

LB Group Co., Ltd.

2021 Annual Report



龙佰集团
LB GROUP

April 2022

This document is a free translation of the report and consolidated financial statements of the LB Group Co., Ltd 2021 Annual Report produced for the convenience of English speaking readers.

In the event of any ambiguity or conflict between statements or other items contained herein and the original version which was prepared in Mandarin, the relevant statement or item of the original Mandarin version shall prevail. While all possible care has been taken to ensure that this translation is an accurate representation of the original document, this English language version has not been audited by the company's statutory auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in Mandarin is legally binding.

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Section I Important Notes, Contents and Definitions

The Board of Directors, Board of Supervisors, directors, supervisors and senior executives of the Company warrant that the contents of the Annual Report are true, accurate and complete and do not contain false records, misleading statements or major omissions, for which they will assume several and joint legal liabilities.

XU Gang, Company President and Chairman of the Board, SHEN Qingfei, Chief Financial Officer, and GUO Liangpo, Accounting Supervisor declare that the financial statements in the Annual Report are true, accurate and complete.

All directors have attended the board meeting to review the Report.

Future plans, development strategies and other forward-looking statements contained in the Annual Report do not constitute the Company's substantive commitments to its investors. Therefore, all investors are kindly requested to be aware of investment risks.

The Company has described in this Report in detail the various risks the Company may face in the course of operation as well as the countermeasures. Please refer to the "XI. Prospects for the Company's Future Development" in Section III Management Discussion and Analysis. The Company plans to neither pay cash dividends or bonus shares nor raise capital stock with accumulation funds.

Catalog of documents to be inspected

- I. 2021 Annual Report signed by Mr. XU Gang, Company President and Chairman of the Board.
- II. Financial statements signed and sealed by legal representative, accounting director and person in charge of the accounting firm (accountant in charge).
- III. The original 2021 Audit Report sealed by the accounting firm and signed and sealed by certified public accountants.
- IV. The original of all corporate documents and the original announcement publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period.
- V. Other relevant information.
- VI. Location of documents to be inspected: office of the board of directors of the Company.

Definitions

Term	means	Definitions
The Company, Company, the Listed Company, Lomon Billions or LB Group	means	Lomon Billions Group Co., Ltd., which was renamed LB Group Co., Ltd. in July 2021
Company Law	means	Company Law of the People's Republic of China
Securities Law	means	Securities Law of the People's Republic of China
Articles of Association	means	Articles of Association of LB Group Co., Ltd.
CSRC	means	China Securities Regulatory Commission
SZSE	means	Shenzhen Stock Exchange
Longbai Titanium Industry	means	Longbai Sichuan Titanium Industry Co., Ltd.
Longbai Xiangyang	means	Longbai Xiangyang Titanium Industry Co., Ltd., which was previously known as Xiangyang Lomon Titanium Industry Co., Ltd. and renamed in August 2021
Longbai Mining and Metallurgy	means	Longbai Sichuan Mining and Metallurgy Co., Ltd., which was previously known as Sichuan Lomon Mining and Metallurgy Co., Ltd. and renamed in February 2022
Longbai Minerals	means	Longbai Panzhihua Minerals Co., Ltd., which was previously known as Panzhihua Lomon Minerals Co., Ltd. and renamed in September 2021
New Material	means	Henan Billions New Material Co., Ltd.
Xinli Titanium	means	Yunnan Metallurgical Xinli Titanium Co., Ltd.
Yili Microfinance	means	Jiaozuo Demonstration District Yili Microfinance Co., Ltd., which was previously known as Jiaozuo City Zhongzhan District Yili Microfinance Co., Ltd. and renamed in December 2021
Finance lease company	means	Billions Finance Lease (Guangzhou) Co., Ltd.
Ruierxin company	means	Panzhihua Ruierxin Industry and Trade Co., Ltd.
Orient Zirconic	means	Guangdong Orient Zirconic Ind Sci & Tech Co.,Ltd.
Oriental Scandium	means	Hunan Oriental Scandium Industry Co., Ltd.
Rongjia Scandium Vanadium	means	Henan Rongjiayu Technology Co., Ltd.
United Pigment	means	Jiaozuo Billions United Pigment Co., Ltd.
Billions (Hong Kong)	means	Billions Corporation Limited
Billions (Europe)	means	Billions Europe Ltd
Lomon Billions Intelligent Equipment Manufacturing	means	Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.

Longbai Lufeng	means	Longbai Lufeng Titanium Industry Co., Ltd., which was previously known as Lufeng Xinli Titanium Industry Co., Ltd. and renamed on August 26, 2021
Longbai Wuding	means	Longbai Wuding Titanium Industry Co., Ltd., which was previously known as Wuding Lufeng Xinli Titanium Industry Co., Ltd. and renamed on August 26, 2021
Yunnan National Titanium	means	Yunnan National Titanium Metal Co., Ltd.
Gansu National Titanium	means	Gansu Detong National Titanium Metal Co., Ltd.
Yunnan Orient Zircon	means	Yunnan Orient Zircon New Material Co., Ltd.
Jinchuan Group	means	Jinchuan Group Co., Ltd.
Billions New Energy	means	Henan Billions New Energy Materials Co., Ltd.
Gansu Billions	means	Gansu Billions Chemical Co., Ltd.
Gansu Xingbai	means	Gansu Xingbai Titanium Industry Co., Ltd.
RMB, RMB ten thousand	means	RMB, RMB ten thousand
Reporting Period	means	From January 1, 2021 to December 31, 2021

Section II Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	LB Group	Stock code	002601
Stock exchange for stock listing	Shenzhen Stock Exchange		
Chinese name of the Company	LB Group Co., Ltd.		
Chinese abbreviation of the Company	LB Group		
English name of the Company (if any)	LB Group Co., Ltd.		
English name abbreviation of the Company (if any)	LB Group		
Legal representative of the Company	XU Gang		
Registered address	Fengfeng Sub-district Office, Zhongzhan District, Jiaozuo City		
Zip code for registered address	454191		
Changes in registered address	No changes in registered address since 2011 when the Company went public.		
Office Address	Fengfeng Sub-district Office, Zhongzhan District, Jiaozuo City		
Zip code for office address	454191		
Website	http://www.lomonbillions.com/		
Email	002601@lomonbillions.com		

II. Contact Person and Contact Information

	Board Secretary	Securities Affairs Representative
Name	ZHANG Haitao	WANG Haibo
Address	Fengfeng Sub-district Office, Zhongzhan District, Jiaozuo City	Fengfeng Sub-district Office, Zhongzhan District, Jiaozuo City
Tel	0391-3126666	0391-3126666
Fax	0391-3126111	0391-3126111
Email	zht@lomonbillions.com	wanghaibo@lomonbillions.com

III. Information Disclosure and Preparation Location

Stock exchange website publishing Company's annual report	China Securities Journal, Securities Times
Name and website publishing Company's annual report	http://www.cninfo.com.cn
Location for the preparation of the Annual Report	Board Office of the Company

IV. Registration Changes

Organization code	No change
Changes in main business since the Company's listing (if any)	No change
Previous changes in controlling shareholders (if any)	On March 3, 2010, TAN Ruiqing, Actual Controller of Henan Yintai Investment Co., Ltd. and Tangyin County Yuxin Xylose Development Co., Ltd., and DU Xinchang, Actual Controllers of Qingdao Bonded Area Qianye Trading Co., Ltd., and XU Gang, signed a Concerted Action Agreement and became actual controllers of the Company. On July 15, 2014, the Concerted Action Agreement

	expired, as a result of which the Company had no controlling shareholder and actual controller. On April 22, 2020, the Company's 7th Board of Directors was re-elected upon the expiration of the tenure of the 6th Board of Directors. From the perspective of the composition of the 7th Board of Directors consisting of 12 members, Mr. XU Gang nominated and elected 7 non-independent directors as he had the power to actually direct the exercise of the voting rights attached to the Company's shares to elect more than half of the Company's board members. From the perspective of the Company's equity structure at the time, Mr. XU Gang was the Company's largest shareholder with a shareholding ratio of 20.50% which was 3.87% higher than that of the second largest shareholder, and by virtue of the voting rights attached to the shares held by him in the Company, Mr. XU was fully capable of exerting a significant influence on the resolutions of the Company's shareholders' meetings. Since then, instead of absence of controlling shareholder and actual controller, the Company has a controlling shareholder being Mr. XU Gang and an actual controller also being Mr. XU Gang.

V. Other Relevant Information

Accounting firm engaged by the Company

Name of accounting firm	BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership)
Office address of accounting firm	Floor 19, Tower A, China Sea International Center, Building 7, No. 5 Courtyard, Anding Road, Chaoyang District, Beijing
Accountant signatories	XU Peimei, LONG Yong

Sponsor institution engaged by the Company for the performance of ongoing supervision during the reporting period

☒ Applicable ☐ Not applicable

Name of sponsor	Office address of sponsor	Name of sponsor representatives	Duration of continuous supervision
Huajin Securities Co., Ltd.	30F, 759 South Yanggao Road, China (Shanghai) Pilot Free Trade Zone	WANG Xudong, MENG Chao	The year for the non-public offering of shares in 2020 (listed on March 3, 2021) and one full accounting year thereafter.

Financial advisor engaged by the Company for the performance of ongoing supervision during the reporting period

☐ Applicable ☒ Not applicable

VI. Major Accounting Data and Financial Indicators

Does the Company need to retroactively adjust or restate previous year's accounting data

☐ Yes ☒ No

Monetary Unit: RMB

	FY2021,	FY2020	Increase/Decrease in the current year when compared with last year	FY2019
Operating revenue (RMB)	20,565,780,950.46	14,108,161,179.83	45.77%	11,358,539,703.02
Net profit attributable to shareholders of the Listed Company (RMB)	4,676,429,064.32	2,288,686,615.79	104.33%	2,593,975,280.30
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring gains and losses (RMB)	4,613,611,538.23	2,507,802,814.62	83.97%	2,491,632,401.41
Net cash flows from operating activities (RMB)	4,328,470,772.16	3,120,561,622.09	38.71%	2,003,546,325.65
Basic earnings per share (RMB/share)	2.12	1.13	87.61%	1.29
Diluted earnings per share (RMB/share)	2.12	1.13	87.61%	1.29
Weighted average return on equity	27.05%	16.18%	10.87%	19.51%
	End of 2021	End of 2020	Increase/Decrease at the end of the current year when compared with last year	End of 2019
Total assets (RMB)	45,331,176,466.09	34,771,428,954.42	30.37%	25,942,781,551.31
Net profit attributable to shareholders of the Listed Company (RMB)	18,917,780,631.28	14,194,594,418.64	33.27%	13,870,935,212.22

The lower of the net profits for recent three fiscal years before and after deduction of non-recurring gains and losses are negative, and the going-concern capability of the Company is uncertain as indicated by the audit report for the most recent year

☐ Yes ☒ No

The lower of the net profits before and after deduction of non-recurring gains and losses is negative

☐ Yes ☒ No

VII. Differences in Accounting Data under the Domestic and Foreign Accounting Standards**1. Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards, respectively**

☐ Applicable ☒ Not applicable

The Company, during the reporting period, has no differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards, respectively.

2. Differences in net profit and net asset in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards, respectively

☐ Applicable ☒ Not applicable

The Company, during the reporting period, has no differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards, respectively.

VIII. Key Financial Indicators by Quarter

Monetary Unit: Yuan

	Q1	Q2	Q3	Q4
Operating income	4,645,089,821.82	5,192,762,716.75	5,430,598,056.40	5,297,330,355.49
Net profit attributable to shareholders of listed company	1,063,717,776.91	1,371,249,204.98	1,395,856,043.00	845,606,039.43
Net profit attributable to shareholders of listed company after deduction of non-recurring gains and losses	1,037,360,434.28	1,364,166,926.13	1,359,547,697.80	852,536,480.02
Net cash flows from operating activities	881,539,588.07	643,720,424.31	1,680,678,794.35	1,122,531,965.43

Whether the above financial indicators or their sum are significantly different from the relevant financial indicators in the Company's disclosed quarterly and semi-annual reports

☐ Yes ☒ No

IX. Items and Amount of Non-recurring Profit and Loss

√ Applicable □ Not applicable

Monetary Unit: Yuan

Item	Amount in 2021	Amount in 2020	Amount in 2019	Description
Gains and losses on disposal of non-current assets (including the written off portion of the provision for impairment of assets)	-7,247,208.51	-19,236,805.48	-7,919,333.24	
Government subsidies included in current profit and loss (closely related to normal operation of the Company, except for government subsidies enjoyed by quota or fixed amount in accordance with national uniform standard)	111,336,506.47	119,144,589.23	88,431,580.59	
Fund occupation fees charged to non-financial enterprises and included in current profit and loss	4,412,678.18	1,391,939.45	897,768.43	
Profit and loss from authorizing others to invest or manage assets		-191,886.79		
Profit and loss of debt restructuring	660,235.12	21,813,443.81	24,941,728.28	
Except for effective hedging business related to normal operation of the Company, profits and losses on the changes in fair value of financial assets and financial liabilities held for trading, and investment income earned from disposal of financial assets, financial liabilities held for trading and financial assets available for sale	4,822.44	52,316.99	28,612,661.15	
Reversal of the provision for impairment of receivables undergoing separate impairment test	2,736,765.27		18,500,000.00	
Other non-operating revenue and expenditure other than the above	-34,741,024.52	-11,194,746.61	-28,426,439.14	
Other profits and losses within the meaning of non-recurring profit and loss		-376,774,283.32		
Less: Amount income tax affected	11,447,848.76	-46,616,701.93	21,594,396.45	
Amount of minority equity affected (After-tax)	2,897,399.60	737,468.04	1,100,690.73	
Total	62,817,526.09	-219,116,198.83	102,342,878.89	--

Particulars about other profits and losses within the meaning of non-recurring profit and loss:

□ Applicable √ Not applicable

No other profits and losses within the meaning of non-recurring profit and loss.

About non-recurring profit and loss under *No. 1 Interpretive Announcement on Information Disclosure of Public Securities Offer – Non-recurring Gains and Losses* being defined as recurring profit and loss items.

□ Applicable √ Not applicable

There is no circumstance where non-recurring profit and loss items under *No. 1 Interpretive Announcement on Information Disclosure of Public Securities Offer – Non-recurring Gains and Losses* are defined as recurring profit and loss items.

Section III Management Discussion and Analysis

I. Overview of Industry the Company Involved in During the Reporting Period

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*.

The Company is a large-scale chemical business dedicated to integrating its titanium and zirconium industrial manufacturing chains, and to the R&D and manufacture new materials. Over more than thirty years, the Company has accumulated a wealth of experience in "large scale, low cost", chemical production and has developed strong R&D capabilities using and cutting-edge technologies. It has established a fast-acting management team with strategic vision that has enabled the Company to become a leader in the titanium industry. Employing its competitive cost advantages and the advantages of its integrated industrial chain, the Company actively pursues China's "Carbon Peaking and Carbon Neutrality" policy, developing new energy-based anode/cathode materials, to cultivate a secondary growth curve, transforming through innovation, during China's "14th Five-Year Plan" into a titanium giant and a leading manufacturer of new energy-based battery materials.

(I) Main Industry In Which The Company Has Been Involved During the Reporting Period

1. Overview of Titanium Industry

(1) Basic properties and uses of titanium

Positioned in group IVB of the periodic table of elements with a chemical symbol of Ti, titanium (atomic number 22) is a rare refractory metal silver-gray in color, with a high hardness and melting point at 1,668°C.

Titanium dioxide, chemical formula as TiO_2 , is a white pigment widely used in the manufacture of coatings, plastics, paper, printing inks, rubber, etc. As titanium dioxide used for purposes immediately related to the national economy, it is known as "barometer of economic development".

Titanium has low density, high strength, low heat conductivity, strong resistance to corrosion and low/high temperatures and good biocompatibility. It is widely used in fields such as aerospace, biomedicine, chemistry & metallurgy, marine engineering, sports and leisure, so it is also known as "an aerospace metal", "a marine metal", "a modern metal" and "a strategic metal".

(2) Distribution of titanium resource

Although titanium is a rare refractory metal, it is abundant, forming 0.69% of the earth's crust, ranking 9th among all chemical elements. It is found in rutile, ilmenite and other titanium-rich minerals, and it can be processed to titanium

concentrate and further to titanium-rich material such as high titanium slag and synthetic rutile. Rutile (for example, found in the Company's vanadium-titanium magnetite mine in Panzhihua) is the major source of titanium. Titanium is mostly found in China, Australia, Indian, Brazil and South Africa.



Panzhihua Mine of LB Group

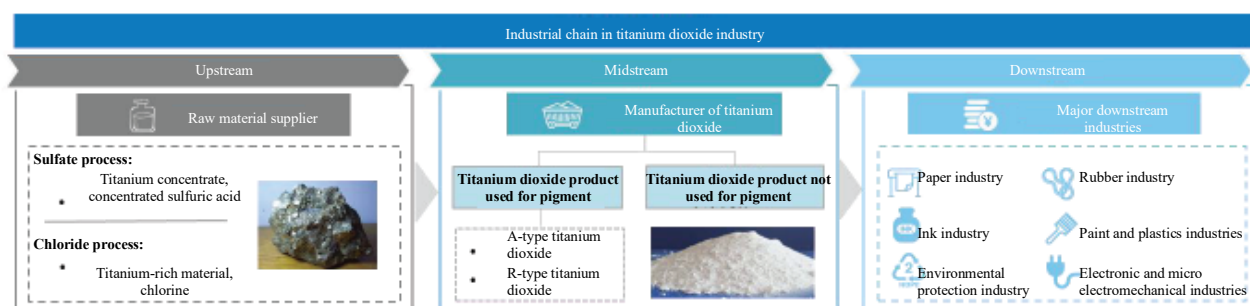
(3) Industrial chain of titanium

The industrial chain of titanium involves two different branches. The first branch, linking to the titanium dioxide industry, involves mining and selection of ilmenite and rutile, and then the manufacturing of the chemical intermediate product, titanium dioxide, through chemical processes, which is used in the coatings, plastics, papermaking and other industries. The second branch, linking to the titanium industry, involves mining and selection of ilmenite and rutile, manufacturing of titanium sponge, and then manufacturing of various metal products which are used in aerospace and other industries. The company's products are the result of both the titanium dioxide industry and the titanium material industry.

