensors on the basis of the display, so as to offer better products and services in smart phones, tablet PCs, laptops, displays, televisions, industrial control, health care, VR/AR and other applications.

(b) Smart systems — This business mainly expanding its business in digital art exhibition, supermarket retailing services, financial retailing services, smart equipment design and manufacturing services, photovoltaic facilities construction and operation & maintenance, vehicle-based display and Internet of Vehicles (IoV). It provides smart solutions for smart retailing, smart manufacturing services, smart energy and smart Internet of Vehicles.

(c) Healthcare service — This business mainly dedicate to integrate the accumulated four core technologies - display, sensor, artificial intelligence and large data with medical and life science, leading to the integration of medical-manufacturing innovation, building the innovation platform including artificial intelligence, life data detection, cell engineering, medical technology innovation transformation, focusing on the development of mobile health, digital hospitals, regenerative medicine and health park four business, providing intelligent port products and professional services for human health.

(d) Others — Other service mainly includes technical development service and patent maintenance service.

The main reason to separate the segments is that the Group independently manages the port devices business, the smart IoT business, and healthcare service businesses and other businesses. Because the business segments manufacture and distribute different products, apply different manufacturing processes and specifies in gross profit, the business segments are managed independently. The management evaluates the performance and allocates resources according to the profit of each business segment and does not take financing cost and investment income into account.

(2) Accounting policy for the measurements of segment profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the assets, liabilities, revenue, expenses and financial performance, attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible, other non-current and current assets, such as accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets. Segment liabilities include payables, bank borrowings and other long-term liabilities attributable to the individual segments, but exclude deferred tax liabilities and other unallocated corporate liabilities.

Segment financial performance is operating income (including operating income from external customers and inter-segment operating income) after deducting expenses, depreciation, amortisation, impairment losses, gains or losses from changes in fair value, investment gain, non-operating income and expenses and income tax expenses attributable to the individual segments. The transfer pricing of inter-segment sales are determined with reference to prices charged to external parties for similar orders.

| | 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Port devices business* | *Smart IoT business* | *Healthcare business* | *Others* | *Elimination* | *Remaining items* | *Total* |
| Operating income | 106,482,397,172 | 16,730,993,983 | 1,357,484,751 | 5,262,960,973 | (13,774,246,715) | - | 116,059,590,164 |
| Including: Operating income from external customers | 100,778,601,586 | 13,935,054,419 | 1,345,934,159 | - | - | - | 116,059,590,164 |
| Inter-segment operating income | 5,703,795,586 | 2,795,939,564 | 11,550,592 | 5,262,960,973 | (13,774,246,715) | - | - |
| Operating cost | 108,008,780,569 | 16,594,242,232 | 1,123,629,522 | 3,785,333,911 | (13,733,637,535) | (117,427,516) | 115,660,921,183 |
| Operating profit/(loss) | (1,526,383,397) | 136,751,751 | 233,855,229 | 1,477,627,062 | (40,609,180) | 117,427,516 | 398,668,981 |
| Total profit/(loss) | (1,393,005,461) | 104,921,003 | 242,071,137 | 1,472,945,085 | (40,609,179) | 117,427,516 | 503,750,101 |
| Income tax expense | 380,914,122 | 8,143,666 | 135,651,930 | 230,811,042 | 224,470,744 | - | 979,991,504 |
| Net profit/(Net loss) | (1,773,919,583) | 96,777,337 | 106,419,207 | 1,242,134,043 | (265,079,923) | 117,427,516 | (476,241,403) |
| Total assets | 350,305,878,604 | 19,415,889,134 | 5,441,026,033 | 173,127,013,027 | (208,125,757,251) | 248,153,761 | 340,412,203,308 |
| Total liabilities | 148,276,976,000 | 9,552,989,323 | 1,818,817,378 | 123,295,513,891 | (85,041,615,615) | 1,451,825,357 | 199,354,506,334 |
| Other items: | | | | | | | |
| - Impairment losses for the current period | 2,000,077,299 | 343,287,595 | 97,024 | 272,721,340 | (32,000,000) | - | 2,584,183,258 |
| - Depreciation and amortization expenses | 18,470,214,433 | 542,273,031 | 162,767,435 | 407,624,581 | (413,244,169) | - | 19,169,635,311 |
| - Long-term equity investments in associates | - | - | - | 2,718,037,934 | - | - | 2,718,037,934 |
| - Capital outlay | 45,706,204,449 | 1,945,555,530 | 1,388,008,828 | 1,448,025,153 | (264,404,946) | - | 50,223,389,014 |
| - Losses from investment in associates and joint ventures | - | - | - | 200,020,686 | - | - | 200,020,686 |
| - Net interest expenses | 2,015,878,182 | 251,235,580 | 28,042,780 | 468,441,166 | - | (155,827,999) | 2,607,769,709 |