2. Market Analysis of Titanium Dioxide Distribution Globally and in China

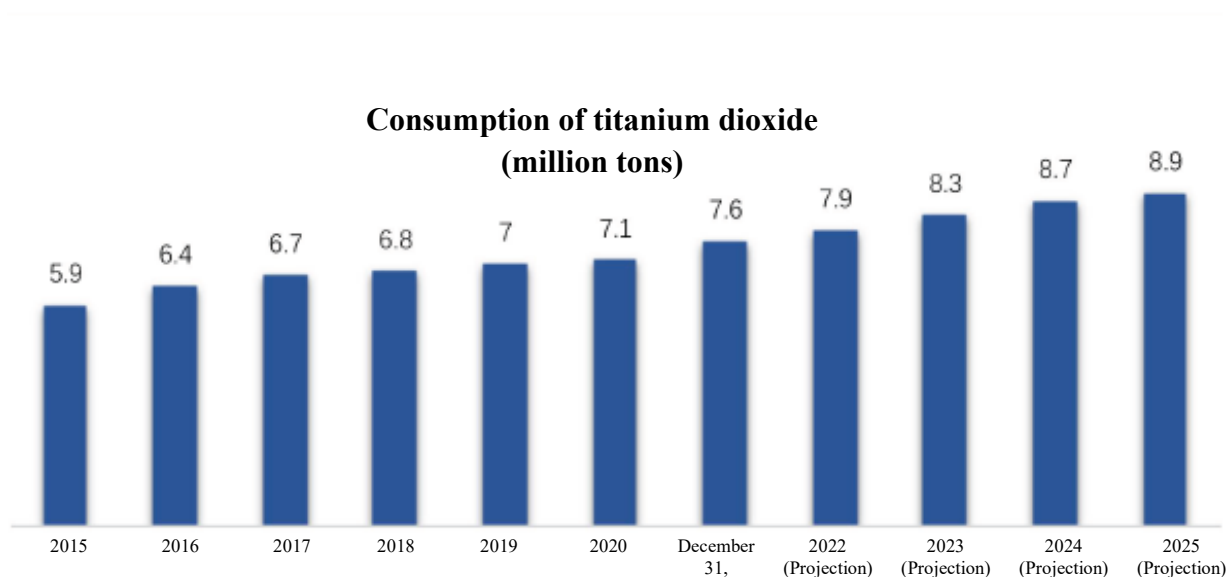
(1) Overview

The industrial chain of the titanium dioxide market includes upstream suppliers of raw materials, midstream manufacturers of titanium dioxide and downstream industries.



The Company uses two processes to produce titanium dioxide, i.e. the sulfate (sulfuric acid) process and the chloride process.

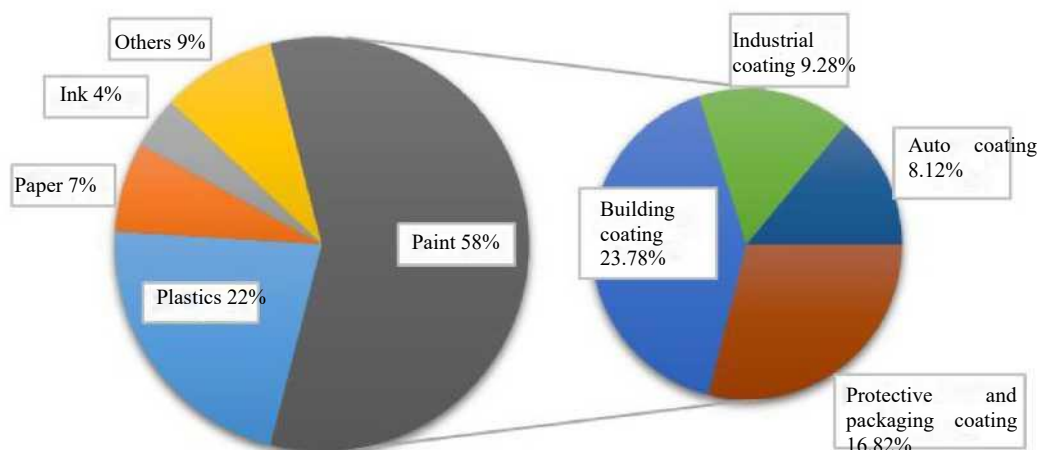
(2) Projection of global consumption of titanium dioxide



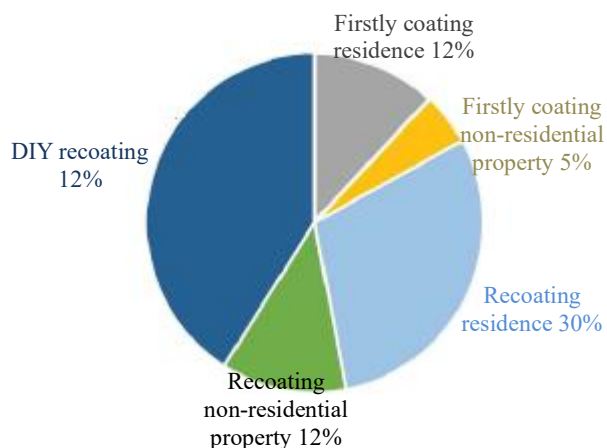
Due to increasing demand in coatings, plastics, papermaking and other downstream industries, there is a stable growth of global titanium dioxide consumption at compound annual growth rate of 3.8% between 2015 and 2020. By looking ahead, stable growth of global macroeconomy and increase of demands in emerging economies allows a projection that the global consumption of titanium dioxide will maintain stable increase from 7.6 million tons in 2021 to 8.9 million tons in 2025 at compound annual growth rate of 4.6% between 2020 and 2025.

(3) Structure of titanium dioxide demand

Global application of titanium dioxide among downstream industries



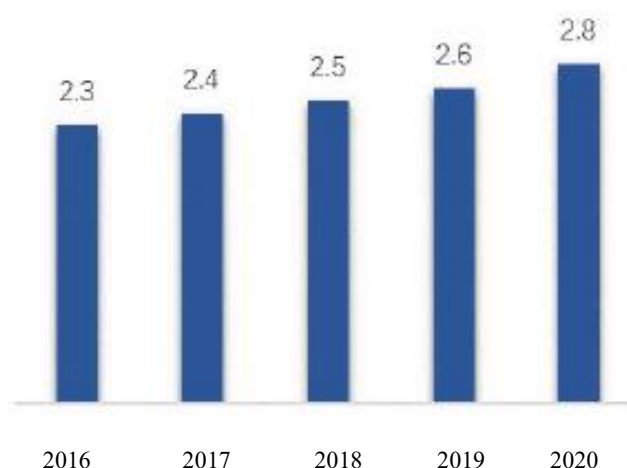
Application of paint in the United States



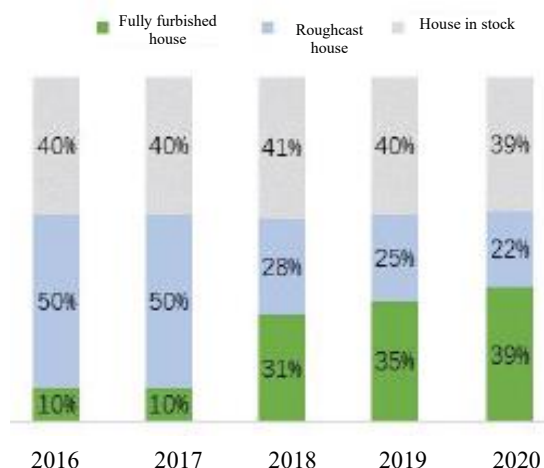
For example, in the real estate market in the United States where housing stock has the highest sales, coatings required for redecoration and renovation (83%) is far higher than coating required for newly built residences and non-residential properties (17%). Therefore, redecoration and renovation is the major downstream industry needing architectural coatings. Globally, titanium dioxide is used in various downstream industries. Its use for architectural coatings only accounts for 23.78%, and architectural coating includes the first coating and re-coating, the former accounting for 10% or so of market share. A slow-down in the Chinese real estate industry is not believed to have a dramatic impact on the demand for titanium dioxide in China.

In addition, the real estate market in China is transitioning to times of houses in stock, urbanization stimulates the demand for new houses, and houses in stock are making major contributions to the market development.

**Number of houses in stock increases steadily in China
(100 million)**



Proportion of houses in stock in the decoration service is about 40%



(4) Price of raw materials and titanium dioxide

The demand for titanium dioxide will remain an uptrend during the term of "14th Five-year Plan", and its price will still be at a high volatile level under the tightly balanced supply-demand structure across the global market.

In terms of demand, the amount of titanium dioxide needed between 2020 and 2025 will increase at 4.6%. In China, expansion of the houses in stock market, renovation of old and obsolescent residential quarters as well as transition and upgrading of auto consumption will give rise to demands for titanium dioxide; in developing countries India and Brazil where economic growth is speeding up and demand suppressed during early time of COVID-19 is to be released, the shortage of titanium dioxide will give rise to imports from China.

In terms of supply, quality titanium minerals are in short supply because capital expenditure across global titanium manufacturers has reduced since 2019, existing mines have been exhausted while no additional titanium mines have been discovered and international political conflicts recur. Rocketing prices of commodities, repeated surge of COVID-19 cases, stricter environmental protection policies and other factors together cause the supply from global titanium dioxide giants to drop steadily, and new supply around the world is mainly coming from the titanium dioxide produced by the chloride process in China.

Therefore, the titanium price will likely remain at a high level due to tight balance between supply and demand in titanium and titanium dioxide markets and rocketing prices of other raw materials.

(5) Market impetus and future opportunities

Increasing demands in downstream industries: titanium dioxide can be used for various purposes, and its demand is increasing due to the development of the global economy and the improvement of people's lives, especially the industrialization and urbanization in densely populated developing countries.

Policy and regulations in favor of the industrial upgrading: with more and more drastic industrial and environmental policies, higher requirements are made for production of titanium dioxide and energy consumption therein. The National Development and Reform Commission promulgated the Guidelines on Adjustment to Industrial Structure (2019) in November 2019, which came into force on January 1, 2020, in order to restrict construction of new sulfate-process production lines and to encourage establishment of chloride process production lines by producing 30,000 tons TiO₂. The titanium dioxide manufacturer boasting cost-effective and advanced chloride technology is more protective and is embracing a favorable opportunity.

Increasing concentration of production capacity: as environmental protection policy is implemented, more environmental costs are incurred, and some medium-sized and small-sized manufacturers are forced to close or reduce production. Meanwhile, leading titanium dioxide manufacturers mastering chloride technology will enjoy the competitive edge from the favorable policies and will further grow their market share. Therefore, though the number of titanium dioxide manufacturers is expected to fall, production capacity of each remaining manufacturer is expected to improve.

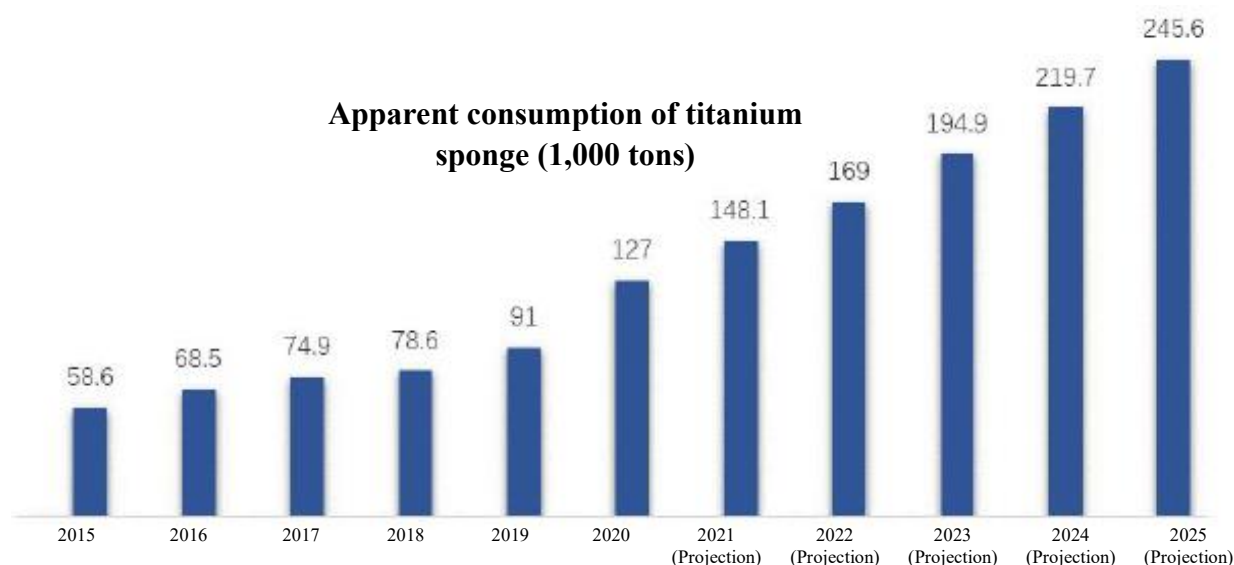
Integration of industrial chain: By the development of titanium dioxide market, titanium dioxide manufactures (among others, leading companies) are devoted to integrating the industrial chain that involves upstream exploitation of titanium minerals, processing for titanium concentrate, smelting high titanium slag and production of synthetic rutile, midstream titanium dioxide products and other by-products, as well as downstream product development. Integration of the industrial chain contributes to lower production costs, extension of product structure and enriched sources of incomes.

3. Market Analysis of Titanium Sponge in China

(1) Overview

Titanium sponge is a simple substance of titanium metal, which generally exists in the form of light gray particles or is sponge-like and which is a raw material used in producing titanium and other titanium components. Titanium ore undergoes a metallurgical reaction to generate titanium tetrachloride which then reacts with metallic magnesium to generate sponge-like porous “titanium sponge”. Titanium sponge is used as an important raw material in producing titanium. Titanium materials are widely used in aerospace, biomedicine, chemistry & metallurgy, marine engineering, sports and leisure. In 2020, global production of titanium sponge reached 210,000 tons, and the production in China accounted for 58.5%.

(2) Market size of titanium sponge in China



Recent years saw a continuation in the upward trend in production of titanium sponge in China, and the consumption in 2020 further grew due to development of aerospace and other high-end downstream industries.

(3) Analysis of downstream market of titanium sponge in China

Downstream application of titanium sponge mainly occurs in the chemical industry, aerospace and marine engineering. In 2020, the consumption of the product in these industries captured 51%, 18% and 8% of market shares respectively. From 2015 to 2020, the consumption of titanium sponge in the chemical industry, aerospace and marine engineering increased at compound annual growth rate of 19.8%, 20.5% and 68.4% respectively. At this rate, it is expected that the compound annual growth rate of each industry above will be 13.9%, 18.2% and 22.1% between 2020 and 2025.

(4) Market impetus and future opportunities

Upmarket titanium sponge is facing an uptrend in demand: due to low product rate and high cost, quality titanium sponge used in the aerospace field has a relatively small production capacity. With acceleration of localization process of large aircraft, demand for quality titanium sponge will experience a rapid increase and lead to optimization of industrial structure in the future.

Beneficial policies and regulations: The Guide for Development of New Material Industry suggests the country should develop key new material market, improve the system of standards for the market, and launch the pilot program for standardization of the new material industry. Guidelines on Key Products and Services for Strategic Emerging Industries released by the National Development and Reform Commission describe the aerospace materials (including aviation Al-Ti materials) and new functional metals (including metal hydride, titanium and titanium alloy powder) as a part of strategic emerging industry.

Further concentrated production capacity: due to in-depth implementation of supply-side structural reform, and updated environmental requirements, semi-process or backward manufacturers are forced to exit the titanium sponge industry, so the production capacity becomes more concentrated.

(II) Industry the Company will Enter in the Future - New Energy-based Anode/Cathode Materials**1. Overview**

Lithium ferric phosphate (LiFePO_4) is a lithium cathode material with excellent performance. The cell of a lithium battery often consists of anode, cathode, electrolyte and battery separator, and the cost of the anode is higher than costs of others. Category and performance of materials used for the anode are decisive factors of a lithium battery's voltage, energy density, cycle life, etc. based on the composition of a lithium battery, materials of the anode include lithium cobaltate (LCO), lithium ferric phosphate (LFP) and nickel-cobalt-manganese (NCM) materials. LFP has a unique olivine structure that can apparently improve the cyclability and the safety of the lithium battery (even under high temperature and the state of overcharge). Raw materials of LiFePO_4 include lithium, iron, phosphorus and carbon. The generation process of LiFePO_4 can be divided into solid-phase synthesis and solution-phase synthesis by the reaction between materials. Currently, solid-phase synthesis is adopted by most companies to make LiFePO_4 . Graphite electrode is a carbon material for cathodes, able to withstand high temperatures and to conduct electricity. Materials used for the cathode of a lithium battery can store and release energy, and can affect the initial efficiency, cyclability, etc. Depending on the difference of active substance of cathode material, the cathode materials for a lithium battery can be divided into carbon materials and non-carbon materials: natural and artificial graphite contained in the carbon cathode material features good electric conductivity, high diffusion coefficient of

lithium-ion, high lithium-intercalating capacity and low intercalation potential. In terms of comprehensive advantages in specific capacity, first efficiency, life cycle, safety, etc., carbon material is most frequently used for the cathode of a lithium battery. Graphitization is a key step in making artificial graphite cathode material. In graphitization, Acheson furnace, lengthwise furnace and box-type furnace, each of which is well-established, are used. The first two furnaces feature high temperature of heating and rate of graphitization, and thus are used for upmarket products; on the contrary, the third furnace is used for mid-market products.

2. Market Impetus and Future Opportunities

Popularity of new energy vehicles: 208,000 new energy passenger vehicles were sold in China in 2015, which increased to 1.20 million in 2020 at compound annual growth rate of 43.0%. Therefore, the new energy passenger vehicles are expected to reach 4.7 million in 2025 at compound annual growth rate of 30.3% between 2020 and 2025. At the same time, the Chinese government is paying more attention to environmental issues such as carbon peaking and carbon neutrality goals, and is committed to facilitating the development of the new energy auto industry. As one of the materials used in batteries of the new energy autos, the LiFePO₄ market is also promoted.

Development of electrochemical energy storage market: driven by the beneficial policy directed at the electrochemical energy storage market and stimulus from the downstream demands, development of the market will give rise to opportunities for the lithium ferric phosphate industry. In the electrochemical energy storage market, there are two segments: communication-specific energy storage and electrical energy storage. In the market of communication-specific energy storage, demands focus on backup power supply for base stations. Demand for energy storage battery rises among base stations against the backdrop of rapid development of 4G and 5G communication technologies as well as surge in base stations. For electrical energy storage market, the Chinese government has released a series of policies to raise availability of renewable energy and peaking capability of electrical power system, for example, the Guidelines on Accelerating Development of New Energy Storage issued by the National Development and Reform Commission and the National Energy Administration in July 2021 would help the growth of electrical energy storage market in China.

Note: above data is sourced from the National Bureau of Statistics, General Administration of Customs, Titanium Dioxide Sub-center of National Chemical Industry Productivity Promotion Center and Secretariat of Strategic Alliance for Titanium Dioxide Industrial and Technological Innovation, Titanium-Zirconium-Hafnium Branch of China Non-Ferrous Metals Industry Association, Development Report of Titanium Industry in China, Analysis of

Frost & Sullivan and TDD.

II. Main Business of the Company During the Reporting Period

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*

Headquartered in Industry Cluster Area, Jiaozuo, Henan Province, the Company is a large-scale chemical group mainly engaged in integrating the titanium and zirconium industrial chain, and research and development of new materials, produces titanium dioxide, titanium sponge and zirconium products, and sells them on 6 continents and in more than 80 countries and regions. The Company always keeps in mind its mission to "creating better lives with titanium and being a reputable enterprise". It has been committed to the titanium industry and titanium-related industry through innovative technology and efficient business model for over 30 years, and has been improving its industrial ability to serve people and society.

The Company mainly sells titanium dioxide and titanium sponge. It can produce 1.01 million tons of titanium dioxide per year and 15,000 tons of titanium sponge per year, ranking it one of the top 3 manufacturers of titanium dioxide in the world. The industrial bases of the Group are located in Henan, Sichuan, Hubei, Yunnan and Gansu, forming a green industrial chain integrating exploitation and processing of titanium minerals, production of titanium dioxide and titanium metal and use of derived resources.

Zirconium products are marketed by Orient Zirconic Industry (Stock Code: 002167), the holding subsidiary of the Company. See 2021 Annual Report disclosed by Orient Zirconic Industry on March 16, 2022.

(I) Main Products and Their Uses

1. Titanium dioxide

Titanium dioxide has a chemical name of titanium dioxide, its commercial name of titanium dioxide, and its chemical formula is TiO_2 . Titanium dioxide, with a high refractive index, ideal particle size distribution and good hiding power and tinting strength, is an excellent white pigment widely used in coatings, plastics, paper, printing inks, rubber, etc., and is one of the top three best-selling inorganic chemical products in the world, second only to synthetic ammonia and phosphoric acid. Due to various uses of titanium dioxide in economic activities in China, consumption of the chemical product is considered to be one of the important benchmarks of economic

development and of the level of people's lives in a country, so it is called as "barometer of economic development".

The Company is one of the world's leading titanium dioxide manufactures. According to the statistics, the Company was the third largest titanium dioxide manufacturers in the world and the largest in Asia and China based on its production, number of products sold, sales revenue and production capacity in 2020. As of 2020, the Company has taken 11.4% global market share and 23.4% domestic market share in terms of output; it has taken 11.7% worldwide market share and 24.0% domestic market share in terms of number of products sold; it has taken 10.3% worldwide market share and 26.5% domestic market share in terms of sales revenue. As at December 31, 2020, the Company has taken 11.7% global market share and 20.9% Asian market. Its market share in Asian market is well over that of the second-biggest titanium dioxide manufactures (with 8.3% market share) and other Asian competitors. Titanium dioxide products manufactured by the Company are mainly used as raw materials of coatings, plastics, papermaking and ink.

The Company markets two brands in China, namely the "Xuelian Brand" and the "Mang Brand." The brand name of the titanium dioxide pigments it markets outside of China is BILLIONS™. They are not only the most well-known and influential brands in the global titanium dioxide industry, but also exported to more than 80 countries and regions and are well received by domestic and foreign customers. The Company supplies a wide range of titanium dioxide products in 18 grades, and it is developing other titanium dioxide products. Products of the Company have excellent quality, and among others, their brightness, covering power, weather resistance and dispersion meet international quality standards. In addition, the Company has also established a comprehensive system for sales and technical support and customer services to provide customers with high-quality and personalized services.

2. Titanium sponge

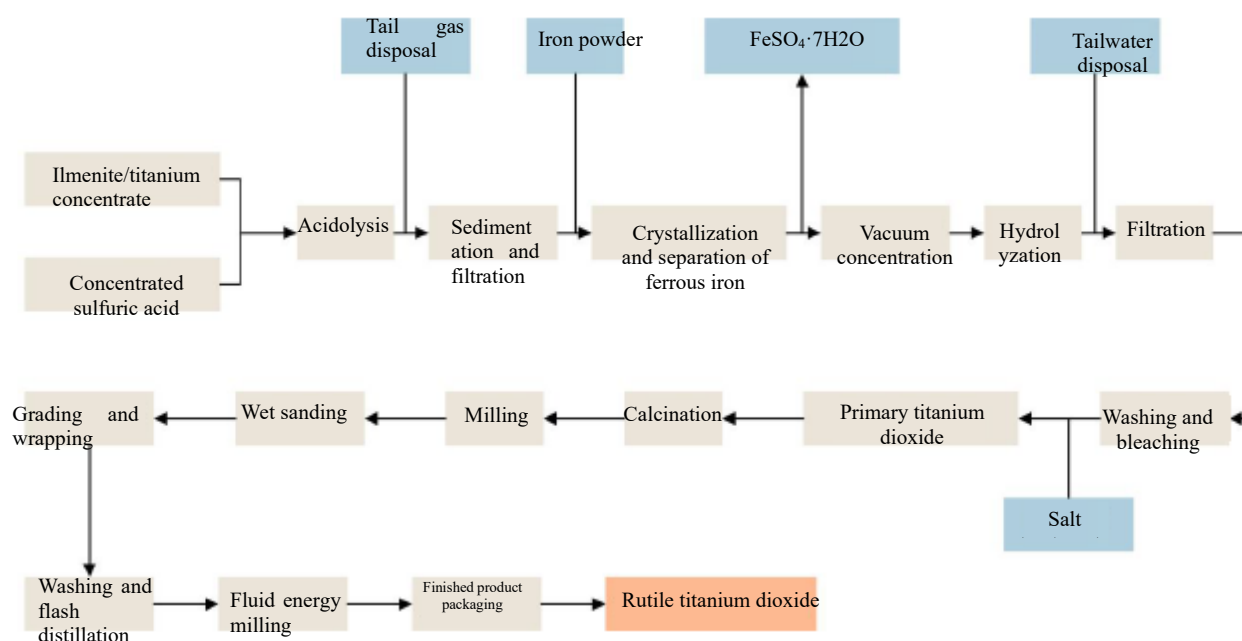
Titanium sponge is a titanium element in the form of light-gray grain or in sponge. Titanium sponge is an essential raw material for titanium materials. Titanium has low density, high specific strength, low heat conductivity, strong resistance to corrosion and low/high temperatures and good biocompatibility. It is widely used in fields such as aerospace, biomedicine, chemistry & metallurgy, marine engineering, sports and leisure, so it is known as "an aerospace metal", "a marine metal", "a modern metal" and "a strategic metal".

(II) Main Production Processes

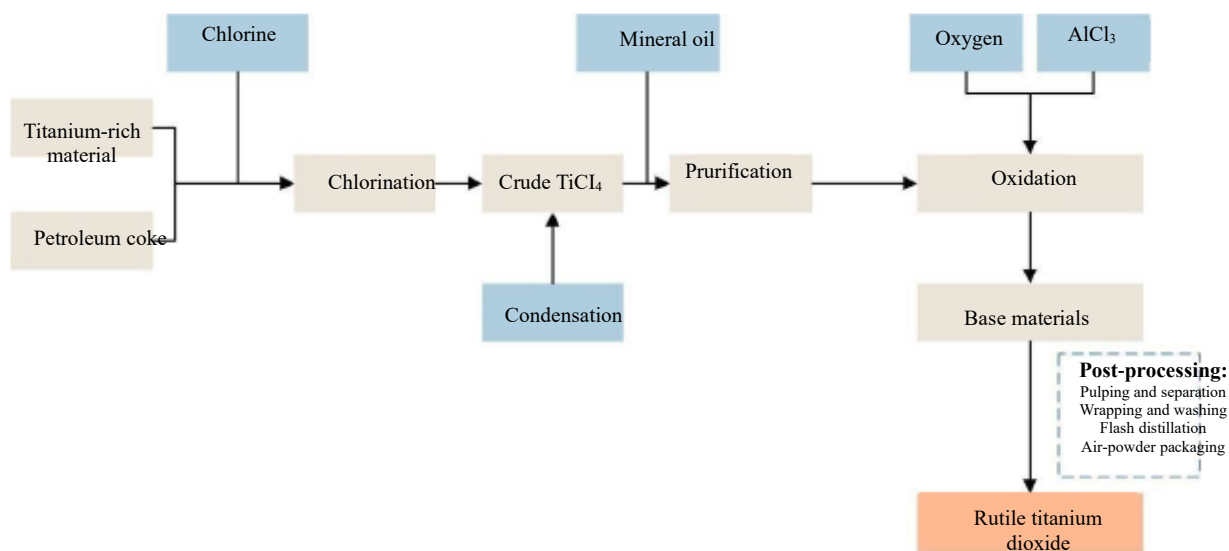
1. Production processes of titanium dioxide

The Company adopts two processes in producing titanium dioxide, i.e. the sulfate process and the chloride process.

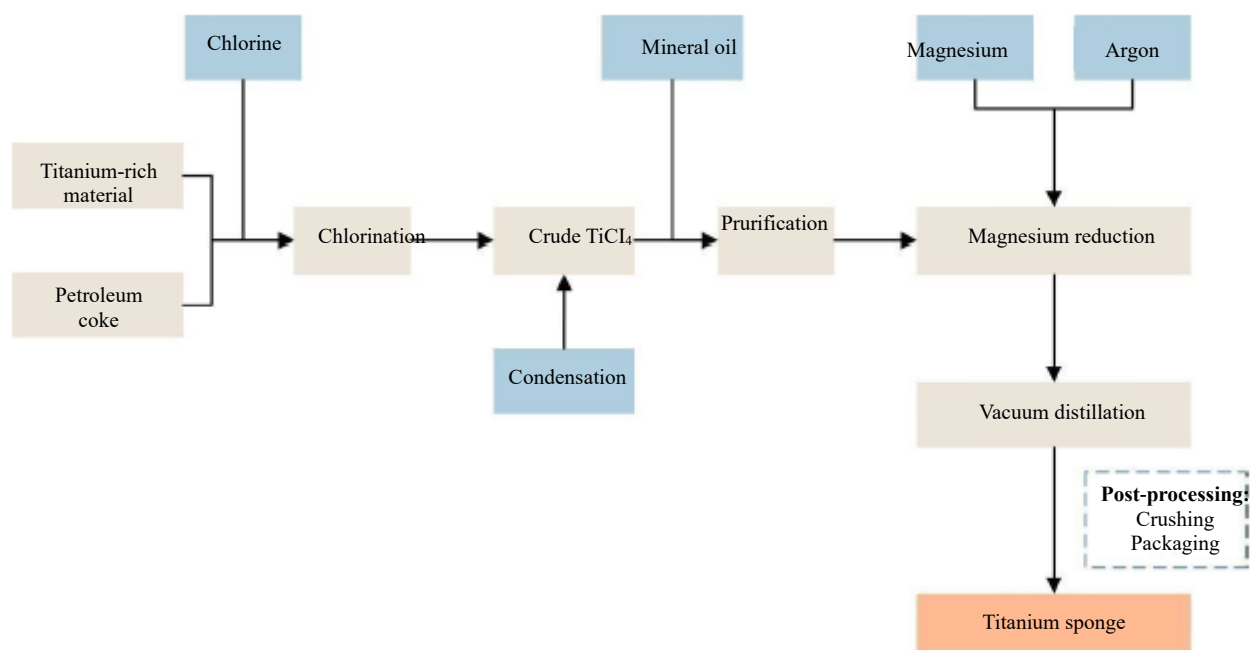
(1) The sulfate process producing titanium dioxide



(2) Flow chart showing the chloride process of producing titanium dioxide



2. Production processes of titanium sponge



(III) Upstream and downstream industrial chains of main products

The industrial chain in which the Company's products are involved has two different branches. The first branch, linking to the titanium dioxide industry, involves mining and selection of ilmenite and rutile, and then manufacturing of the chemical intermediate product - titanium dioxide through chemical processes which is used in the coatings, plastics, papermaking and other industries. The second branch, linking to the titanium industry, involves mining and selection of ilmenite and rutile, manufacturing of titanium sponge, and then manufacturing of various metal products which are used in aerospace, chemical industry & metallurgy, marine engineering and other industries. In the industrial chain, the Company is a titanium dioxide manufacturer (mining and selection of ilmenite – manufacturing of titanium concentrate – manufacturing of titanium dioxide) and a titanium sponge manufacturer (mining and selection of ilmenite – manufacturing of titanium concentrate – manufacturing of high titanium slag – manufacturing of titanium sponge).

(IV) Main business model

The Company owns several titanium mines at home and abroad, the biggest one is - vanadium-titanium magnetite mine in Panzhihua. Titanium concentrate, iron concentrate and sulfur-cobalt concentrate are produced through ore stripping , smashing, grinding and beneficiation. The ilmenite is used by the company itself, and iron concentrate and sulfur-cobalt concentrate are sold externally.

Titanium dioxide by the sulfate process, titanium-rich material (including high titanium slag and synthetic rutile) and crude iron are manufactured by the Company with self-made and purchased titanium concentrate. The Company uses titanium-rich material to make titanium tetrachloride, titanium sponge and chloride-process titanium dioxide. The Company sells titanium dioxide made by the sulfate process and titanium dioxide made by the chloride process , titanium sponge, titanium tetrachloride and iron concentrate.

The Company adopts a continuous large-scale production mode which is typically applied by chemical enterprises, and implements the direct selling and distribution model, and has an internally established sales company responsible for domestic sales and exports of its products. With the internationalization of the Company, in recent years, it has set up several subsidiaries overseas in Hong Kong, America and Europe to be responsible for business expansion of its export market.

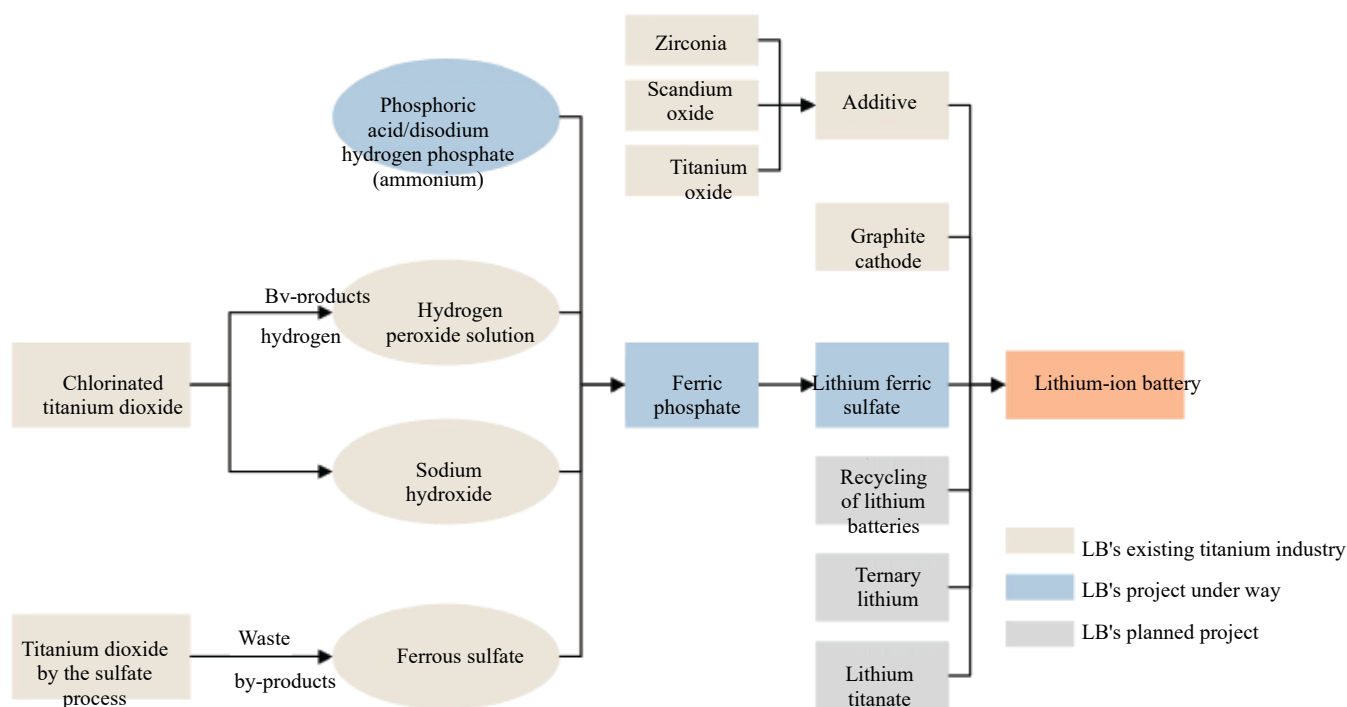
(V) Development Strategy

The Company insists on the development mode driven by merger and acquisition expansion and endogenous growth, and builds a high-quality industrial development system covering "titanium, zirconium, vanadium, iron, scandium" and other elements relying on the technical innovation and efficient operating capabilities. When the Company acquired Sichuan Lomon Titanium Industry Co., Ltd., Yunnan Metallurgical Xinli Titanium Co., Ltd., Titanium assets of Jinchuan Group Co., Ltd., Hunan Oriental Scandium Industry Co., Ltd., etc., it also invested in the 200,000-ton chloride production line, 500,000-ton Panxi titanium concentrates into chlorinated titanium slags and the green manufacturing project for sulfur-chlorine coupling titanium materials with an annual output of 300,000 tons.