| | *2018* | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Port devices business* | *Smart IoT business* | *Healthcare business* | *Others* | *Elimination* | *Remaining items* | *Total* |
| Operating income | 86,688,426,362 | 17,499,500,352 | 1,151,844,468 | 3,569,024,583 | (11,799,930,830) | - | 97,108,864,935 |
| Including: Operating income from external customers | 81,265,815,692 | 14,734,461,467 | 1,108,587,776 | - | - | - | 97,108,864,935 |
| Inter-segment operating income | 5,422,610,670 | 2,765,038,885 | 43,256,692 | 3,569,024,583 | (11,799,930,830) | - | - |
| Operating cost | 83,077,714,485 | 17,397,663,021 | 862,984,461 | 2,197,359,466 | (11,483,372,588) | 1,048,345,187 | 93,100,694,032 |
| Operating profit/(loss) | 3,610,711,877 | 101,837,331 | 288,860,007 | 1,371,665,117 | (316,558,242) | (1,048,345,187) | 4,008,170,903 |
| Total profit/(loss) | 3,718,100,703 | 106,837,228 | 296,075,661 | 1,366,180,004 | (316,558,242) | (1,048,345,187) | 4,122,290,167 |
| Income tax expense | 624,917,163 | 16,151,805 | 90,102,577 | 234,879,588 | 276,364,961 | - | 1,242,416,094 |
| Net profit/(Net loss) | 3,093,183,540 | 90,685,423 | 205,973,084 | 1,131,300,416 | (592,923,203) | (1,048,345,187) | 2,879,874,073 |
| Total assets | 306,849,853,351 | 21,967,564,757 | 5,852,144,685 | 151,623,442,496 | (182,516,887,526) | 252,373,622 | 304,028,491,385 |
| Total liabilities | 122,453,918,956 | 13,679,315,017 | 2,384,123,956 | 103,650,272,046 | (59,915,809,696) | 1,419,373,545 | 183,671,193,824 |
| Other items: | | | | | | | |
| - Impairment losses for the current period | 1,198,177,937 | 39,528,417 | 1,882,409 | - | - | - | 1,239,588,763 |
| - Depreciation and amortization expenses | 13,511,852,315 | 507,380,278 | 92,219,472 | 238,099,764 | (156,607,616) | - | 14,192,944,213 |
| - Long-term equity investments in associates | - | - | - | 2,389,166,886 | - | - | 2,389,166,886 |
| - Capital outlay | 55,330,404,250 | 1,672,461,272 | 815,566,097 | 232,876,486 | (283,237,527) | - | 57,768,070,578 |
| - Losses from investment in associates and joint ventures | - | - | - | (13,925,731) | - | - | (13,925,731) |
| - Net interest expenses | 2,409,003,425 | 161,469,304 | 9,616,358 | 197,583,788 | - | 623,009,190 | 3,400,682,065 |

(3) Secondary segment reporting (regional segments)

(a) The geographical information is based on the location of customers receiving services or goods.

The information of the Group's external transactions based by locations is as follows:

| | *Operating income from external customers* | |
|---|---|---|
| | *2019* | *2018* |
| Chinese mainland | 59,444,025,767 | 42,942,349,994 |
| Other Asian countries and regions | 45,030,859,656 | 44,256,356,951 |
| Europe | 4,511,337,220 | 3,488,264,284 |
| America | 6,911,922,720 | 6,354,884,816 |
| Other regions | 161,444,801 | 67,008,890 |
| Total | 116,059,590,164 | 97,108,864,935 |

(b) Divided based on asset locations

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and jointly controlled enterprises. Most of the non-current assets in the Group are located in Chinese mainland.

(4) Major customers

Operating income of Display and Sensor Devices from which is over 10% of the Group's total operating income ended up with two customers. The operating income from these customers represented RMB 30,980,334,746 (2018: RMB 16,287,833,781), which was approximately 27% (2018: 17%) of the Group's total operating income.

# XIV. Notes of financial statements of the Company

## 1 Cash at bank and on hand

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| Cash on hand: | | | | | | |
| RMB | | | - | | | 339 |
| USD | 5 | 6.9762 | 35 | 5 | 6.8632 | 34 |
| HKD | 165 | 0.8958 | 148 | 165 | 0.8762 | 145 |
| JPY | 51,325 | 0.0641 | 3,290 | 51,325 | 0.0619 | 3,176 |
| KRW | 420,000 | 0.0060 | 2,520 | 420,000 | 0.0061 | 2,562 |
| Other foreign currencies | | | 16,943 | | | 16,337 |
| Sub-total | | | 22,936 | | | 22,593 |
| Bank deposits: | | | | | | |
| RMB | | | 1,355,519,593 | | | 1,333,209,249 |
| USD | 333,055,313 | 6.9762 | 2,323,460,475 | 363,428,749 | 6.8632 | 2,494,284,193 |
| HKD | 1,972,588 | 0.8958 | 1,767,044 | 2,622,706 | 0.8762 | 2,298,015 |
| Sub-total | | | 3,680,747,112 | | | 3,829,791,457 |
| Total | | | 3,680,770,048 | | | 3,829,814,050 |

Including: Total overseas deposits were equivalent to RMB 161,168 (2018: RMB 158,521).

## 2 Accounts receivable

### (1) The Company's accounts receivable by customer type:

| | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|
| Amounts due from subsidiaries | 659,753,039 | 36,108,800 | 36,108,800 |
| Amounts due from other customers | 7,044,176 | 3,733,689 | 3,733,689 |
| Sub-total | 666,797,215 | 39,842,489 | 39,842,489 |
| Less: Provision for bad and doubtful debts | 20,264,100 | 2,889,866 | 2,889,866 |
| Total | 646,533,115 | 36,952,623 | 36,952,623 |

(2) The ageing analysis of accounts receivable is as follows:

| *Ageing* | *2019* | *2018* |
|---|---|---|
| Within 1 year (inclusive) | 646,534,878 | 3,889,195 |
| 1 to 2 years (inclusive) | 2,866,370 | - |
| 2 to 3 years (inclusive) | - | - |
| Over 3 years | 17,395,967 | 35,953,294 |
| Sub-total | 666,797,215 | 39,842,489 |
| Less: Provision for bad and doubtful debts | 20,264,100 | 2,889,866 |
| Total | 646,533,115 | 36,952,623 |

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by category

| | *2019* | | | | |
|---|---|---|---|---|---|
| | *Book value* | | *Provision for bad and doubtful debts* | | |
| *Category* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* | *Carrying amount* |
| Individual assessment | | | | | |
| - Customers with high credit risk | 5,283,008 | 1% | 5,283,008 | 100% | - |
| - Customers with low credit risk | 660,348,948 | 99% | 14,979,329 | 2% | 645,369,619 |
| Collective assessment | | | | | |
| - Customers with moderate credit risk | 1,165,259 | - | 1,763 | - | 1,163,496 |
| Total | 666,797,215 | 100% | 20,264,100 | 3% | 646,533,115 |

| | *2018* | | | | |
|---|---|---|---|---|---|
| | *Book value* | | *Provision for bad and doubtful debts* | | |
| *Category* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* | *Carrying amount* |
| Accounts receivables that are collectively assessed for impairment based on credit risk characteristics | 2,416,638 | 6% | 2,416,638 | 100% | - |
| Individually insignificant but assessed for impairment individually | 37,425,851 | 94% | 473,228 | 1% | 36,952,623 |
| | 39,842,489 | 100% | 2,889,866 | 7% | 36,952,623 |

(4) Additions and recoveries of provision for bad and doubtful debts during the year:

| | *2019* | *2018* |
|---|---:|---:|
| Balance under the previous financial instrument standards | 2,889,866 | 2,889,866 |
| Adjustment on initial application of the new financial instrument standards | - | - |
| Balance at the beginning of the year after adjustment | 2,889,866 | 2,889,866 |
| Charge during the year | 17,416,444 | - |
| Written-off during the year | 42,210 | - |
| Balance at the end of the year | 20,264,100 | 2,889,866 |

For the year ended 31 December 2019, the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially made in prior years.