Based on the development concept - common chemicals and low costs, large equipment applied integration of industrial chain giving rise to low costs, "size effect, circular effect and innovation effect" laying foundation for competitive edge of differentiated low costs, the Company is committed to the self-improvement of LB Group.

(VI) Transformation and Industrial Innovation - Integrating Titanium and Lithium

Employing its resources advantages, the Company has developed a new energy industry structure, actively pursuing the "Carbon Peaking and Carbon Neutrality" policy of China, strengthening itself beyond but also based on titanium dioxide, which is considered an important transformation of LB Group against the backdrop of the market, an innovative practice in leading the industry and a further step to high-quality development of the whole enterprise.



With previous successful experience in the titanium dioxide industry, the Company has incorporated the concepts of full industrial chain and integration into its lithium battery materials program and formed a full industrial chain for combined development of its titanium industry and lithium battery industry, which is a model for the efficient fusion of two industries.

The Company, through increasing R&D investment and employing talents, has accumulated advanced and large-scale production technology for ferric phosphate, lithium ferric phosphate and graphite anode. In addition, the current raw materials supply system in the Company suffices its strategy to develop new energy, and its waste byproduct - ferrous sulfate as well as surplus capacity in caustic soda, sulfuric acid, steam and hydrogen can be directly or indirectly harnessed to produce anode/cathode materials for lithium batteries at lower costs. Sticking to the development concept of "common chemicals and low costs", the Company harnesses its advantages in management, development, technology and supply chain, researches and develops ferric phosphate, lithium ferric

phosphate, graphite cathode and other battery materials, and is forming secondary growth curve.

The Company enters the field of new energy-based batteries through new projects, collaboration and acquisition. After purchasing 100% of shares in Henan Zhongtan New Material Technology Co., Ltd., the Company has entered the graphite anode business relying on Zhongtan's talents and technologies, marking its inroad into the field of new energy. The Company has initiated a ferric phosphate project with an annual output of 200,000 tons, manufacture of lithium battery materials with an annual output of 200,000 tons, production of artificial graphite cathode materials for lithium-ion battery with an annual output of 100,000 tons, integration of cathode materials for lithium-ion battery with an annual output of 200,000 tons, production of electronic-level lithium ferric phosphate with an annual output of 150,000 tons, and phase I of the first three projects - 50,000 tons of ferric phosphate, 50,000 tons of lithium ferric phosphate and 50,000 tons of graphite cathode - have been at the trial production stage or have been ready for production.

Procurement patterns of main raw materials

Monetary Unit: Yuan

Main raw material	Procurement pattern	Proportion of procurement amount to total procurement amount	Whether there is any major change in the settlement method used	Average price in the first half of the year	Average price in the second half of the year
Imported titanium ore	Depending on production plan	5.60%	No	2,059.15	2,571.18
Domestic titanium ore	Depending on production plan	8.31%	No	2,387.29	2,662.10

Reasons for major changes in raw material price from that in the previous reporting period

There is high demand for titanium dioxide, which gives rise to increasing demand for its raw material of ilmenite; therefore, prices of imported and domestic ilmenite show significant increase by comparison with prices in 2020.

The purchase price of energy accounts for more than 30% of the total production cost

☐ Applicable ☒ Not applicable

Reasons for major changes in type of main energy

☐ Applicable ☒ Not applicable

Technologies applied in producing main products

Main product	Stage in technology lifecycle	Key technical personnel	Patented technology	Advantage in product research and development
Titanium dioxide	Mass production	Current employees of the Company	Production technology of titanium dioxide by the sulfate process	Domestically leading
Titanium dioxide	Mass production	Current employees of the Company	Production technology of sulfur iron titanium by the cleaner co-production process	Internationally leading
Titanium dioxide	Mass production	Current employees of the Company	Production technology of sulfur phosphorus titanium by the cleaner co-production process	Internationally leading
Titanium dioxide	Mass production	Current employees of the Company	Titanium dioxide surface treatment technology	Domestically leading
Titanium dioxide	Mass production	Current employees of the Company	Production technology of titanium dioxide by the chloride process	Domestically leading
Titanium dioxide	Mass production	Current employees of the Company	Large-scale fluidizing chlorination production technology	Domestically leading
Titanium dioxide	Mass production	Current employees of the Company	Titanium tetrachloride purification technology	Domestically leading
Titanium sponge	Mass production	Current employees of the Company	Molten salt chlorination production technology	Internationally leading
Titanium sponge	Mass production	Current employees of the Company	Titanium tetrachloride reduction distillation technology	Internationally leading
Titanium sponge	Mass production	Current employees of the Company	Sponge titanium particle crushing technology	Internationally leading
Synthetic rutile	Mass production	Current employees of the Company	Sulfur-chlorination coupling green technology	Domestically leading

Capacity of main products

Main product	Designed capacity	Capacity utilization rate	Capacity under construction	Investment and construction status
Titanium dioxide	1.01 million tons	89.33%	Longbai Lufeng enjoys additional 200,000 tons of production by opening a new production line with an annual output of 200,000 tons of chloride titanium dioxide; New Material company enjoys additional 100,000 tons of production through a production line with an annual output of 100,000 tons of chloride titanium dioxide.	For the production line project with an annual 200,000 tons of chloride titanium dioxide, Longbai Lufeng is building and installing facilities; for the project of annual 100,000 tons of chloride titanium dioxide, New Material company is commissioning equipment.
Titanium sponge	15,000 tons	98.98%	Yunnan National Titanium enjoys additional 30,000 tons of production through smart manufacturing technical improvement project for rotor-level titanium sponge with an annual output of 30,000 tons, and its project for innovating and upgrading the titanium sponge production line with an annual output of 10,000 tons to 20,000 tons gives rise to additional 10,000 tons of production; Gansu National Titanium is improving its rotor-level titanium sponge technology to raise capacity of the existing production line to 30,000 tons/year by 25,000 tons.	For the smart manufacturing technical improvement project for rotor-level titanium sponge with an annual output of 30,000 tons in Yunnan National Titanium, the phase I (15,000-ton production capacity) is under way and necessary equipment is being installed and commissioned; for innovation and upgrading project for titanium sponge production line with an annual output of 10,000 tons, necessary equipment is being installed; and for technical improvement project of Gansu National Titanium for rotor-level titanium sponge with an annual output of 30,000 tons, necessary equipment is being installed.

Categories of products produced in major chemical industrial parks

Major chemical industrial parks	Categories of products
Jiaozuo Industrial Cluster Area	Titanium dioxide by the sulfate process, and titanium dioxide by the chloride process
Xiangyang Chengnan Chemical Industrial Park	Titanium dioxide by the sulfate process
Qinfeng Chemical Industrial Area in Yunnan Lufeng Industrial Park	Titanium dioxide by the chloride process, and titanium sponge
Jinchang Economic and Technological Development Zone	Titanium sponge
Xinshi Industrial Development Zone, Mianzhu City, Sichuan Province	Titanium dioxide by the sulfate process

Environmental impact assessment approvals that are in process or newly obtained during the reporting period

√ Applicable □ Not applicable

Environmental impact assessment approvals newly obtained during the reporting period:

No.	Approval holder	Item	Approval date	Approval No.	Approved by
1	Longbai Titanium Industry	Composite polymeric ferric sulfate project	February 4, 2021	D. H. S. P. [2021] No. 75	Deyang Ecological Environment Bureau
2		Waste sulfuric acid three-stage concentration unit project	February 4, 2021	D. H. S. P. [2021] No. 74	Deyang Ecological Environment Bureau
3		Project for biochemical treatment of wastewater	August 10, 2021	Supplemental to the environmental assessment of No. 2 Sewage Treatment Plant renovation project	Deyang Mianzhu Ecological Environment Bureau
4	Yunnan National Titanium	Smart manufacturing technical improvement project for rotor-level titanium sponge with an annual output of 30,000 tons/year	December 30, 2021	Y. H. S. [2021] No. 1-5	Department of Ecology and Environment of Yunnan Province
5	Oriental Scandium	R&D production base project phase II	December 24, 2021	C. H. P. (C. J. K.) [2021] No. 62	Changsha Ecological Environment Bureau

Projects with environmental impact assessment approvals that are in process during the reporting period:

No.	Approval holder	Item	Stage of environmental impact assessment application
1	LB Group	Ferrous tetrahydrate project with an annual output of 100,000 tons	The environmental impact report has been submitted to Jiaozuo Ecological Environment Bureau for review and approval.
2	New Material	Titanium reduction project with an annual output of 300,000 tons	The environmental impact report has been submitted to Jiaozuo Ecological Environment Bureau for review and approval.
3	Longbai Mining and Metallurgy	Green and efficient beneficiation project for 7 million tons of minerals	The environmental impact report has been submitted for expert's comments.

4	Longbai Wuding	Expansion project of direct current electric arc furnace smelting titanium slag production line with an annual output of 160,000 tons	The environmental impact report has been submitted to Chuxiong Autonomous Prefecture Ecological Environment Bureau for review and approval.
5	Longbai New Material	Industrialization project for lithium-ion battery with an annual output of 200,000 tons	Has been approved by Jiaozuo Ecological Environment Bureau on January 29, 2022 (J. H. S. Q. [2022] No. 3 Approval)
6	Zhongtan New Material	Intensive processing project for lithium-ion battery cathode materials with an annual output of 100,000 tons	Has been approved by Jiaozuo Ecological Environment Bureau on January 24, 2022 (J. H. S. B. [2022] No. 01 Approval)
7	Billions New Energy	Integration project for lithium-ion battery cathode materials with an annual output of 200,000 tons	The environmental impact report is being prepared
8	Billions Wanrun	Electronic-level lithium ferric phosphate project with an annual output of 150,000 tons	The environmental impact report is being prepared

Abnormal production suspension of the Company during the reporting period

☐ Applicable ☒ Not applicable

Related approvals, permits/licenses, qualifications and validity periods

☒ Applicable ☐ Not applicable

Related approvals, permits/licenses and qualifications obtained during the reporting period:

No.	Approval holder	Approval, permit/license or qualification	Document No.	Validity period
1	The Company	Pollutants discharge license	91410800173472241R001R	From August 10, 2021 to August 9, 2026
2	Longbai Titanium Industry	Pollutants discharge license	91510000725513313H001R	From May 26, 2021 to May 25, 2026
3	Longbai Xiangyang	Safety Production License	(E.) WH A. X. Z. [2021] Y. No. 0882	From August 10, 2021 to August 9, 2024
4		Registration certificate of hazardous chemicals	420610103	From December 10, 2021 to December 9, 2024
5		Production registration certificate of non-drug precursor chemicals	(E.) 3S42060017016	From October 18, 2021 to October 17, 2024
6		Production of industrial sulfuric acid	E. XK13-015-00043	From July 2, 2021 to July 2, 2026
7	Longbai Lufeng	Safety Production License	(Y.) WH A. X. Z. Z. [2015] 0782	From July 29, 2021 to July 28, 2024
8		Registration certificate of hazardous chemicals	532310047	From June 1, 2021 to June 18, 2024
9		Marketing registration certificate of non-drug precursor chemicals	L. H. S. F. Y. B. [2021] No. 001	From May 27, 2021 to May 26, 2024
10	Yunnan National Titanium	Safety Production License	(Y.) WH A. X. Z. Z. [2021] 0824	From July 29, 2021 to July 28, 2024
11		Marketing registration certificate of non-drug precursor chemicals	L. H. S. F. Y. B. [2021] No. 002	From May 31, 2021 to May 30, 2024
12		Pollutants discharge license	91532300MA6P5G837X	From June 16, 2021 to

				June 15, 2026
13	Longbai Mining and Metallurgy	Safety Production License	(C.) FM A. X. Z. Z. [2021] 7397	From March 15, 2021 to March 14, 2024
14		Pollutants discharge license	91510422738307586J003P	From May 20, 2021 to May 19, 2026
15	Longbai Minerals	Safety Production License	(C.) FM A. X. Z. Z. [2021] 1066	From January 6, 2021 to January 5, 2024
16	New Material	Safety Production License	(Y. O) WH A. X. Z. Z. (2021) 00302	From November 2, 2021 to May 24, 2023
17		Pollutants discharge license	91410803MA3XA10A1R001P	From June 29, 2021 to June 28, 2026
18	Gansu National Titanium	Registration certificate of hazardous chemicals	620310054	From March 12, 2021 to March 11, 2024
19	Oriental Scandium	Pollutants discharge license	91430100582766136W002V	From September 29, 2021 to September 28, 2026
20		License for sewage discharged through drainpipes	C. Z. J. Z. No. 0920109	From July 27, 2021 to July 26, 2026

Approvals, permits/licenses and qualifications that will expire in the next reporting period:

No.	Approval holder	Approval, permit/license or qualification	Document No.	Validity period	Renewal status
1	Longbai Xiangyang	Marketing registration certificate of non-drug precursor chemicals	(E.) 3S42060017016	From January 22, 2019 to January 21, 2022	Updated license has been obtained on October 18, 2021
2		Production and marketing license for food and drug	X. E201702330	From April 24, 2017 to April 23, 2022	Updated license has been obtained on March 2, 2022
3	Longbai Lufeng	Pollutants discharge license	91532331336580467H001P	From March 15, 2019 to March 14, 2022	Updated license has been obtained on February 17, 2022
4	The Company	Registration certificate of hazardous chemicals	410810096	From September 2, 2019 to September 1, 2022	Renewed before expiration
5	New Material	Registration certificate of hazardous chemicals	410810161	From September 16, 2019 to September 15, 2022	Renewed before expiration
6	Longbai Titanium Industry	Production registration certificate of non-drug precursor chemicals	(C.) No. 3S51060000053	From December 12, 2019 to December 11, 2022	Renewed before expiration

Whether engaged in petroleum processing or petroleum trading industry

☐ Yes ☒ No

Whether engaged in the fertilizer industry

☐ Yes ☒ No

Whether engaged in the pesticide industry

☐ Yes ☒ No

Whether engaged in chlor-alkali or soda ash industry

☐ Yes ☒ No

Whether engaged in the chemical fiber industry

☐ Yes ☒ No

Whether engaged in the plastic or rubber industry

☐ Yes ☒ No

III. Analysis of Core Competitiveness

(I) The Company is in an unbeatable position in the global titanium dioxide market

According to the statistics, the Company was the third-largest titanium dioxide manufacturers in the world and the first largest in Asia and China based on its production, number of products sold, sales revenue and production capacity in 2020. The Company's market share in Asian market is well over that of the second-largest titanium dioxide manufactures and other Asian competitors.

It's one of the few titanium dioxide manufacturers mastering both the sulfate process and the chloride process in the industry. In terms of production capacity, the Company is the biggest manufacturer of titanium dioxide produced by the sulfate process, and the fourth biggest manufacturer of titanium dioxide by the chloride process in the world as well as No. 1 in China. Its production base located in Jiaozuo City, Henan Province has the largest production capacity of titanium dioxide in the world as a single factory with over 500,000 tons of titanium dioxide produced each year. It also masters both the sulfate and the chloride titanium dioxide manufacturing processes.

The chloride process and production-at-scale ability of the Company enables it to ensure quality of chloride titanium dioxide on a par with international standards and to effectively lower production cost, which allows it to realize increase its market share of the national titanium dioxide products sold in the Chinese and of the global market.

The Company is in an unbeatable position in the global titanium dioxide market in terms of production cost, quality, technology and scale. In the last 30 years, the Company has had an in-depth insight into the industrial features, accurately followed the industrial development trend, and committed to maintain stable supply of raw materials, orderly extension of its industrial chain and effective coordination among various products. At the same time, it also boasts leading R&D ability and innovation ability in the domestic industry, sufficient technology reserve, and realizes "mega chemicals and low costs" through powerful technology.

The Company is "high-tech enterprise", "National Technology Innovation Demonstration Enterprise" and has been one of the "Top 500 Chinese Chemical Enterprises" for many years. It markets two brands in China, namely

“Xuelian Brand” and “Mang Brand.” It markets its titanium dioxide pigments outside China under the brand name BILLIONS™. These 3 brands are the most well-known and influential brands in the global titanium dioxide industry. Additionally, products under these brands are also exported to more than 80 countries and regions and are well received by domestic and foreign customers.

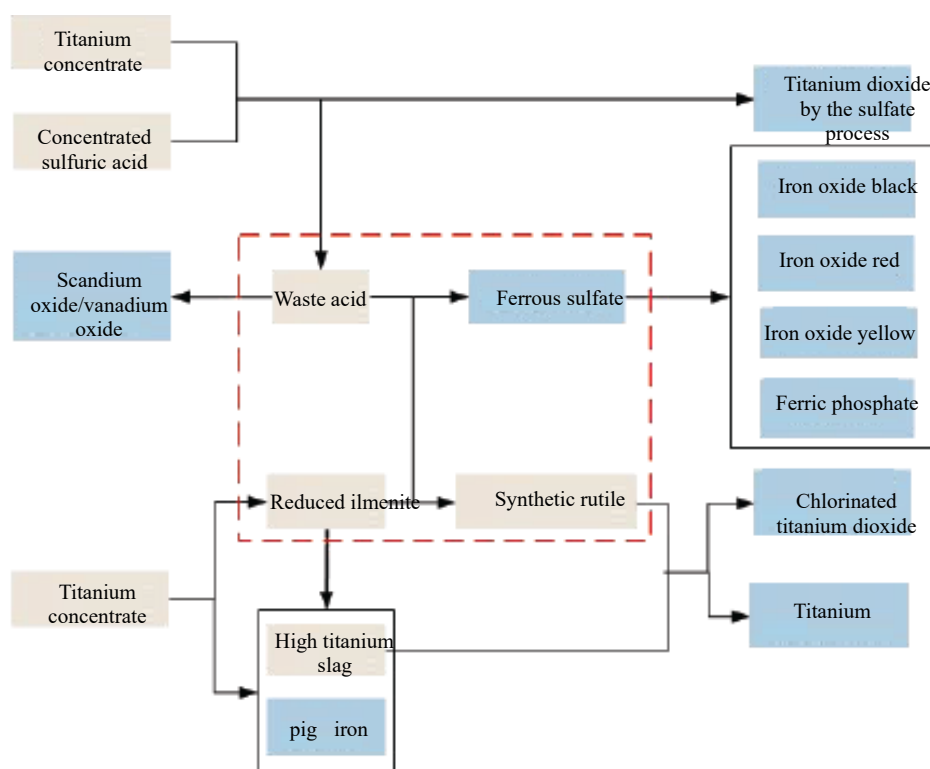
(II) Production Mode of Vertical Integration

The Company is the only titanium dioxide manufacturer having an integrated industrial titanium chain with high quality mineral resources and intensive processing ability. Each of its products is originated from its fully integrated industrial titanium chain. Mining rights in several mines offers the Company a stable supply of titanium concentrate.

Titanium dioxide by the sulfate process, titanium-rich material (including high titanium slag and synthetic rutile) and crude iron are manufactured by the Company with self-made and purchased titanium concentrate. The Company uses titanium-rich material to make titanium tetrachloride, titanium sponge and chloride titanium dioxide. Products or byproducts originated from upstream production, due to the fully integrated industrial chain, can be directly used as raw materials for downstream production.

(III) Unique Green Economic Model of Horizontal Coupling

The Company adopts unique "Green Economic Model of Horizontal Coupling". Through researching & developing and applying various processes, the Company has improved the green industrial chain, and derived vanadium, iron and scandium products from titanium dioxide. For example, the "Green Economic Model of Sulfur-Chlorine Coupling" is shown in the following chart:



Under this model, the resultant waste byproducts can be recycled, which reduces discharge of waste and at the same time offers raw materials, and further lowers the environmental costs as well as raw materials. The chart provided above shows the process of sulfur-chlorine coupling. In this process, waste acid from the production of titanium dioxide using the sulfate process can be used to generate synthetic rutile, and can work as a raw material in making titanium dioxide using the chloride process; the ferrous sulfate from the generation of synthetic rutile can be used to make iron pigment, ferric phosphate, etc.

(IV) Strong Synergies and Integration Ability

The Company is equipped with strong ability in acquisition and resources integration. It has realized the coordinated development of "titanium, zirconium, vanadium, iron, scandium" and other elements into practice, optimized its revenue structure, and raised the percentage of revenues from non-titanium-dioxide products. Based on experience in chemical production for more than 30 years, the Company fully uses vanadium, iron and scandium extracted from processing titanium minerals and manufacturing titanium dioxide to produce byproducts; it also integrates resources as much as possible through merger and acquisition, improves the industrial landscape, and promotes coordinated development of titanium products together with byproducts containing other chemical elements.

The Company acquired Huntsman's TR52 TiO₂ pigment for inks business in 2014, changing the situation where foreign suppliers monopolized the supply of titanium dioxide for inks in the Chinese market; it purchased shares of Sichuan Titanium Industry in 2016, making a sharp rise in its production capacity in titanium dioxide manufactured by the sulfate process, and having a mine under its ownership; it purchased shares of Xinli Titanium Industry in 2019, consolidating its leadership in titanium dioxide manufactured by the sulfate process, incorporating titanium sponge in its product portfolio, and further raising the mine resources it owned; and it acquired titanium sponge assets of Jinchuan Group Co., Ltd., improving the production capacity in titanium sponge.

(V) Strong R&D Ability and Advantages in Technology

The Company uses cutting-edge and self-developed technology and processes to produce quality products. Currently, the Company owns almost 700 patents, including more than 220 inventions and over 460 utility models. In addition, 22 of its R&D achievements have been granted scientific and technological advancement awards at provincial or higher level. For example, the Company's "Research on Efficient and Green Recycling Process and Equipment for Vanadium-titanium Magnetite" has won the first prize granted by China Nonferrous Metals Industry Association, and its "Production Technology of Sulfur Phosphorus Titanium by the Cleaner Co-production Process" has won the first prize granted by China Petroleum and Chemical Industry Federation. The sulfur-iron-titanium co-production developed by the Company was granted the second prize for scientific and technological advancement in Henan Province. In recent years, the Company has increased R&D investment, put more efforts in developing technologies, contributed to advancement of technology, and applied for nearly one hundred patents. Furthermore, employing self-developed technologies, the Company led or participated in the development and revision of 19 national standards and 16 industrial standards.

The Company possesses remarkable technology advantages in terms of upgrading and deep processing of titanium raw materials, R&D of new titanium dioxide products and optimization of product performance, process coupling and clean production of titanium and its derivatives, comprehensive utilization of wastes and by-products, increase in atom utilization, production process management and control, and improvement and localization of equipment by chlorination. The Company (1) has two production processes for titanium-rich materials, i.e. the wet process and the pyrogenic process, as well as two titanium slag smelting processes, i.e. the direct-flow furnace process and the alternating-current furnace process, which can be adapted to titanium ore raw materials of different particle sizes; (2) possesses the technologies for large-scale molten salt chlorination and large-scale boiling chlorination, which can be adapted to titanium-rich materials of different quality levels; and (3) possesses the technologies for titanium sponge

smelting using U-type furnaces and I-type furnaces, which allow it to produce titanium sponges meeting different quality requirements. In addition, the Company has strong technical capabilities in the grading utilization of raw materials, the cascade utilization of energy and other aspects.

(VI) Efficient Global Distribution Channels and Service Quality

Efficient and multilevel global distribution channels enable the Company's products to be available to the whole world. Its products have been sold to more than 80 countries in Europe, Asia, Africa, North America, South America and Oceania. The Company has been awarded the titles of "Key Import Enterprise in Henan Province" and "Key Export Enterprise in Henan Province" by Henan Provincial Commerce Department, and the title of "Model Company in Chinese China Export Leading Indicator" and "Demonstration Enterprise in Export Quality" by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China. To carry out selling and marketing campaigns more effectively in foreign and domestic markets, and to know more about customer's needs, the Company has opened affiliates in the United States, the United Kingdom and Hong Kong.

(VII) A Strategically Far-sighted and Experienced Management Team

Mr. Gang Xu, Chairman of the Company has a very deep understanding of the industry. Working in the titanium industry for more than 30 years, he has developed a keen insight into industrial trends, demands and needs of downstream customers and changes in products. The Company has established a stable and experienced management team with an average tenure of more than 20 years in the Company. Mr. Xu and the management team use their professionalism, rich experience and entrepreneurship in innovation to lead the development and growth of the Company, promotes the business transition, maintains its leading position in the industry, innovates products and services, and has enabled the Company's titanium business to expand to Henan, Sichuan, Hubei, Yunnan and Gansu. The Company has incorporated titanium metal and new energy in its titanium dioxide line, strengthened its core competitiveness and profitability, made economic, social and ecological benefits, and contributed excellent value for shareholders, customers, employees, each of stakeholders and society as a whole.

To attract and retain talents specializing in management, technological R&D and sales, the Company has set up Shanghai Market Service Center, aimed to take full advantages of the location advantages of the Yangtze River Delta. In addition, the Company has attracted and retained these talents through employee stock ownership plan and other incentive programs. Since the listing of A-shares, the Company has completed multiple rounds of restricted

share incentive schemes and employee stock ownership plans, benefitting more than 40% of employees. Rounds of restricted share incentive schemes and employee stock ownership plans include the management team and the technological R&D team, greatly stimulating the engagement and creativity of employees, and contributing to the Company's development.

IV. Analysis of Main Business

1. Overview

(I) Analysis of business environment

Although COVID-19 resurges in 2021 around the world, the overall trend appears to be good, and an obvious sign of recovery can be seen in major economies under the stimulus of easy money policy. Year 2021 is the 100th anniversary of the Communist Party of China, and also the first year of the "14th Five-year Plan". In the face of challenges caused by the pandemic and other aspects, the country triumphed over the darkness, steadily improving its economic strength, social productive forces and comprehensive national strength, further driving the reform, opening up and innovation, securing people's well-being and making a good start for development under the "14th Five-year Plan".

In 2021, China's GDP is RMB 114.37 trillion, increasing by 8.1% if compared to that of last year at constant price. In 2021, the demand for titanium dioxide increased in line with the economic resurgence, but prices of raw materials also increased. Therefore, the price of titanium dioxide boomed due to brisk sales and production. In 2021, there were 42 full-process titanium dioxide manufacturers together producing 3.79 million tons of titanium dioxide, increasing by 280,000 tons and 8.0% if compared to that of last year, which hits a record high. In 2021, 1,311,600 tons of titanium dioxide was exported, an increase of 97,500 tons and up 8.03% from last year; 191,900 tons was imported, increasing 23,600 tons and attaining a growth of 14.05% from a year ago. The titanium dioxide industry showed positive trends throughout 2021, and the uptrend of demand for titanium materials and prices of raw materials gave rise to steady climb of titanium sponge from a low point in the middle of last year. The annual production of titanium sponge in 2021 was 144,900 tons, increasing by 31,500 tons and 28% year on year. In 2021, 800 tons of titanium sponge was exported, an increase of 300 tons on 2020 exports, and attaining a year-on-year growth of 45%; 13,800 tons of titanium sponge was imported in 2021, increasing 9,000 tons compared to imports in 2020, representing an increase of 192% year on year.

(II) Overall operation and management of the Company

In 2021, the Company came through the catastrophic storm and flood in Henan, overcame the difficulties arising from the outbreak of COVID-19, and bailed itself out of the global energy crisis. With efforts, wisdom, quick action and moral support across the Company, the 2021 annual goal was achieved with more than RMB20 billion revenue, efficient improvement of technology, which makes a good start to development under the "14th Five-year Plan". During the reporting period, the Company's operating revenue reached RMB20.566 billion, an increase of 45.77% from the previous year; its total profit was RMB5.519 billion, an increase of 95.70% from the previous year; and the net profit attributable to shareholders of the listed company was RMB4.676 billion, an increase of 104.33% from the previous year.

Main business tasks of the Company this year are as follows:**1. With production and marketing hitting a record high, the Company possesses an apparent advantage in industrial chain and core technologies.**

As the global economy recovered from the pandemic in 2021, titanium dioxide, titanium sponge and other products faced a rising demand. The main products sold by the Company, titanium dioxide and titanium sponge, were on an uptrend, and their prices also experienced a great increase in comparison with the prices last year. Furthermore, the capacity utilization of the existing titanium dioxide and titanium sponge, especially the titanium dioxide manufactured using the chloride process, was promoted.

A great rise in prices of raw and auxiliary materials could have negative impact on the Company's business performance, but the Company has a "titanium concentrate, titanium-rich material (high titanium slag and synthetic rutile), titanium dioxide and titanium sponge" full industrial chain, is proficient in core technologies needed for production of each product, and independently produces raw materials of titanium concentrate and sulfuric acid. In return, its stable supply of synthetic rutile and high titanium slag secures constant production and quality of titanium dioxide, reduces production costs and improves business performance. Therefore, the Company's gross profit rate was increased, and its strength in the vertically integrated full industrial chain and core technology brought obvious year-on-year growth in net profit.

Production and sales of titanium dioxide: In 2021, the Company produced 902,200 tons of titanium dioxide, a year-on-year increase of 10.41%, including 646,100 tons of titanium dioxide produced by using the sulfate process,

a year-on-year increase of 6.86%, and 256,200 tons of titanium dioxide produced by using the chloride process, a year-on-year increase of 20.52%; the Company sold a total of 877,800 tons of titanium dioxide, a year-on-year increase of 5.64%, with the domestic sales and overseas sales accounting for 51% and 49% respectively, sold a total of 621,200 tons of titanium dioxide produced by using the sulfate process, a year-on-year decrease of 2.75%, and a total of 256,600 tons of titanium dioxide produced by using the chloride process, a year-on-year increase of 32.52%.

Productivity and sales of titanium sponge: In 2021, the Company produced 14,848 tons of titanium sponge, a year-on-year increase of 63.14%, and sold 14,001 tons of titanium sponge, a year-on-year increase of 71.6%.

Productivity of other products: In 2021, the Company produced 4,251,500 tons of iron concentrate, a year-on-year increase of 11.47% and 1,000,600 tons of titanium concentrate, a year-on-year increase of 10.86%, both of which were provided for internal use and thus assured of the supply of raw materials for its main products.

(2) Develops a "common chemical and low cost" green industrial system under the "14th Five-year Plan"

The "14th Five-year Plan" is a key point for the Company to embrace a new era, a new start and a new journey. In order to clarify strategic direction, priorities and the blueprint, the Company, in consideration of the reality, formulated the *Outline of Lomon Billions' Development under "14th Five-year Plan" (Draft)* that has been approved at the 17th meeting of the 7th Board of Directors.

The year 2021 is the first year for the Company to develop under the "14th Five-Year Plan", and the Company has set a business goal of over RMB50 billion for its business operations in the fields of titanium dioxide, metal titanium, mineral products and new energy, and expects to realize sound development, accomplish established goals and repay all members of the LB Group family under the guidance of the "14th Five-Year Plan" and by relying upon science and technology.

The Company will build a low-cost co-production system covering titanium dioxide by the sulfate process and by the chloride process, titanium sponge and high-end titanium alloys by relying on its existing key resources and advantages, and will further optimize the green and greater-circulation industrial chain to build a complete industrial chain integrating mining and processing of titanium ore, titanium-rich materials, titanium dioxide production by the sulfate process, titanium dioxide production by the chloride process, titanium sponge production, titanium metals production and processing of titanium materials. Based on the concept of resource recycling and green development, the Company will make active efforts to expand its business operations in the fields of vanadium, zirconium, iron,

scandium, cobalt and other titanium derivatives and in the emerging industries such as intelligent manufacturing and new energy materials, and make continuous efforts to enhance the coupling and integration of its business segments. The Company will attach importance to both “project construction” and “M&A and reorganization”, form a “green and high-quality titanium industry chain” in alignment with development trends of market and industry, carry out resource planning and development layout through M&As in the capital market and project construction, and ultimately build a green and greater-circulation industrial system.

(3) Structure of new energy business and develop secondary growth curve

With the spread of new energy technology and rapid growth of lithium battery uses, the Company sticking to the development concept of "common chemicals and low costs", harnesses its advantages in management, development, technology and supply chain, researches and develops ferric phosphate, lithium ferric phosphate, graphite cathode and other battery materials, and forms a secondary growth curve in order to seize market opportunities and increase added value of its waste byproducts.

The Company, through increasing R&D investment and employing talent, has developed advanced and large-scale production technology for ferric phosphate, lithium ferric phosphate and graphite anode. In addition, the current raw materials supply system in the Company suffices its strategy to develop new energy, and its waste byproduct - ferrous sulfate as well as surplus capacity in caustic soda, sulfuric acid, steam and hydrogen can be directly or indirectly harnessed to produce anode/cathode materials for lithium batteries at lower costs.

The Company enters the field of new energy-based batteries through initiating projects, collaboration and acquisition. During the reporting period, after purchasing 100% of shares in Henan Zhongtan New Material Technology Co., Ltd., the Company enters the graphite anode business employing Zhongtan's talents and technologies, marking its inroad into the field of new energy. The Company has initiated a ferric phosphate project with an annual output of 200,000 tons, industrialization of lithium battery materials with an annual output of 200,000 tons, artificial graphite cathode materials for lithium-ion battery with an annual output of 100,000 tons, integration of cathode materials for lithium-ion battery with an annual output of 200,000 tons, electronic-level lithium ferric phosphate with an annual output of 150,000 tons, and phase I of the first three projects - 50,000 tons of ferric phosphate, 50,000 tons of lithium ferric phosphate and 50,000 tons of graphite cathode - have been at the trial production stage or have been ready for production.