(5) Five largest accounts receivable by debtor at the end of the year

The five largest accounts receivable of the Company amounted to RMB 535,748,206, amounting to 80% of the total accounts receivable at the end of the year, and no provisions for bad and doubtful debts were made at the end of the year.

3 Other receivables

| | *Note* | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---:|---:|---:|
| Interest receivable | | 11,884,080 | 9,659,279 | 9,659,279 |
| Dividends receivable | (1) | 941,634,611 | 14,115,915 | 14,115,915 |
| Others | (2) | 3,873,879,403 | 1,992,053,266 | 1,992,053,266 |
| Total | | 4,827,398,094 | 2,015,828,460 | 2,015,828,460 |

(1) Dividends receivable

| | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---:|---:|---:|
| Yinghe Century | 572,694,778 | 8,204,147 | 8,204,147 |
| Hefei BOE | 350,000,000 | - | - |
| Beijing BOE Land Co., Ltd. | 18,939,833 | - | - |
| Vacuum Electronics | - | 2,200,000 | 2,200,000 |
| Beijing Electronics Zone Investment and Development Co., Ltd. | - | 3,711,768 | 3,711,768 |
| Balance at the end of the year | 941,634,611 | 14,115,915 | 14,115,915 |

(2) Others

(a) The Company's other receivables by customer type:

| *Customer type* | *31 December 2019* | *1 January 2019* | *31 December 2018* |
|---|---|---|---|
| Amounts due from subsidiaries | 3,889,330,494 | 1,967,828,693 | 1,967,828,693 |
| Amounts due from other related parties | 603,515 | - | - |
| Amounts due from other customers | 28,545,610 | 24,224,573 | 24,224,573 |
| Sub-total | 3,918,479,619 | 1,992,053,266 | 1,992,053,266 |
| Less: Provision for bad and doubtful debts | 44,600,216 | - | - |
| Total | 3,873,879,403 | 1,992,053,266 | 1,992,053,266 |

(b) The Company's other receivables by currency:

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| RMB | | | 3,918,456,962 | | | 1,992,041,781 |
| HKD | 25,293 | 0.8958 | 22,657 | 13,107 | 0.8762 | 11,485 |
| Sub-total | | | 3,918,479,619 | | | 1,992,053,266 |
| Less: Provision for bad and doubtful debts | | | 44,600,216 | | | - |
| Total | | | 3,873,879,403 | | | 1,992,053,266 |

(c) The ageing analysis of other receivables of the Company is as follows:

| | *2019* | *2018* |
|---|---|---|
| Within 1 year (inclusive) | 3,722,971,295 | 1,649,255,313 |
| 1 to 2 years (inclusive) | 59,484,488 | 94,152,814 |
| 2 to 3 years (inclusive) | 56,743,629 | 11,422,640 |
| Over 3 years | 79,280,207 | 237,222,499 |
| Sub-total | 3,918,479,619 | 1,992,053,266 |
| Less: Provision for bad and doubtful debts | 44,600,216 | - |
| Total | 3,873,879,403 | 1,992,053,266 |

The ageing is counted starting from the date when other receivable are recognised.

(d) Others by method of provisioning

| | 2019 | | | | |
|---|---|---|---|---|---|
| | Book value | | Provision for bad and doubtful debts | | |
| *Category* | *Amount* | *Percentage (%)* | *Amount* | *Percentage (%)* | *Carrying amount* |
| Individual assessment | 44,600,216 | 1% | 44,600,216 | 100% | - |
| Collective assessment | 3,873,879,403 | 99% | - | - | 3,873,879,403 |
| Total | 3,918,479,619 | 100% | 44,600,216 | 1% | 3,873,879,403 |

(e) Movements of provisions for bad and doubtful debts

| | *2019* | *2018* |
|---|---|---|
| Balance under the previous financial instrument standards | - | - |
| Adjustment on initial application of the new financial instrument standards | - | |
| Balance at the beginning of the year after adjustment | - | - |
| Charge for the year | 45,142,306 | - |
| Written-off during the year | 542,090 | - |
| Balance at the end of the year | 44,600,216 | - |

(d) Other receivables categorized by nature

| *Nature* | *2019* | *2018* |
|---|---|---|
| Transaction amount | 3,889,330,494 | 305,938,861 |
| Rent | - | 227,919,843 |
| Royalty fee | - | 1,441,130,049 |
| Others | 29,149,125 | 17,064,513 |
| Sub-total | 3,918,479,619 | 1,992,053,266 |
| Less: Provision for bad and doubtful debts | 44,600,216 | - |
| Total | 3,873,879,403 | 1,992,053,266 |

(e) Five largest other receivables by debtor at the end of the year

Other receivables at the end of the year due from the top five debtors of the Company amounted to RMB 3,681,661,508 in total, most of which are borrowings and royalty fees. No provision is made for bad and doubtful debts after assessment.

4 Other current assets

| | *2019* | *2018* |
|---|---|---|
| VAT on tax credits | 17,011,521 | 1,127,650 |
| Others | 92,486,376 | 46,677,446 |
| Total | 109,497,897 | 47,805,096 |

5 Long-term equity investments

(1) The Company's long-term equity investments by category:

| | *2019* | *2018* |
|---|---|---|
| Investments in subsidiaries | 157,203,548,708 | 141,883,775,023 |
| Investments in associates and joint ventures | 2,278,316,052 | 1,675,958,462 |
| Sub-total | 159,481,864,760 | 143,559,733,485 |
| Less: Provision for impairment | 92,000,000 | 60,000,000 |
| Total | 159,389,864,760 | 143,499,733,485 |

In previous year, the Company provided full impairment losses for investments in its subsidiary, Special Display, which amounted to RMB 60,000,000. In 2019, the Company provided the impairment provision of RMB 32,000,000 for its subsidiary – Vacuum Technology.