(4) Increase input into technological innovation

Under the guidance of the message "Innovation makes LB Group new every day", the Company has increased R&D investment, has strengthened its efforts in developing technologies, to contribute to the technological advancement of the business. In 2021, the Company spent RMB1.010 billion on research and development, a year-on-year increase of 87.53%, accounting for 4.91% of operating income, which drove the Company's technological innovation and provided the Company with strong technological support for development under the "14th Five-year Plan". The Company also initiated 188 research programs and has completed 119 in the same year. Through continuous investment in research and development, the Company has carried out scientific research into the development of anode and cathode materials for lithium batteries, the development of new products by chlorination, and multipurpose utilization of scandium and vanadium resources. Among them, the research and development of positive and negative materials for lithium batteries: the company has designed large-scale ferric phosphate, LiFePO₄ and graphite cathode production methods; Development of new products using the chloride process: to grow the company's portfolio of and increase the company's market share of chloride titanium dioxide products, the Company has carried out research and development to manufacture 5 new products using the chloride process, including 2 have been produced and marketed, and 3 are in trial production or in customer trials.

(5) Actively align with "Carbon Peaking & Carbon Neutrality" economy and establish a steering group

In responding to the country's goal to realize carbon peaking by 2030 and carbon neutrality by 2060, and in order to enhance the management of the Company's efforts in realizing these goals, facilitate energy saving & emission reduction, low-carbon development and carbon neutrality, and realize the Company's objective guided by "Carbon Peaking & Carbon Neutrality", the Company has established a steering group that is responsible for important decision-making and launch of important projects pertinent to "Carbon Peaking & Carbon Neutrality".

In aligning with the economic model under the goal of "Carbon Peaking & Carbon Neutrality", the Company started its green and high-quality development pathway. To conduct environmental protection through recycling of waste water and intensive treatment of exhaust emissions, the Company has launched more than 40 environmental projects with RMB327 million during the reporting period. Total exhaust emissions discharged in 2021 were significantly lower compared with 2020 as evidenced by particulate matter, SO₂ and NO_x which decreased 34.02%, 35.17% and 1.45% respectively. The Company will make an action plan to support carbon peaking and develop supporting technologies for a carbon neutrality roadmap, raise awareness about carbon peaking and carbon neutrality, drive energy savings, carbon reduction, comprehensive use of resources and other innovations and

engineering transformation. As well as promoting the smooth commissioning of projects under construction and achieving production standards, the Company will take a long-term perspective when planning the construction of new energy projects and adhere to the concept of green recycling and the dual carbon economy. By coupling production processes and careful use of energy and resources, the Company will form a green and high quality "titanium+lithium" industrial system, to help further growth of low-carbon and sustainable business.

(6) Form a team of high-quality talents and foster their sense of belonging

Talent is the cornerstone for development of a company, so the competition among companies is essentially a talent competition. The Company keeps improving the structure of its internal talented team; develops a multi-level performance management system by combining employee evaluation and development; optimizes its employee compensation and benefit system, and provides decent employment opportunities; pays attention to acquisition of talent specializing in emerging industries; and strengthens talent training, enhances employees' quality and broadens their skills and abilities. Through implementation of various measures, the Company is able to attract and retain talent, to make full use of their strengths and to develop and train them.

During the reporting period, the Company carried out its 2021 Restricted Stock Incentive Plan, granting 4860 participants 14,186 restricted shares that have been registered and marketed with a view to building and improving a long-term incentive system, acquiring and retaining excellent employees, fostering employee's dynamic, effectively combining benefits of shareholders, the Company and employees, and enabling the Company to develop.

(7) Repay and share dividends with shareholders

In 2021, adhering to the mission of "creating better life with titanium and being a reputable enterprise", the development concept of "making fair profits", and a stable, sustainable and scientific dividend distribution policy, the Company distributed the dividends accrued in the first quarter of 2021 and distributed RMB9 to each shareholder for every 10 shares in cash (tax inclusive) in May 2021, as a result of which RMB201.6 million was distributed by cash, and distributed the dividends accrued in the third quarter of 2021 and distributed RMB2.5 to each shareholder for every 10 shares in cash (tax inclusive) in November 2021, as a result of which a total of RMB595 million was distributed by the Company in cash (the distribution has exceeded RMB11 billion cumulatively to repay all shareholders in a fair way for their unremitting supports to the Company's development.

2. Income and cost

(1) Composition of operating income

Monetary Unit: Yuan

	FY 2021		FY 2020		Year-on-year increase or decrease
	Amount	Proportion to operating income	Amount	Proportion to operating income	
Total operating income	20,565,780,950.46	100%	14,108,161,179.83	100%	45.77%
By industry					
Chemical raw materials and chemical products manufacturing	19,911,723,600.35	96.82%	13,832,322,689.74	98.04%	-1.22%
Other business	654,057,350.11	3.18%	275,838,490.09	1.96%	1.22%
By product					
Titanium dioxide	15,198,750,661.06	73.90%	10,950,947,971.09	77.62%	-3.72%
Iron products	2,109,914,947.75	10.26%	1,905,564,009.05	13.51%	-3.25%
Titanium sponge and titanium tetrachloride	1,292,331,467.79	6.28%	812,817,243.10	5.76%	0.52%
Zirconium products	977,299,203.42	4.75%	27,770,995.59	0.20%	4.55%
Other business	987,484,670.44	4.80%	411,060,961.00	2.91%	1.89%
By region					
At home	12,503,699,225.84	60.80%	7,725,937,260.03	54.76%	6.04%
Overseas	8,062,081,724.62	39.20%	6,382,223,919.80	45.24%	-6.04%
By sales model					
Direct selling	14,569,163,165.78	70.84%	10,291,873,024.81	72.95%	-2.11%
Distribution	5,996,617,784.68	29.16%	3,816,288,155.02	27.05%	2.11%

(2) Description of industries, products, regions and sales model that account for more than 10% of the Company's operating income or operating profit

√ Applicable □ Not applicable

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*

Monetary Unit: Yuan

	Operating income	Operating cost	Gross profit margin	Increase or decrease of operating income when compared with the same period of the previous year	Increase or decrease of operating cost when compared with the same period of the previous year	Increase or decrease of gross profit margin when compared with the same period of the previous year
By industry						
Chemical raw materials and chemical products manufacturing	19,911,723,600.35	11,488,270,557.42	42.30%	43.95%	28.72%	6.82%
By product						
Titanium dioxide	15,198,750,661.06	8,355,767,987.79	45.02%	38.79%	19.20%	9.03%
Iron products	2,109,914,947.75	1,085,096,429.25	48.57%	10.72%	1.13%	4.88%
Titanium sponge and titanium tetrachloride	1,292,331,467.79	1,002,989,564.35	22.39%	58.99%	39.99%	10.53%
Zirconium products	977,299,203.42	771,405,407.53	21.07%	3,419.14%	3,057.50%	9.04%
Other business	333,427,320.33	273,011,168.50	18.12%	146.58%	170.87%	-7.34%
By region						
At home	11,849,641,875.73	7,061,699,446.49	40.41%	59.05%	39.73%	8.24%
Overseas	8,062,081,724.62	4,426,571,110.93	45.09%	26.32%	14.35%	5.74%

The Company's main business data adjusted in the last year based on the caliber at the end of the reporting period in the case that the Company's main business data statistics caliber is adjusted during the reporting period

□ Applicable √ Not applicable

Operating income or net profit from overseas business operations accounts for over 10% of the Company's audited operating income or net profit in the last accounting year

√ Yes □ No

Name of foreign operations	Description	Impact of taxation policy effective during the reporting period	Company's response measures
Sales of titanium dioxide	Selling titanium dioxide to foreign customers	Taxation policy effective during the reporting period has no significant impact on the Company's operations overseas due to scattered customers.	

(3) Is the Company's physical sales revenue greater than its income from labor service√ Yes ☐ No

Industry category	Item	Unit	December 31,	2020	Year-on-year increase or decrease
Fine chemical industry (titanium dioxide)	Sales volume	Ton	877,816.54	832,401.28	5.46%
	Production	Ton	902,241.77	817,165.41	10.41%
	Stock	Ton	102,067.29	77,642.05	31.46%

Explanation on reasons for changes in related data over 30% year on year

√ Applicable ☐ Not applicable

The Company has scaled its sales of titanium dioxide with larger stock

(4) Performance of the major sales contracts and major purchase contracts signed by the Company as at the reporting period☐ Applicable √ Not applicable**(5) Composition of operating cost****Industry category**

Monetary Unit: Yuan

Industry category	Item	FY 2021		FY 2020		Year-on-year increase or decrease
		Amount	Proportion to operating cost	Amount	Proportion to operating cost	
Titanium dioxide	Raw materials	5,271,638,452.25	63.08%	4,477,276,711.29	63.87%	-0.79%
Titanium dioxide	Energy and power	1,684,901,068.37	20.16%	1,478,263,509.46	21.09%	-0.93%
Titanium dioxide	Labor service	342,246,025.73	4.10%	324,392,565.18	4.63%	-0.53%
Titanium dioxide	Depreciation	425,706,516.09	5.09%	451,200,460.66	6.44%	-1.35%
Titanium dioxide	Other	374,848,246.79	4.49%	278,950,541.54	3.98%	0.51%
Titanium dioxide	Freight	257,538,034.81	3.08%			

Description

None

(6) Whether the scope of consolidation during the reporting period was changed√ Yes ☐ No

Please refer to “VIII. Changes in the Scope of Consolidation” and “IX. Interests in Other Entities” in Section X of the Report for details of the scope and changes of the consolidated financial statements in the current period.

(7) Major changes or adjustments in business, products or services of the Company during the reporting period☐ Applicable √ Not applicable**(8) Description of major sales customers and major suppliers****Description of the Company's major sales customers**

Total sales amount of the top five customers (RMB)	3,350,758,525.46
Proportion of total sales of the top five customers in total annual sales	16.83%
Proportion of sales of related parties in total sales of the top five customers in total annual sales	0.00%

Information of the top 5 customers of the Company

No.	Name of customer	Sales (RMB)	Proportion to total annual sales
1	No.1	1,151,495,010.19	5.78%
2	No.2	811,639,613.42	4.08%
3	No.3	574,016,066.50	2.88%
4	No.4	437,949,744.32	2.20%
5	No.5	375,658,091.03	1.89%
Total	--	3,350,758,525.46	16.83%

Other information of major customers

☐ Applicable √ Not applicable**Description of the Company's major suppliers**

Total purchase amount of the top five suppliers (RMB)	2,775,378,110.05
Proportion of total purchase amount of the top five suppliers to total annual purchase amount	15.26%
Proportion of purchase amount of related parties in purchase amount of the top five suppliers to total annual purchase amount	0.00%

Information of the top 5 suppliers of the Company

No.	Name of supplier	Purchase amount (RMB)	Proportion to total annual purchase amount
1	No.1	852,865,473.90	4.69%
2	No.2	617,457,845.16	3.39%
3	No.3	608,301,696.97	3.34%
4	No.4	387,050,231.69	2.13%
5	No.5	309,702,862.34	1.70%
Total	--	2,775,378,110.05	15.26%

Other information of major suppliers

☐ Applicable ☒ Not applicable**3. Fees**

Monetary Unit: Yuan

	FY 2021	FY 2020	Year-on-year increase or decrease	Description of major changes
Sales expenses	467,768,465.79	319,440,743.39	46.43%	Increase in freight cost mainly caused by rising sales
General and administrative expenses	1,113,622,806.42	585,375,565.50	90.24%	Mainly caused by stock ownership incentives and workshop repair costs
Financial expenses	176,488,374.31	162,754,805.08	8.44%	
R&D costs	1,010,306,886.97	538,757,312.64	87.53%	Mainly caused by increase in sales of products and in R&D costs

4. R&D investment☒ Applicable ☐ Not applicable

Name of major R&D projects	Project purpose	Project status	Proposed objective	Expected influence on Company's future development
Research on and industrialization of key technology of aviation-specific rotor-grade titanium sponge	To develop aviation-specific rotor-grade titanium sponge, and to improve quality of the existing titanium sponge	Production line is under construction	To produce rotor-grade titanium sponge with steady quality and used in the aviation industry	To meet the domestic demands for high-end titanium sponge especially in the national defense, and to add the Company's market share in titanium industry.
Research on one-step cost-effective manufacturing of ferric phosphate	To combine processes used to product titanium and lithium; to use one-step process to make ferric phosphate products that meet the lithium ferric phosphate precursor indicators for lithium battery anode/cathode materials	Under test run	To manufacture ferric phosphate products that meet the lithium ferric phosphate precursor indicators for lithium battery anode/cathode materials, and to realize comprehensive of iron resources	To develop secondary industry for the Group, i.e. battery materials, and "titanium-lithium combined process".
Research on manufacturing technology of highly compacted lithium ferric phosphate	To develop highly compacted lithium ferric phosphate products	In development	To develop highly compacted lithium ferric phosphate products	To provide technological support for Company to develop its battery materials business.

Research on technology of boiling chlorination for domestic minerals to be used as titanium materials	For the issue that high calcium and magnesium content of titanium raw materials from domestic minerals, the Company raises the domestic mineral grade so that it can serve as titanium raw materials through boiling chlorination	Under test run	To develop an optimized process to upgrade domestic mineral to titanium raw materials, and to improve the inclusion of impurity through boiling chlorination	To solve the problem that chlorination cannot be conducted steadily due to high calcium and magnesium content of titanium raw materials from domestic minerals, realize large and stable supply of titanium-rich materials that meet the quality of raw materials required for the chloride process, and provide a solid foundation for and assure the development of titanium dioxide industry.
Development of weatherable chlorination technology of titanium dioxide	To develop a weatherable chloride process Titanium dioxide products	Under lab test	To develop a weatherable titanium dioxide, and venture into a field where weatherability is demanding	To fill in the gap of titanium dioxide products made under weatherable chloride process, and to add market share of the Company.
Development of low-VOC titanium dioxide	To optimize the envelope with advanced home-made mixing equipment, and produce low-VOC titanium dioxide through optimizing and adjusting process parameters	Project completed	To develop a process to produce low-VOC titanium dioxide	To give rise to product quality aligning with imported titanium dioxide by reducing VOC by around 30%.
Renovation of key equipment for preconcentration of low-grade titanium resources and clear production process	To research and provide a plan to optimize key technology for preconcentration of low-grade titanium resources, and to realize clean production	Interim test	To develop tail gas reduction technology and renovate the rotary kiln by using sealing technology, align with the ultra-low gas emission, and join the big league	To improve the overall level of titanium ore smelting and develop clean production in prereduction of titanium ore

R&D staff

	FY 2021	FY 2020	Proportion of change
Number of R&D personnel (person)	1,496	1,269	17.89%
Proportion of number of R&D personnel	12.41%	12.64%	-0.23%
Degree of R&D staff	—	—	—
Bachelor degree	450	377	19.36%
Master	116	103	12.62%
Age of R&D staff	—	—	—
Under 30	307	226	35.84%
30~40	686	652	5.21%

Description of the Company's R&D investment

	FY 2021	FY 2020	Proportion of change
R&D investment amount (RMB)	1,010,306,886.97	538,757,312.64	87.53%
Proportion of R&D investment in operating income	4.91%	3.82%	1.09%
Amount of capitalized R&D investment (RMB)	0.00	0.00	-
Proportion of capitalized R&D investment in total R&D investment	0.00%	0.00%	-

Reason for and influence of significant changes in R&D staff

☐ Applicable ☒ Not applicable

Reasons for significant change in the ratio of total R&D investment to operating income compared with the previous year

☐ Applicable ☒ Not applicable

Reason and rationality of the drastic change of the capitalization rate of R&D investment

☐ Applicable ☒ Not applicable**5. Cash flow**

Item	FY 2021	FY 2020	Year-on-year increase or decrease
Sub-total of cash inflows from operating activities	17,700,234,993.04	13,566,319,458.16	30.47%
Sub-total of cash outflows from operating activities	13,371,764,220.88	10,445,757,836.07	28.01%
Net cash flows from operating activities	4,328,470,772.16	3,120,561,622.09	38.71%
Sub-total of cash inflows from investment activities	107,465,769.10	170,391,858.88	-36.93%
Sub-total of cash outflows from investment activities	5,352,077,169.79	1,823,346,204.51	193.53%
Net cash flows from investment activities	-5,244,611,400.69	-1,652,954,345.63	-217.29%
Sub-total of cash inflows from financing activities	17,105,675,731.25	9,226,276,566.74	85.40%
Sub-total of cash outflows from financing activities	15,814,449,673.52	10,210,600,642.75	54.88%
Net cash flows from financing activities	1,291,226,057.73	-984,324,076.01	231.19%
Net increase in cash and cash equivalents	355,497,036.19	451,221,176.86	-21.21%

Description of main influencing factors leading to significant changes in related data over the same period of last year

☒ Applicable ☐ Not applicable

Net cash flows from operating activities increased by 38.71% YOY, which was mainly caused by increase in operating income that further increased cash received from selling products; net cash flows from investment activities reduced by 217.29%, which was mainly caused by increase in acquisition and construction of fixed assets during the reporting period; net cash flows from financing activities increased by 231.19%, which was mainly caused by increase in investment received and in employee stock ownership incentive during the reporting period.

Description of the reasons for significant difference between the net cash flow generated by the Company's operating activities during the reporting period and the net profit for the current year

☐ Applicable ☒ Not applicable

V. Analysis of Non-main Business

☐ Applicable ☒ Not applicable

VI. Analysis of Status of Assets and Liabilities

1. Description of significant changes in composition of assets

Monetary Unit: Yuan

	End of 2021		Beginning of 2021		Increase/decrease in proportion	Description of major changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary funds	6,287,035,428.91	13.87%	5,127,451,501.02	14.75%	-0.88%	
Accounts receivable	1,967,428,387.16	4.34%	2,014,982,342.77	5.78%	-1.44%	
Contract assets	1,814,084.97	0.00%	1,807,922.72	0.01%	-0.01%	
Inventories	4,515,997,872.49	9.96%	3,126,606,102.78	8.98%	0.98%	
Investment real properties	98,656,373.91	0.22%	55,409,155.55	0.16%	0.06%	
Long-term equity investments	2,316,524,293.64	5.11%	210,793,463.17	0.61%	4.50%	
Fixed assets	11,053,183,363.86	24.38%	8,816,858,567.75	25.31%	-0.93%	
Construction in progress	5,436,430,950.24	11.99%	3,300,883,380.83	9.48%	2.51%	
Right-of-use assets	79,180,941.53	0.17%	132,008,639.37	0.38%	-0.21%	
Short-term borrowings	4,624,085,750.29	10.20%	4,096,580,112.52	11.76%	-1.56%	
Contract liabilities	210,656,468.73	0.46%	257,955,802.67	0.74%	-0.28%	
Long-term borrowings	3,798,977,644.10	8.38%	3,469,282,193.84	9.96%	-1.58%	
Lease liabilities	18,156,917.33	0.04%	47,402,867.67	0.14%	-0.10%	

Relatively high percentage of foreign assets

☐ Applicable ☒ Not applicable

2. Assets and liabilities measured at fair value

☐ Applicable ☒ Not applicable

3. Description of restricted rights to assets as at the end of the reporting period

Monetary Unit: Yuan

Item	Closing book value	Cause of restriction
Monetary funds	4,425,181,756.49	Margin for banker's acceptance bills, fixed deposit, etc.
Financing of receivables	118,566,521.52	Pledge bill
Fixed assets	35,901,229.72	Collateralized borrowings
Intangible assets	100,959,609.23	Collateralized borrowings
Long-term equity investments	829,020,001.00	Pledged borrowings
Total	5,509,629,117.96	

VII. Analysis of Investment Status

1. Overall situation

√ Applicable □ Not applicable

Investment amount during the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Proportion of change
5,813,144,682.55	1,733,591,047.59	235.32%

2. Significant equity investment obtained during the reporting period

√ Applicable □ Not applicable

Name of invested company	Primary business	Way of investment	Investment amount	Shareholding ratio	Capital source	Partner	Term of investment	Product type	Progress as at balance sheet date	Estimated revenue	Current investment profit and loss	Whether any litigation is involved	Date of disclosure (if any)	Disclosure index (if any)
Henan Longbai New Material Technology Co., Ltd.	Production of new energy-based battery materials	New establishment	300,000,000.00	100%	Own funds	None	Long term	Battery materials	Incorporated	0.00	0.00	No	February 19, 2021	www.cninfo.com.cn
Henan Billions New Energy Materials Co., Ltd.	Production and sales of new energy-based battery materials	Additional investment	900,000,000.00	100%	Own funds	None	Long term	Battery materials	Capital increased completed	0.00	0.00	No	March 25, 2021	www.cninfo.com.cn
Longbai Sichuan Titanium Industry Co., Ltd.	Production and sales of titanium dioxide	Additional investment	369,883,807.20	100%	Own funds	None	Long term	Chemical products	Capital increased completed	0.00	0.00	No	March 25, 2021	www.cninfo.com.cn
Yunnan National Titanium Metal Co., Ltd.	Production and sales of titanium sponge	Additional investment	500,000,000.00	100%	Own funds	None	Long term	Metal products	Capital increased completed	0.00	0.00	No	March 25, 2021	www.cninfo.com.cn
Henan Zhongtan New Material Technology Co., Ltd.	Production and sales of graphite and carbon products	Acquisition	291,556,400.00	100%	Own funds	Jiaozuo Zhongzhou Carbon CO., Ltd.	Long term	Graphite and carbon products	Acquisition completed	0.00	0.00	No	March 25, 2021	www.cninfo.com.cn
Gansu Billions Chemical Co., Ltd.	Production and sales of titanium dioxide	New establishment	400,000,000.00	100%	Own funds	None	Long term	Chemical products	Incorporated	0.00	0.00	No	May 29, 2021	www.cninfo.com.cn
Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership)	Equity investment	Other decreases	2,100,000,000.00	69.97%	Own funds	Chengdu Silu Restructured Equity Investment Fund Management Co., Ltd., Sichuan Industrial revitalization Investment Fund Co., Ltd., Henan Deyuan Energy Chemical Co., Ltd.	Long term	Equity investment	Assignment completed	0.00	0.00	No	June 15, 2021	www.cninfo.com.cn
Shandong Longbai Titanium Technology Co., Ltd.	Mineral separation	Additional investment	130,000,000.00	100.00%	Own funds	None	Long term	Mineral resources	Capital increased completed	0.00	0.00	No	December 9, 2021	www.cninfo.com.cn
Hubei Billions Wanrun New Energy Materials Co., Ltd.	Production and sales of new energy-based battery materials	New establishment	51,000,000.00	51.00%	Own funds	Hubei Wanrun New Energy Materials Technology Co., Ltd.	Long term	Battery materials	Incorporated	0.00	0.00	No	July 25, 2021	www.cninfo.com.cn
Total	--	--	5,042,440,207.20	--	--	--	--	--	--	0.00	0.00	--	--	--

3. Significant non-equity investment in progress during the reporting period

☐ Applicable ☒ Not applicable

4. Investment of financial assets**(1) Investment of securities**

☐ Applicable ☒ Not applicable

The Company had no investment in securities during the reporting period.

(2) Investment of derivatives

☐ Applicable ☒ Not applicable

The Company had no derivatives investment in during the reporting period.

5. Use of raised funds

☒ Applicable ☐ Not applicable

(1) Use of raised funds

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand

Year of fundraising	Way of fundraising	Amount raised	Total amount used during the reporting period	Cumulative amount used from raised funds	Amount of raised funds with purpose changed during the reporting period	Cumulative amount of raised funds with purpose changed	Proportion of cumulative amount of raised funds with purpose changed	Unused raised funds	Earmarked use of unused raised funds	Amount of raised funds idle for more than two years
2021	Non-publicly issued stocks	224,145.32	144,419.2	144,419.2	0	0	0.00%	79,726.12	Unused raised funds are deposited in an account specifically opened for the Company and its subsidiaries, and the Company will use these money in projects as planned.	0
Total	--	224,145.32	144,419.2	144,419.2	0	0	0.00%	79,726.12	--	0
Description on use of raised funds										
Note: the Company privately raised RMB2,264,799,993.97 through issuing 207,589,367 ordinary shares (A shares) at issuing price of RMB10.91/share, from which RMB23,346,782.43 (tax exclusive) was deducted for the issuing expenses, so the net amount raised was RMB2,241,453,211.54.										

(2) Commitment to use raised funds in projects

√ Applicable □ Not applicable

Unit: RMB ten thousand

Investment commitment and investment of over-raised funds	Whether the project has been changed (including partial change)	Total investment commitment from raised funds	Total investment after adjustment (1)	Invested amount during the reporting period	Cumulative invested amount as of the end of the reporting period (2)	Investment status as of the end of the reporting period (3)=(2)/(1)	Date when the project becomes available	Investment returns received during the reporting period	Whether investment returns are received as expected	Whether there is any major change in the feasibility of the project
Investment commitment										
The project of titanium dioxide production line by the chloride process with an annual output of 200,000 tons	No	150,000	150,000	70,273.88	70,273.88	46.85%	December 31, 2022	0	Not applicable	No
Permanent replenishment of working capital	No	76,480	74,145.32	74,145.32	74,145.32	100.00%		0	Not applicable	No
Sub-total of investment commitment	--	226,480	224,145.32	144,419.2	144,419.2	--	--		--	--
Investment of over-raised funds										
Not applicable	No									
Total	--	226,480	224,145.32	144,419.2	144,419.2	--	--	0	--	--
Project not completed as scheduled or with investment returns under the expected amount and the reason for that (specify by project)	Not applicable									
Description of major change in feasibility of the project	Not applicable									
Amount, purpose and use status of over-raised funds	Not applicable									
Change in location of project the raised funds invested in	Not applicable									
Change in way of implementing project the raised funds invested in	Not applicable									
Early investment and replacement information of project the raised funds invested in	Applicable In accordance with the <i>Notice of Lomon Billions Group Co., Ltd. on Replacing Early Investment of Self-raised Funds in Project with Later Raised Funds</i> , the Company replaced RMB167,530,241.44 early investment in the project with raised funds, which was completed by March 9, 2021.									
Replenish working capital with idle raised funds	Applicable The Company convened the 13 th Meeting of the 7 th Board of Directors on February 18, 2021, at which the <i>Proposal on Using Part of Idle Raised Funds to Replenish Working Capital</i> was reviewed and approved: to improve the use of raised funds, the Company and its holding subsidiaries intend to use up to RMB1.2 billion (included) idle raised funds to replenish working capital for up to 12 months from the approval date of the said Notice, and must return the funds to the specific saving account at end of the period. As at December 31, 2021, the Company has used RMB1,032,469,758.56 raised funds to replenish working capital.									
Balance of raised funds used for project and	Not applicable									

reason for balance	
Earmarked use of unused raised funds	Unused raised funds are deposited in an account specifically opened for the Company and its subsidiaries, and the Company will use these money in projects as planned.
Problems or issues in using and disclosing raised funds	Not applicable

(3) Information about raised funds changed in project

☐ Applicable ☒ Not applicable

No information about raised funds changed in the project during the reporting period.

VIII. Sale of Major Assets and Equity**1. Sale of major assets**

☐ Applicable ☒ Not applicable

No significant assets were sold by the Company during the reporting period.

2. Sale of major equity

☐ Applicable ☒ Not applicable

XI. Analysis of Major Holding and Participating Companies

☒ Applicable ☐ Not applicable

Description of major subsidiaries and participating companies that affect the Company's net profit by more than 10%

Unit: RMB

Company name	Company Type	Primary business	Registered capital	Total Assets	Net assets	Operating income	Operating Profit	Net profit
Henan Billions New Material Co., Ltd.	Subsidiary	Titanium dioxide	1,700,000,000.00	9,205,221,212.12	3,074,337,177.66	6,190,165,571.79	755,804,247.83	646,390,435.48
Longbai Sichuan Titanium Industry Co., Ltd.	Subsidiary	Titanium dioxide	800,000,000.00	4,789,583,869.25	2,397,097,058.82	3,989,269,672.17	1,009,448,131.74	863,694,923.62
Longbai Sichuan Mining and Metallurgy Co., Ltd.	Subsidiary	Mineral products	520,000,000.00	5,816,538,659.86	3,779,513,901.29	3,837,000,425.94	2,584,805,095.76	2,190,263,620.18

Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not applicable

Company name	Ways of acquiring and disposing of subsidiaries during the reporting period	Impacts on overall production, operation and performance
Gansu Billions Chemical Co., Ltd.	New establishment	Using strength in resources of Jinchang City, Gansu Province to further increase the Company's market share of titanium, and enhance its competitiveness and profitability
Henan Longbai New Material Technology Co., Ltd.	New establishment	Venturing into the industry of new energy-based battery materials, improving product pipelines and developing new source of profits.
Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership)	Acquisition	Expanding and extending mergers and investments based on the existing operations, which supports the Company's principal business, facilitates its strategic development and helps the Company in effective industrial integration, drives attainment of strategic development goal, and brings returns on relevant investment made by the Company.
Henan Zhongtan New Material Technology Co., Ltd.	Acquisition	Venturing into the industry of new energy-based battery materials, improving product pipelines and developing new source of profits.
Jiaozuo Weina Technology Co., Ltd.	Acquisition	In alignment with the development strategy of the Company's subsidiary according to which Orient Zirconic Industry is committed to produce more categories of and more quality zirconium products, create a product pipeline and establish a world-class zirconium platform.
Hubei Billions Wanrun New Energy Materials Co., Ltd.	New establishment	A joint venture set up for the Company's ferric phosphate business, providing investor's resources and supporting facilities where it is based for the Company's ferric phosphate products, and reducing the production and shipping costs of the Company's products when securing the supply of raw materials.

Description of major shareholding and joint-stock companies

Not applicable

X. Structured Subjects Controlled by the Company

□ Applicable √ Not applicable

XI. Prospects for the Company's Future Development

Going public in 2011 and seeing the completion of the "12th Five-year Plan" and "13th Five-year Plan", the Company has become a large chemical group committed to intensive integration of its titanium and zirconium industry as well as to research and development of new materials, formed the full-industrial chain model ranging from beneficiation of titanium ore, intensive processing of such raw materials as reduced titanium, high titanium slag and synthetic rutile, to the production of sulfate titanium dioxide, chloride titanium dioxide and titanium metal.

As the "14th Five-Year Plan" is underway, the Company is confronted with the critical stage of transformation and exploration for high-quality development. In the future, the Company will adhere to its mission of "creating better

life with titanium and being a respected enterprise” as well as the industrial orientation of “developing higher-quality titanium products, more diversified titanium derivatives, and titanium products adding more value to people’s lives”, establish a diversified business development model and transition from a titanium dioxide giant to a magnate in new energy-based battery material.

(I). Development goals and key capacity planning under the “14th Five-Year Plan”

As the “14th Five-Year Plan” has been put into effect, the Company has set a business goal of over RMB50 billion for its business operations in the fields of titanium dioxide, metal titanium, mineral products and new energy. The company will continue to rely on the power of science and technology to follow the development path of the "14th Five-Year Plan", achieve its goals, and realize its potential.

(Ii) Development strategy of the Company

The Company will build a low-cost co-production system for titanium dioxide by the sulfate process, titanium dioxide by the chloride process, titanium sponge and high-end titanium alloys by employing its existing key resources and advantages, and will further optimize the green and greater-circulation industrial chain to build a complete industrial chain integrating mining and processing of titanium ore, titanium dioxide production by the chloride process, titanium sponge production, titanium metals production and the processing of titanium materials.

At the same time, the Company under the guidance of resource recycling and green development upholds the development idea of “low cost and common chemical”, and develops the new energy business. The Company pays attention to both connotative growth and denotative expansion by enhancing itself inside and carrying out horizontal and vertical acquisition through capital utilization.

1. Ensure source of raw materials and reduce costs

Via technological transformation, project construction and acquisition, the Company strives to; effectively enhance its self-sufficiency in its main raw materials and its multipurpose utilization of mineral resources, ensure the green, safe, stable and reliable supply of raw materials, provide guarantee for building a low-cost and fully integrated titanium industrial manufacturing process chain. Through its green and efficient beneficiation project for 7 million tons of minerals, the Company will conduct technological transformation and scale expansion of existing mining areas, reinforce good management, and increase recovery rate, production efficiency and output; improve the use of production capacity of chlorinated titanium slags, high titanium slag and synthetic rutile, in consideration of

upgrading titanium slag of domestic minerals at Xinli Titanium Industry, to realize mass production of chlorinated titanium slags upgraded and converted from titanium concentrates produced in China and to enhance the comprehensive utilization value of mineral resources; seek and acquire high-quality titanium ore at home and abroad to ensure the sustainable self-sufficiency of titanium ore.

2. Enrich the existing product structure and improve product quality

(1) In the titanium dioxide industry: the Company is growing the proportion of titanium dioxide it makes using the chloride process and is upgrading its products to middle and high-end so as to be a pioneer in the industrial structural reform of titanium dioxide in China. The Company makes every effort to facilitate the production line at Longbai Lufeng with a planned annual production of 200,000 tons of titanium dioxide using the chloride process and the production line at New Material with a planned annual production of 100,000 tons of titanium dioxide using the chloride process; the Company actively makes plans for future development of production capacity, rapidly expands its business and seizes opportunities in the domestic market for titanium dioxide manufactured by the chloride process and consolidates its advantages in the industry; the Company has increased R&D investment to develop new high-end products featuring high light resistance and super weather resistance; the Company has increased research and development investment to develop new super light and weather resistant high-end products; the Company builds and improves its quality supervision and feedback system, promotes the TR52 quality concept and stabilizes its product quality to meet customer demands.

(2) In the titanium metal industry: Relying upon its mature large-scale boiling chlorination technology and molten salt technology and advantages in the industrial chain, and by means of technical renovation and expansion of existing production lines as well as construction of new projects, the Company will further enlarge its production capacity of titanium sponge, and will make every effort to ensure smooth construction of Yunnan National Titanium's rotor-level titanium sponge production line with an annual output of 30,000 tons, accelerate technological transformation of 10,000 tons titanium sponge production line and expansion of Gansu National Titanium's titanium sponge production line, and increase the production capacity of titanium sponge. In addition, the Company will make greater efforts to introduce and retain talents and technologies, form a titanium alloy project team, perform feasibility research and technical research in terms of titanium alloy products, and make full preparations to enter the titanium alloy field through M&As or construction of new production lines for downstream processing of titanium sponge.

3. Continuous inputs into new energy industry

The Company will fully promote the project of ferric phosphate for battery materials with an annual output of 200,000 tons, the project of industrial lithium-ion battery materials with an annual output of 200,000 tons, the project of artificial graphite cathode materials for lithium-ion battery materials with an output of 100,000 tons, the project of integration of lithium-ion battery cathode materials with an annual output of 200,000 tons, and construction, test run and mass production of electrical-level ferric phosphate with an annual output of 150,000 tons, and will also seize the opportunity to develop new energy industry.

4. Excellent market service capabilities

By integrating and optimizing its marketing network, the Company will: (1) build a professional and localized network for marketing to provide differentiated products and services in areas designated in the world as per the demands of customers and products; (2) build LB Group's Shanghai Market Service Center, make the best use of the talents, technology, finance, policies and other resources in the Yangtze River Delta and take into account both domestic and foreign markets to enhance its status and brand advantages in titanium and titanium derivatives related to industries; (3) make an appropriate plan in the fields of titanium dioxide produced by the chloride and sulfate process, titanium sponge and high-end titanium alloys, and conduct business expansion in the fields of vanadium, zirconium, iron, scandium, cobalt and other titanium derivatives and in the emerging industries such as intelligent manufacturing and new energy materials; (4) pay close attention to the industry mainstream customers, gain insight into customer demands, keep an eye on the development trend of competitors and the industry, and make use of its advantages in terms of innovation to seize the market.