## (2) Investments in subsidiaries:

| *Subsidiary* | *Balance at the beginning of the year* | *Increase during the year* | *Decrease during the year* | *Balance at the end of the year* | *Balance of provision for impairment at the beginning of the year* | *Balance of provision for impairment at the end of the year* |
|---|---|---|---|---|---|---|
| Beijing BOE Optoelectronics Technology Co., Ltd. | 4,172,288,084 | - | - | 4,172,288,084 | - | - |
| Chengdu BOE Optoelectronics Technology Co., Ltd. | 19,283,149,991 | 3,420,000,000 | - | 22,703,149,991 | - | - |
| Hefei BOE Optoelectronics Technology Co., Ltd. | 9,000,000,000 | - | - | 9,000,000,000 | - | - |
| Beijing BOE Display Technology Co., Ltd. | 17,418,713,599 | - | - | 17,418,713,599 | - | - |
| Hefei Xinsheng Optoelectronics Technology Co., Ltd. | 16,575,150,000 | 3,507,829,185 | - | 20,082,979,185 | - | - |
| Ordos Yuansheng Optoelectronics Co., Ltd. | 11,804,000,000 | - | - | 11,804,000,000 | - | - |
| Chongqing BOE Optoelectronics Co., Ltd. | 19,565,354,599 | - | - | 19,565,354,599 | - | - |
| Fuzhou BOE Optoelectronics Technology Co., Ltd. | 14,300,042,079 | - | - | 14,300,042,079 | - | - |
| Beijing BOE Vision-electronic Technology Co., Ltd. | 3,020,000,000 | 845,344,500 | - | 3,865,344,500 | - | - |
| Beijing BOE Vacuum Electronics Co., Ltd. | 19,250,000 | - | - | 19,250,000 | - | - |
| Beijing BOE Vacuum Technology Co., Ltd. | 32,000,000 | - | - | 32,000,000 | - | 32,000,000 |
| Beijing BOE Special Display Technology Co., Ltd. | 100,000,000 | - | - | 100,000,000 | 60,000,000 | 60,000,000 |
| Beijing Yinghe Century Co., Ltd. | 333,037,433 | - | - | 333,037,433 | - | - |
| BOE Optical Science and Technology Co., Ltd. | 658,961,914 | - | - | 658,961,914 | - | - |
| BOE Hyundai LCD (Beijing) Display Technology Co., Ltd. | 31,038,525 | - | - | 31,038,525 | - | - |
| BOE (Hebei) Mobile Technology Co., Ltd. | 1,353,651,020 | - | - | 1,353,651,020 | - | - |
| Beijing BOE multimedia Technology Co., Ltd. | 400,000,000 | - | - | 400,000,000 | - | - |
| Beijing BOE Energy Technology Co., Ltd. | 850,000,000 | - | - | 850,000,000 | - | - |
| Beijing BOE Life Technology Co., Ltd. | 10,000,000 | - | - | 10,000,000 | - | - |
| Beijing Zhongxiangying Technology Co., Ltd. | 10,000,000 | - | - | 10,000,000 | - | - |
| Erdos Haosheng Energy Investment Co., Ltd. | 2,000,000 | - | (2,000,000) | - | - | - |
| BOE Semi-conductor Co., Ltd. | 9,450,000 | - | - | 9,450,000 | - | - |
| BOE Optoelectronics Holding Co., Ltd. | 2,768,662,024 | - | - | 2,768,662,024 | - | - |
| Beijing Asahi Electronic Materials Co., Ltd. | 30,888,470 | - | - | 30,888,470 | - | - |
| BOE Health Investment & Management Co., Ltd | 1,743,154,069 | 1,210,000,000 | - | 2,953,154,069 | - | - |
| Hefei BOE Display Technology Co., Ltd. | 1,998,765,323 | - | - | 1,998,765,323 | - | - |
| Technology Development | 1,000,000 | - | - | 1,000,000 | - | - |
| BOE smart IOT Technology Co., Ltd | 50,000,000 | 40,670,000 | - | 90,670,000 | - | - |
| Hefei BOE Zhuoyin Technology Co., Ltd. | 600,000,000 | - | - | 600,000,000 | - | - |
| Beijing BOE Land Co., Ltd. | 7,731,474 | - | - | 7,731,474 | - | - |
| Beijing BOE Marketing Co., Ltd. | 30,500,000 | - | - | 30,500,000 | - | - |
| BOE KOREA Co., Ltd. | 788,450 | - | - | 788,450 | - | - |
| Kunming BOE Display Technology Co., Ltd. | 202,800,000 | 467,200,000 | - | 670,000,000 | - | - |
| Mianyang BOE Optoelectronics Technology Co., Ltd. | 13,936,980,083 | 760,000,000 | - | 14,696,980,083 | - | - |
| Sensing Technology | 50,000,000 | - | - | 50,000,000 | - | - |
| Beijing BOE Yiyun Science &Technology Co., Ltd. | 90,000,000 | - | - | 90,000,000 | - | - |
| Wuhan BOE Optoelectronics Technology Co., Ltd. | 1,230,860,516 | 2,933,700,000 | - | 4,164,560,516 | - | - |
| Chongqing BOE Display Technology Co., Ltd. | 193,557,370 | 2,115,300,000 | - | 2,308,857,370 | - | - |
| Fuzhou BOE Display Technology Co., Ltd. | - | 21,730,000 | - | 21,730,000 | - | - |
| Total | 141,883,775,023 | 15,321,773,685 | (2,000,000) | 157,203,548,708 | 60,000,000 | 92,000,000 |

For information about the major subsidiaries of the Company, refer to Note VI. 1.

## (3) Investments in associates:

| *Investee* | *Balance at the beginning of the year* | *Movements during the year* Increase in investments | Decrease in investments | Investment income recognized under equity method | Other comprehensive income | Changes in other equity movements | Cash dividends or profit declared | *Balance at the end of the year* | *Balance of provision for impairment at the end of the year* |
|---|---|---|---|---|---|---|---|---|---|
| Beijing Nissin Electronics Precision Component Co., Ltd. | 538,489 | - | - | (1,698,667) | - | 1,643,426 | - | 483,248 | - |
| Beijing Nittan Electronic Co., Ltd. | 61,733,085 | - | - | 6,075,670 | - | - | (3,000,000) | 64,808,755 | - |
| Erdos BOE Energy Investment Co., Ltd. | 9,458,312 | - | - | (110,086) | - | - | - | 9,348,226 | - |
| Beijing Infi-Hailin Venture Investment Co., Ltd. | 435,828 | - | - | 227,387 | - | - | - | 663,215 | - |
| Beijing Infi-Hailin Venture Investment (Limited Partnership) | 82,336,933 | - | (10,000,000) | (14,927,922) | 16,975,941 | - | - | 74,384,952 | - |
| TPV Display Technology (China) Limited | 23,001,359 | - | - | 1,544,305 | - | - | - | 24,545,664 | - |
| Beijing Xindongneng Investment Fund (Limited Partnership) | 1,455,174,877 | - | (129,089,011) | 268,474,328 | 349,954,655 | - | - | 1,944,514,849 | - |
| Beijing Xindongneng Investment Management Co., Ltd. | 5,188,862 | - | - | 2,221,199 | - | - | - | 7,410,061 | - |
| Shenzhen Yunyinggu Technology Co., Ltd. | 15,481,506 | - | (10,800,923) | (17,043,172) | - | 25,077,673 | - | 12,715,084 | - |
| Beijing Xloong Technologies Co., Ltd. | 22,609,211 | - | - | (372,167) | - | - | - | 22,237,044 | - |
| Beijing Innovation Industry Investment Co., Ltd | - | 100,000,000 | - | 363,345 | - | - | - | 100,363,345 | - |
| Beijing Electric Control Industry Investment Co., Ltd | - | 17,000,000 | - | (158,391) | - | - | - | 16,841,609 | - |
| Total | 1,675,958,462 | 117,000,000 | (149,889,934) | 244,595,829 | 366,930,596 | 26,721,099 | (3,000,000) | 2,278,316,052 | - |

## 6 Intangible assets

| | *Land use rights* | *Patent and proprietary technology* | *Computer software* | *Others* | *Total* |
|---|---|---|---|---|---|
| Book value | | | | | |
| Balance at the beginning of the year | 95,016,083 | 744,014,962 | 216,319,003 | 37,741,956 | 1,093,092,004 |
| Additions during the year | | | | | |
| - Purchases | 699,922,964 | 359,536,786 | 5,429,461 | 41,788,042 | 1,106,677,253 |
| - Transfers from construction in progress | - | - | 77,517,509 | - | 77,517,509 |
| Other decreases | - | (997,041) | - | - | (997,041) |
| Balance at the end of the year | 794,939,047 | 1,102,554,707 | 299,265,973 | 79,529,998 | 2,276,289,725 |
| Less: Accumulated amortisation | | | | | |
| Balance at the beginning of the year | 26,780,283 | 462,088,390 | 89,534,990 | 501,845 | 578,905,508 |
| Charge during the year | 25,715,225 | 133,757,561 | 44,157,040 | 122,127 | 203,751,953 |
| Balance at the end of the year | 52,495,508 | 595,845,951 | 133,692,030 | 623,972 | 782,657,461 |
| Carrying amount | | | | | |
| At the end of the year | 742,443,539 | 506,708,756 | 165,573,943 | 78,906,026 | 1,493,632,264 |
| At the beginning of the year | 68,235,800 | 281,926,572 | 126,784,013 | 37,240,111 | 514,186,496 |

## 7 Deferred tax assets/deferred tax liabilities

| | *2019* | | *2018* | |
|---|---|---|---|---|
| *Item* | *Deductible/ (taxable) temporary differences* | *Deferred tax assets/(liabilities)* | *Deductible/ (taxable) temporary differences* | *Deferred tax assets/(liabilities)* |
| Deferred tax assets: | | | | |
| Provisions for impairment losses of assets | 179,981,612 | 26,997,242 | 342,108,420 | 51,316,263 |
| Changes in fair value of other equity instruments | 135,444,338 | 20,316,651 | | |
| Depreciation of fixed assets | 111,653,214 | 16,747,982 | 87,117,936 | 13,067,690 |
| Advance payments received | 1,906,248,410 | 285,937,261 | 1,551,798,448 | 232,769,767 |
| Others | 155,622,634 | 23,343,394 | 151,182,178 | 22,677,327 |
| Sub-total | 2,488,950,208 | 373,342,530 | 2,132,206,982 | 319,831,047 |
| Amount offset | | (13,074,064) | | (29,036,499) |
| Balance after offsetting | | 360,268,466 | | 290,794,548 |
| Deferred tax liabilities: | | | | |
| Interest on debentures | - | - | (71,525,943) | (10,728,891) |
| Others | (87,160,432) | (13,074,064) | (122,050,720) | (18,307,608) |
| Sub-total | (87,160,432) | (13,074,064) | (193,576,663) | (29,036,499) |
| Amount offset | | 13,074,064 | | 29,036,499 |
| Balance after offsetting | | - | | - |

As at 31 December 2019, the Company estimated that the amount of taxable income is expected to be available in the future period that the deductible temporary differences are reversed, thereby confirming the relevant deferred tax assets.

## 8 Advances payments received

| *Item* | *2019* | *2018* |
|---|---|---|
| Advances from related parties | 2,108,152,470 | 1,563,300,806 |
| Advances from third parties | 9,416,525 | 13,734,709 |
| Total | 2,117,568,995 | 1,577,035,515 |

## 9 Employee benefits payable

### (1) Employee benefits payable:

| | *Note* | *Balance at 1 January 2019* | *Increase during the year* | *Decrease during the year* | *Balance at 31 December 2019* |
|---|---|---|---|---|---|
| Short-term employee benefits | (2) | 191,160,309 | 912,098,158 | (861,874,008) | 241,384,459 |
| Post-employment benefits | | | | | |
| - defined contribution plans | (3) | 9,978,952 | 83,250,064 | (82,407,400) | 10,821,616 |
| Termination benefits | | - | 2,780,894 | (2,780,894) | - |
| Total | | 201,139,261 | 998,129,116 | (947,062,302) | 252,206,075 |

| | *Note* | *Balance at 1 January 2018* | *Increase during the year* | *Decrease during the year* | *Balance at 31 December 2018* |
|---|---|---|---|---|---|
| Short-term employee benefits | (2) | 271,338,126 | 807,603,371 | (887,781,188) | 191,160,309 |
| Post-employment benefits | | | | | |
| - defined contribution plans | (3) | 11,662,067 | 77,656,828 | (79,339,943) | 9,978,952 |
| Termination benefits | | - | 547,277 | (547,277) | - |
| Total | | 283,000,193 | 885,807,476 | (967,668,408) | 201,139,261 |

### (2) Short-term employee benefits

| | *Balance at 1 January 2019* | *Increase during the year* | *Decrease during the year* | *Balance at 31 December 2019* |
|---|---|---|---|---|
| Salaries, bonuses and allowances | 149,498,505 | 664,206,819 | (625,106,651) | 188,598,673 |
| Staff welfare | - | 46,521,914 | (46,521,914) | - |
| Social insurance | | | | |
| Medical insurance | 13,027,783 | 44,619,713 | (42,958,955) | 14,688,541 |
| Work-related injury insurance | 939,307 | 2,862,644 | (2,697,062) | 1,104,889 |
| Maternity insurance | 1,445,194 | 3,536,732 | (3,204,200) | 1,777,726 |
| Housing fund | 2,846,017 | 54,005,271 | (52,996,464) | 3,854,824 |
| Labour union fee, staff and workers' education fee | 23,403,503 | 26,939,926 | (18,983,623) | 31,359,806 |
| Others | - | 69,405,139 | (69,405,139) | - |
| Total | 191,160,309 | 912,098,158 | (861,874,008) | 241,384,459 |

| | *Balance at 1 January 2018* | *Increase during the year* | *Decrease during the year* | *Balance at 31 December 2018* |
|---|---|---|---|---|
| Salaries, bonuses and allowances | 232,610,577 | 622,616,346 | (705,728,418) | 149,498,505 |
| Staff welfare | - | 37,159,393 | (37,159,393) | - |
| Social insurance | | | | |
| Medical insurance | 13,533,102 | 36,532,908 | (37,038,227) | 13,027,783 |
| Work-related injury insurance | 963,123 | 2,603,687 | (2,627,503) | 939,307 |
| Maternity insurance | 1,363,607 | 2,921,927 | (2,840,340) | 1,445,194 |
| Housing fund | 3,136,970 | 43,830,388 | (44,121,341) | 2,846,017 |
| Labour union fee, staff and workers' education fee | 19,730,747 | 29,224,557 | (25,551,801) | 23,403,503 |
| Others | - | 32,714,165 | (32,714,165) | - |
| Total | 271,338,126 | 807,603,371 | (887,781,188) | 191,160,309 |

## (3) Post-employment benefits - defined contribution plans

| | *Balance at 1 January 2019* | *Increase during the year* | *Decrease during the year* | *Balance at 31 December 2019* |
|---|---|---|---|---|
| Basic pension insurance | 9,772,407 | 73,613,317 | (71,896,321) | 11,489,403 |
| Unemployment insurance | 206,545 | 3,449,922 | (3,354,369) | 302,098 |
| Annuity | - | 6,186,825 | (7,156,710) | (969,885) |
| Total | 9,978,952 | 83,250,064 | (82,407,400) | 10,821,616 |

| | *Balance at 1 January 2018* | *Increase during the year* | *Decrease during the year* | *Balance at 31 December 2018* |
|---|---|---|---|---|
| Basic pension insurance | 11,238,473 | 69,320,207 | (70,786,273) | 9,772,407 |
| Unemployment insurance | 249,227 | 2,917,729 | (2,960,411) | 206,545 |
| Annuity | 174,367 | 5,418,892 | (5,593,259) | - |
| Total | 11,662,067 | 77,656,828 | (79,339,943) | 9,978,952 |

## 10 Other payables

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Interest payable | | 95,859,218 | 330,964,989 |
| Dividends payable | | 6,451,171 | 6,451,171 |
| Others | (1) | 5,158,160,585 | 7,872,319,930 |
| Total | | 5,260,470,974 | 8,209,736,090 |

(1) Others

(a) The Company's other payables by category are as follows:

| | *2019* | *2018* |
|---|---|---|
| Projects, equipment and intangible assets | 345,872,758 | 52,308,258 |
| External agency fee | 18,171,708 | 17,476,002 |
| Transaction amount with subsidiaries | 4,739,139,471 | 7,690,628,499 |
| Others | 54,976,648 | 111,907,171 |
| Total | 5,158,160,585 | 7,872,319,930 |

(b) The Company's other payables by currency:

| | *2019* | | | *2018* | | |
|---|---|---|---|---|---|---|
| | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* | *Amount in original currency* | *Exchange rate* | *RMB/ RMB equivalents* |
| RMB | | | 2,257,788,363 | | | 5,082,657,694 |
| USD | 414,300,937 | 6.9762 | 2,890,246,197 | 406,452,150 | 6.8632 | 2,789,562,393 |
| JPY | 157,972,312 | 0.0641 | 10,126,025 | 1,612,973 | 0.0619 | 99,843 |
| Total | | | 5,158,160,585 | | | 7,872,319,930 |

11 Long-term loans

| | *2019* | | *2018* | |
|---|---|---|---|---|
| | *RMB* | *Credited /collateralised guaranteed /pledged* | *RMB* | *Credited /collateralised guaranteed /pledged* |
| Bank loans | | | | |
| - RMB | 38,801,142,361 | Credited | 27,510,000,000 | Credited |
| Less: Long-term loans due within one year | 5,490,440,787 | Credited | 990,000,000 | Credited |
| Total | 33,310,701,574 | | 26,520,000,000 | |

The interest rate of RMB long-term loans for the Company ranged from 0% to 4.75% in 2019 (2018: 0% to 4.75%).

## 12 Deferred income

| *Item* | *Balance at the beginning of the year* | *Increase during the year* | *Amount included in other income* | *Balance at the end of the year* |
|---|---|---|---|---|
| - related to assets | 5,416,944,049 | - | (901,541,269) | 4,515,402,780 |
| - related to income | 107,005,792 | 12,915,866 | (7,931,182) | 111,990,476 |
| Total | 5,523,949,841 | 12,915,866 | (909,472,451) | 4,627,393,256 |

## 13 Capital reserve

| *Item* | *Share premiums* | *Other capital reserves* | *total* |
|---|---|---|---|
| Balance at the beginning of the year | 37,546,517,053 | 44,449,138 | 37,590,966,191 |
| Add: Changes in other equity of investees | - | 26,721,099 | 26,721,099 |
| Less: Disposal of changes in other equity transferred from equity of associate | - | 9,647,605 | 9,647,605 |
| Balance at the end of the year | 37,546,517,053 | 61,522,632 | 37,608,039,685 |

## 14 Other comprehensive income

| Item | | | | Movements during the year | | | |
|---|---|---|---|---|---|---|---|
| | Balance at the end of the previous year attributable to shareholders of the Company | Changes in accounting policies | Balance of other comprehensive income at the beginning of the year after adjustment | Before-tax amount | Less: Income tax expenses | Transfer of other comprehensive income to retained earnings | Balance at the end of the year attributable to shareholders of the Company |
| Items that will not be reclassified to profit or loss | - | (246,193,654) | (246,193,654) | 402,266,776 | 12,864,994 | 50,430,448 | 193,638,576 |
| Including: Other comprehensive income recognised under equity method | - | (58,164,332) | (58,164,332) | 366,930,596 | - | - | 308,766,264 |
| Changes in fair value of investments in other equity instruments | - | (188,029,322) | (188,029,322) | 35,336,180 | 12,864,994 | 50,430,448 | (115,127,688) |
| Items that may be reclassified to profit or loss | (28,507,585) | 28,507,585 | - | - | - | - | - |
| Including: Other comprehensive income recognised under equity method | (58,164,332) | 58,164,332 | - | - | - | - | - |
| Gains or losses arising from changes in fair value of available-for-sale financial assets | 29,656,747 | (29,656,747) | - | - | - | - | - |
| Total | (28,507,585) | (217,686,069) | (246,193,654) | 402,266,776 | 12,864,994 | 50,430,448 | 193,638,576 |

## 15 Retained earnings

| *Item* | *2019* | *2018* |
|---|---|---|
| Retained earnings at the beginning of the year (before adjustment) | 2,392,243,713 | 1,765,291,136 |
| Add: Changes in accounting policies | 217,686,069 | - |
| Retained earnings at the beginning of the year (after adjustment) | 2,609,929,782 | 1,765,291,136 |
| Add: Net profits for the year | 3,685,564,456 | 2,629,858,350 |
| Less: Appropriation for statutory surplus reserve | 368,556,446 | 262,985,835 |
| Dividends to ordinary shares | 1,043,951,963 | 1,739,919,938 |
| Interest of holders of other equity instruments | 56,109,589 | - |
| Transfer of other comprehensive income to retained earnings | 45,387,401 | - |
| Retained earnings at the end of the year | 4,781,488,839 | 2,392,243,713 |

## 16 Operating income

| | *2019* | *2018* |
|---|---|---|
| Rental income of investment properties | 122,723,329 | 180,927,207 |
| Technology development income | 4,103,362,231 | 3,326,012,588 |
| Others | 559,302,159 | 541,409,893 |
| Total | 4,785,387,719 | 4,048,349,688 |

## 17 Taxes and surcharges

| | *2019* | *2018* |
|---|---|---|
| Property tax | 33,323,560 | 36,681,107 |
| Land use tax | 2,849,332 | 2,864,304 |
| Stamp duty | 4,682,297 | 2,218,487 |
| City maintenance and construction tax | 353,192 | 706,057 |
| Education surcharges and local education surcharges | 252,276 | 343,357 |
| Others | 27,864 | 1,316,562 |
| Total | 41,488,521 | 44,129,874 |

## 18 Research and development costs

| | *2019* | *2018* |
|---|---:|---:|
| Staff costs | 544,087,165 | 458,279,616 |
| Material expenses | 74,036,997 | 70,658,415 |
| Depreciation and amortisation | 242,794,178 | 186,406,973 |
| Commissioned and cooperative development | 853,951,463 | 103,980,007 |
| Others | 469,881,484 | 428,564,942 |
| Total | 2,184,751,287 | 1,247,889,953 |

## 19 Financial expenses

| | *2019* | *2018* |
|---|---:|---:|
| Interest expenses from loans | 934,776,554 | 1,055,792,484 |
| Interest income from bank deposits | (41,156,445) | (44,583,524) |
| Net exchange losses | 7,509,490 | 1,797,658 |
| Other financial expenses | 2,751,033 | 1,414,091 |
| Total | 903,880,632 | 1,014,420,709 |

## 20 Other income

| | *2019* | *2018* |
|---|---:|---:|
| Government grants related to assets | 901,541,269 | 913,120,098 |
| Government grants related to income | 43,858,943 | 82,164,265 |
| Total | 945,400,212 | 995,284,363 |

The amount of government subsidies received by the Company in 2019 and directly included in other income was RMB 35,927,761.

## 21 Investment income

| | *2019* | *2018* |
|---|---:|---:|
| Income from long-term equity investments accounted for using cost method | 1,889,790,465 | 936,394,420 |
| Long-term equity investments gains/(loss) under equity method | 244,595,829 | (12,001,705) |
| Investment income from disposal of long-term equity investments | 49,028,075 | - |
| Investment income from available-for-sale financial assets during the holding period | - | 3,917,184 |
| Dividend income from investments in other equity instruments | 2,354,733 | - |
| Including: Dividend income from investments in other equity instruments derecognised during the year | 471,354 | - |
| Dividend income from investments in other equity instruments held at the balance sheet date | 1,883,379 | - |
| Total | 2,185,769,102 | 928,309,899 |

## 22 Credit losses

| *Item* | *2019* |
|---|---:|
| Accounts receivable | 17,416,444 |
| Other receivables | 45,142,306 |
| Total | 62,558,750 |

## 23 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

| *Item* | *2019* | *2018* |
|---|---:|---:|
| Others | 4,120,515 | 4,336,405 |
| Total | 4,120,515 | 4,336,405 |

## (2) Non-operating expenses

| *Item* | *2019* | *2018* |
|---|---|---|
| Donations provided | 7,838,720 | 7,830,588 |
| Others | 466,763 | 837,822 |
| Total | 8,305,483 | 8,668,410 |

## 24 Income tax expenses

| | *Note* | *2019* | *2018* |
|---|---|---|---|
| Current tax expense based on tax law and regulations | | 313,149,954 | 372,322,173 |
| Changes in deferred tax | (1) | (82,338,912) | (137,442,585) |
| Total | | 230,811,042 | 234,879,588 |

(1) The analysis of changes in deferred tax assets/liabilities is set out below:

| | *2019* | *2018* |
|---|---|---|
| Origination and reversal of temporary differences | (82,338,912) | (137,442,585) |

(2) Reconciliation between income tax expense and accounting profit is as follows:

| *Item* | *2019* | *2018* |
|---|---|---|
| Profit before taxation | 3,916,375,498 | 2,864,737,938 |
| Expected income tax expense at tax rate of 15% | 587,456,325 | 429,710,691 |
| Add: Non-deductible expenses | 5,063,076 | 4,554,071 |
| Non-taxable income | (279,640,682) | (139,246,485) |
| Tax deduction for R&D activities | (74,503,110) | (60,138,689) |
| Others | (7,564,567) | - |
| Income tax expenses | 230,811,042 | 234,879,588 |

25 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

| | *2019* | *2018* |
|---|---|---|
| Net profit | 3,685,564,456 | 2,629,858,350 |
| Add: Credit loss | 62,558,750 | - |
| Impairment loss | 32,000,000 | - |
| Depreciation of fixed assets and investment properties | 122,776,599 | 125,672,901 |
| Amortisation of intangible assets | 180,015,643 | 112,898,414 |
| Amortisation of long-term deferred expenses | 34,805,818 | 34,008,232 |
| Financial expenses | 996,740,951 | 1,041,426,618 |
| Investment income | (2,185,769,102) | (928,309,899) |
| Increase in deferred tax assets | (69,473,918) | (140,588,363) |
| (Increase) / decrease in inventories | (4,646,260) | 3,462,706 |
| Decrease/ (increase) in operating receivables | 465,794,325 | (315,481,253) |
| (Decrease) / increase in operating payables | (869,099,802) | 898,567,740 |
| Net cash flows from operating activities | 2,451,267,460 | 3,461,515,446 |

(b) Net changes in cash and cash equivalents:

| | *2019* | *2018* |
|---|---|---|
| Cash and cash equivalents at the end of the year | 3,680,770,048 | 3,829,814,050 |
| Less: Cash and cash equivalents at the beginning of the year | 3,829,814,050 | 2,990,801,501 |
| Net (decrease) / increase in cash and cash equivalents | (149,044,002) | 839,012,549 |

(2) Details of cash and cash equivalents

| | 2019 | 2018 |
|---|---|---|
| Cash on hand | 22,936 | 22,593 |
| Bank deposits available on demand | 3,680,747,112 | 3,829,791,457 |
| Cash and cash equivalents at the end of the year | 3,680,770,048 | 3,829,814,050 |

Note: Cash and cash equivalents disclosed above exclude other monetary fund with restricted usage.

26 Assets with restrictive ownership title

As at 31 December 2019, the Company has no assets with restrictive ownership title.

XV. Extraordinary gains and losses in 2019

| | | 2019 | 2018 |
|---|---|---|---|
| Investment income / (losses) from disposal of long-term equity investments | | 48,846,682 | (3,948,640) |
| Losses from disposal of non-current assets | | (28,506,546) | (21,684,121) |
| Government grants recognized in current profit or loss (except for government subsidies that are closely related to the normal business operations of the company and that are in compliance with national policies and are subject to constant or fixed amount according to certain standards) | | 2,640,634,861 | 2,073,709,661 |
| Fair value changes in Financial assets held for trading, and investment income from the disposal of Financial assets held for trading and Available-for-sale financial assets | | 112,668,244 | 315,279,377 |
| Reversal of provision for bad and doubtful debts of receivables assessed on an individual basis | | 1,498,805 | 1,779,710 |
| Other non-operating income and expenses besides items above | | 96,799,305 | 63,734,628 |
| Other items qualified as extraordinary gain and loss | Note2 | 795,126,980 | - |
| Less: Tax effect | | 285,904,312 | 328,634,385 |
| Total | | 3,381,164,019 | 2,100,236,230 |
| Including: Extraordinary gains affecting net profit of equity shareholders of the Company | | 3,085,437,188 | 1,917,425,622 |
| Extraordinary gains affecting net profit of equity shareholders of the non-controlling shareholders | | 295,726,831 | 182,810,608 |

Note 1: Extraordinary gain and loss item listed above are presented in the amount before taxation.

Note 2: The company's capital commitment and conversion obligations to the minority shareholders of Hefei Xinsheng is included in financial liabilities in accordance with the relevant accounting standards for financial instruments. During the reporting period, the Company and Hefei Heping Investment Co., Ltd. ("Hefei Heping") signed an "Equity Transfer Agreement", which agreed to transfer 15.3846% of the equity held by Hefei Heping, after which, Hefei Xinsheng becomes a wholly-owned subsidiary of the company. According to the requirements of the Accounting Standard, the difference of RMB 795,126,980 between the cash payment and the book value of this financial liability is included in the current profit and loss.

## XVI. Return on net assets and earnings per share

In accordance with Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share (2010 revised) issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

| *Profit for the reporting period* | *Weighted average return on net assets (%)* | *Basic earnings per share* | *Diluted earnings per share* |
|---|---|---|---|
| Net profit attributable to the Company's ordinary equity shareholders | 2.16% | 0.05 | 0.05 |
| Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders | (1.42%) | (0.04) | (0.04) |