5. Green, recyclable and sustainable development

The Company will increase its innovation inputs and upgrade the existing technologies to realize multipurpose utilization of waste water and solid resources. The Company will: (1) upgrade and improve the sulfate process, optimize the existing sulfate production process, and realize the harmony between titanium dioxide production and environmental protection; (2) accelerate the horizontal coupling and integration of the sulfate process and the chloride process, build an artificial rutile production line, and ensure the source of the raw materials used in producing titanium dioxide by the chloride process; (2) explore multiple applications of ferrous sulfate, and further reduce the output of solid waste titanium gypsum; (3) facilitate the coupling between the processes, and reduce water consumption; (4) separate and recycle the ore and coke in inert waste residues through the comprehensive utilization project of chlorinated inert waste residues, and increase the recycling rate of raw titanium materials.

(III) Possible risks and countermeasures

1. Environmental policy related risks

In the 2021 Report on the Work of the Government, the goal of "carbon peaking and carbon neutrality" is a priority for the government in 2021. Future national environmental standards, resource recycling standards and production safety standards will further promote the adoption of standards of developed countries and leading companies in the world, and will promote to strengthen law enforcement. With higher standards, stricter requirements and continuous strengthening of environmental supervision, chemical companies will face environmental risks in the next few years.

Responses: The Company always attaches great importance to fulfilling its social responsibility to protect the environment, firmly establishes the concept of ecological priority and green development, takes the initiative to comply with the new standards and new requirements for treatment of waste water, waste gas, dust, noise and solid waste, and continuously increase its investment in environmental protection to ensure normal operation of environmental protection facilities and standard-compliant discharge of various pollutants. At the same time, the Company, in accordance with the principle of "reduction, reuse and recycling", relies on technological advancement and technological innovation to vigorously develop comprehensive utilization and circular economy.

2. Operation and management related risks

During this reporting period, the Company has experienced rapid development and has formed a trans-regional group management model based on its seven production bases, giving higher requirements for management of the Group. In view of the increasingly complex and volatile macroeconomic environment, inability of the Company to continue to improve its management level and decision-making efficiency may have a certain impact on the Company's normal production and operation.

Responses: The Company will take into account of its development strategy outline for the next ten years and its "Fourteenth Five-Year" Development Plan to unify its management philosophy and development goals, always maintain a new and innovative way of thinking, continuously improve the knowledge structure of the Company's employees by continuing to improve its operation and management level through multi-level and multi-channel training and communication, and actively introduce relevant industry talents and management teams.

3. Risks in price fluctuation of product and raw material

In view of the fact that ever-changing policy factors and complex market environments will lead to more frequent

price fluctuations of products and bulk raw materials, and will have a greater impact on revenue, production and operation and cost control of enterprises, the Company will inevitably bear the risk of fluctuations concerning products and raw material prices.

Responses: Build a more perfect industrial chain through domestic and foreign resource integration and technological innovation to achieve the goal of industrial integration as soon as possible; cooperate with upstream suppliers to further expand the mining and mineral separation capabilities of group companies, strive to grasp the market trend, make profits, appropriately avoid risks in raw material price fluctuations, lower the cost of production and ensure the stability of production and operation.

4. Product demand risk

Demand for the Company's products is impacted by various factors. In China, "supply-side structural reform" and other policies have been issued to adjust the country's economic structure and improve and increase the quality and quantity of economic growth, which shifts the demand for titanium products from quantity to quality.

Responses: the Company has expanded the capacity of titanium dioxide production under the chloride process, and will keep optimizing the structure and quality of its products, acquiring advantages in both cost and quality.

5. Investment risks

In order to realize the strategic plan for the Company's titanium industry as soon as possible, the Company will continue to carry out domestic and overseas industrial mergers and acquisitions as well as resource integration based on its main business. There is investment risk since investment in each project will be affected by various factors such as domestic and international economic environments, macro policies, industry cycles and trading plans.

Responses: In order to effectively resolve the investment risks brought by industrial mergers and acquisitions, the Company will engage professional project teams to carry out investment related cooperation in carefully selecting investment targets, carry out comprehensive project due diligence, establish an efficient investment decision-making mechanism, fully pay attention to and prevent risks, and strictly control risks.

6. Exchange rate risks

As the largest export enterprise of titanium dioxide in China, the annual export volume of the Company accounts for

30%-40% of China's export volume of titanium dioxide, with the potential of continuous growth. As the Company grows as an international enterprise, its import and export business will gradually increase, and any exchange rate fluctuation may result in exchange loss risks.

Responses: Improve the level of financial and foreign exchange business awareness of relevant management personnel, actively pay attention to the fluctuations of the foreign exchange market and exchange rate trends, enhance the ability of pre-judgment, and seek advantages and avoid risks. Actively make use of advanced financial instruments, flexibly make adjustments to policies concerning export settlement and pricing, and avoid the risks that may result from exchange rate fluctuations to the maximum extent.

7. COVID-19 and other black swan events

During the reporting period, COVID-19 has been effectively controlled around the world but has not been eliminated yet, which gives rise to uncertainty of the epidemic's influence on the Company's purchase, logistics, production and sales.

Response measures: The Company will keep a close eye on the epidemic, take stringent actions for epidemic prevention and control, adopt active and flexible response measures in line with market changes, and make continuous efforts to reduce costs while expanding domestic and foreign marketing activities, so as to ensure stable growth in the Company's business performance. In addition, the Company will, on the basis of the concept of being innovation-driven, continue to optimize its product structure, enrich its product categories, flexibly adjust its production and sales strategies, take more proactive response measures against black swan events, seize opportunities in the face of challenges, and revitalize the titanium industry.

XII. Reception of survey, communication, interview and other activities during the reporting period

√ Applicable □ Not applicable

Date of reception	Reception location	Way of reception	Type of reception object	Guests received	Main content of discussion and materials provided	Index of basic situation of survey
January 12, 2021	The Company's meeting room	Field survey	Institution	Industrial Securities: ZHANG Zhiyang, ZHANG Xun, CHU Leyan, LIU Shuai, ZHANG Tingting; Industrial Securities Futures: FENG Yesong; Caitong Securities: ZHU Qiangdong; Boyuan Fund: PAN Junyi; Shenwan Hongyuan Securities: LI Nanzhu; ZHONG OU AMC: WANG Xi; First State Cinda Fund: ZHANG Mingye; Golden Nest Capital: LIU Wenyuan; Southern Asset Management: DU Yimin; Shanyuan Investment: ZHANG Yannan ; Tongtai AMC: WANG Xiu	I. The way to narrow the quality gap and price between the Company's titanium dioxide and foreign titanium dioxide. II. Recent orders and stock of titanium dioxide. III. The way to sell products from new production capacity. IV. The way to secure supply of raw materials required for production of titanium dioxide. V. Whether the exports of the Company is influenced by great rise of sea freight and shortage of container supply. VI. Distribution and mass production of titanium sponge. VII. Plan for acquiring Orient Zirconic Industry. VIII. Whether the Company intends to venture into a new field. IX. The Company's cost advantages of titanium dioxide.	For details, please visit http://www.cninfo.com.cn for 002601 Survey Information of Lomon Billions 20210113
June 23, 2021	The Company's meeting room	Field survey	Institution	Western Securities: CHEN Kaixi, YANG Hui; Caitong Securities: ZHU Qiangdong	I. Domestic and foreign orders of the Company's titanium dioxide; whether foreign orders are reduced due to increase in local supply in foreign countries. II. Whether the shortage of containers has affected the Company's export. III. Whether the Company still receives low price orders like last year, and when will Company execute a long-term low price order. IV. Sales model and proportion of the Company's titanium dioxide. V. Advantage and sales territory of the Company's titanium dioxide made under the chloride process, and whether domestic customers will replace titanium dioxide made under sulfate process with titanium dioxide made under the chloride process VI. How long will it take for the innovative project of upgrading and converting 500,000-ton Panxi titanium concentrates into chlorinated titanium slags to realize full production. VII. Way for the Company to seize market opportunity when titanium dioxide is on an uptrend. VIII. Production capacity and volume of Company's titanium dioxide	For details, please visit http://www.cninfo.com.cn for 002601 Survey Information of Lomon Billions 20210624

Section IV Corporate Governance

I. Basic Situation of Corporate Governance

Since going public in 2011, the Company has persevered in the study of international and professional governance standards and laid down an all-encompassing modern corporate management system. The corporate governance systems, including without limitation decision-making system, oversight mechanism, incentive and restraint mechanisms, risk control system and information disclosure mechanism, have taken shape. With effective corporate governance, the Company nourishes and protects entrepreneurship, innovates, aligns resources, lowers costs, creates unrepeatably competitive advantages, and maintains rapid and high-quality growth.

1. Simple, Transparent, Regulated and Accountable Governance System

Following the values of simplicity, transparency, discipline and accountability, the Company has built a modern corporate management system, constantly perfecting the corporate governance checks and balances mechanism, which is composed of the shareholders' meeting, the Board of Directors, the Board of Supervisors and senior management, with "a clear division of power and responsibility, each performing his own duties, mutual coordination and effective checks and balances", and optimizing its governance system among power organs, decision-making organs, supervision organs and executive organs to ensure "scientific decision-making, effective supervision and robust operation", so as to ensure the sustainable and sound development of Company. The Company has built an entrepreneurial management team, relies on sound corporate governance to "decentralize and empower" its management team, forming an economic accountability assessment system for such businesses as production, procurement, sales, finance, R&D and investment, fully mobilizes the enthusiasm and subjective initiative of management, promotes business transformation, innovative products and services, and expands the distribution of the Company's titanium industry base to five provinces and six cities including Henan, Sichuan, Hubei, Yunnan and Gansu. The Company extends its product line from titanium dioxide to titanium and alternative energy to enhance constantly its core competitiveness and profitability, promote economic, social and ecological benefits simultaneously and create superior value for all stakeholders, including shareholders, customers and employees, and the society as a whole.

2. Internal Control System of "Full Participation, Hierarchical Implementation and Aggregation through Administrative Levels"

Since 2015, the Company has accelerated procurement and project construction, successively acquired companies such as Lomon Titanium Industry, Ruierxin, Yunnan Xinli, Orient Zirconic Industry, Oriental Scandium Industry,

Titanium Sponge Branch of Jinchuan Group and Zhongtan New Material and implemented projects like titanium dioxide chloride, titanium sponge, titanium alloy, new energy. The Company expands rapidly. With more than 40 subsidiaries, LB Group manufactures titanium, zirconium, iron, scandium, vanadium and lithium, has manufacturing bases in nine provinces, employs more than 13,000 people and serves customers in more than 80 countries and regions.

To adapt to its rapid growth, the Company follows an internal control system of "full participation, hierarchical implementation and aggregation through administrative levels". In other words, the Company thoroughly and systematically governs and reviews key business processes by certain standards to optimize systems and processes, has established a self-assessment system and operational mechanism for the Group's internal controls, built up the appropriate internal control self-assessment workflow, methods and templates, and realized the day-to-day operation of internal control self-assessment, promoted the comprehensive upgrade of the internal control system and ensured the effectiveness of the internal control system by solidifying project results and setting up internal control assessment and accountability mechanism.

3. Governance Culture of "Law, Sense and Sensibility"

A culture of excellence is an exceedingly significant foundation and key to boosting the efficiency of corporate governance. Institutionalized management is likeness in form, likeness in spirit, however, is achieved by instilling a sense of corporate governance into the mind of each employee through corporate culture. The Company internalizes the culture of governance in the minds of all staff to form the values that govern employee behavior.

Chinese traditional concept of favors and interests is overly involved in the operation and management of modern enterprises, often affecting the realization of corporate strategic goals. In LB Group, when personal feelings conflict with the rules and principles of the Company, such as implementation of performance appraisal, KPI indicators and various rules and regulations, rules and principles come first.

In LB Group, the culture of governance puts law first, sense second and sensibility third; and in the eyes of employees from LB Group, law, the foundation and bottom line, shall not be transgressed, or the foundation of the business will collapse; sense or principle, the backbone of enterprise operation, cannot be eroded, or great undertakings cannot be achieved; and sensibility or affection, a connection and a necessary pliant mechanism for enterprise operation, helps the Company to develop a favorable work atmosphere and hence enhance efficiency.

4. High-quality Information Disclosure

The Company received an A rating on its 2020 disclosure assessment in July 2021, the first time it had received that result since going public. Out of 2,350 Shenzhen-listed companies that took part in the assessment, 417, or 17.74%, got an A rating, according to the 2020 annual disclosure made by Shenzhen Stock Exchange.

The Company has attached great value to information disclosure in recent years, building an institutional system, including the *Rules and Regulations Governing Information Disclosure Affairs* and the *Rules and Regulations on External Information Reporting and Use Management*, and an information disclosure accountability system with the Chairman as the first person responsible and the secretary of the Board of Directors as the direct person responsible, and constantly optimizing the work mechanism of its disclosure department to ensure that disclosures are truthful, accurate, complete, timely, fair and legal and compliant; the Company perceives investors as the most honorable partners, perseveres with multi-channel, multi-tiered and two-way communication, operates an "online and offline" channels and "1 platform + 4 meetings +2 hotlines" and makes communication accessible by offering dedicated services so that investors can have a complete and timely picture of all aspects of investors' concerns, including the Company's operations and financial conditions, better exercise their supervisory rights and protect their legitimate rights and interests; LB Group discloses its social responsibilities, including environmental, social and corporate governance (ESG) commitments, and voluntarily discloses information regarding its active involvement in matters in conformity to the national strategic guidelines; the Secretary of the Board of Directors is able to maintain an open line of communication with regulating organs, cooperate with them in their regulatory work and information collection in an active manner and organize publicity for the *Constitution* and the new *Securities Law of the PRC*.

5. Coexistence and Sharing of Righteousness and Benefits

Since going public, the Company has successfully implemented its employee stock ownership plan and stock incentive plan for two phases respectively and built and perfected its long-term incentive system to attract and retain talented people, effectively aligning the interests of shareholders, the Company and the core team with the initiative of senior management, middle-level management and key technical (business) personnel so that the Company maintains rapid revenue growth and its net profit, gross profit margin, return on equity and other indicators far outpace other companies in the industry; the Company follows the principle of steady, sustainable and scientific dividend payout and rewards the majority of shareholders who support the Company's development with good dividend returns. Since going public, the Company has paid more than RMB10 billion in cash dividends to

shareholders. The Company is one of the 14 public companies listed on both the "Best Returns list" and the "Sincere Returns List" in the 2018 cash dividend list of A-share listed companies jointly released by China Association for Public Companies, Shanghai Stock Exchange and Shenzhen Stock Exchange.

In the reporting period, the Company abides by the *Company Law*, the *Securities Law*, the *Code on Corporate Governance of Listed Companies*, the *Stock Listing Rules of the Shenzhen Stock Exchange*, the *Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Listed Companies* and other laws, regulations and normative documents of China Securities Regulatory Commission (CSRC), constantly enhances its corporate governance structure, optimizes its governance system and operating mechanism, builds a sound internal control and risk management system, continues to deepen its corporate governance, strictly enforces the management by the Board of Directors, the Board of Supervisors and the shareholders' meetings, performs its disclosure obligations pursuant to law, enhances investor relations management, and ensures that the Company operates in a standardized manner to protect the interests of investors under actual circumstances.

During the reporting period, the Company's internal governance structure is complete, sound and clear and meets the requirements set forth in the *Company Law*, the *Articles of Association* and other laws, regulations and normative documents. The actual corporate governance does not differ materially from the normative documents issued by the CSRC on public corporate governance.

Is there any significant difference between the actual corporate governance and the laws, administrative regulations, and CSRC regulations regarding public corporate governance?

☐ Yes ☒ No

There is no significant difference between the actual corporate governance and the laws, administrative regulations, and CSRC regulations regarding public corporate governance.

II. The Company's Independence of the Controlling Shareholder and the Actual Controller in Ensuring Corporate Assets, Personnel, Finance, Organization and Business

The Company is fully independent from its controlling shareholder and the actual controller in terms of assets, personnel, finance, organization and business and has independent and integrated business operations as well as independent business capacities.

1. In terms of assets: The Company has production and business premises independent of its controlling shareholder, an independent and complete asset structure, independent production system, auxiliary production system and supporting facilities, land use rights, housing titles and other assets, and an independent procurement and marketing system.

2. In terms of personnel: The Company is fully independent from any other individual or entity in terms of personnel, labor service, human resources and payroll. Presidents, Vice Presidents, Financial Officers and other senior executives of the Company serve and get paid by the Company, and do not serve and get paid by the Company's controlling shareholder and its subsidiaries.

3. In terms of finance: The Company has set up an independent Financial & Accounting Department as well as independent accounting system and financial management system, and makes independent financial decisions. Moreover, the Company has opened independent bank accounts, and pays taxes independently.

4. In terms of organization: The Company has established a sound organizational system, and runs independently without any mixed business operations or shared business premises with its controlling shareholder and other entities controlled by it.

5. In terms of business: The Company conducts business independent from its controlling shareholder and subsidiaries without relying on any shareholder or other affiliate, and has an independent and comprehensive supply-production-marketing system.

III. Horizontal Competition

☐ Applicable ☒ Not applicable

IV. Relevant Information of Annual General Meetings and Extraordinary General Meetings Held During the Reporting Period

1. General meetings held during the reporting period

Session	Type of meeting	Investor participation ratio	Meeting date	Date of disclosure	Meeting resolution
2020 Annual General Meeting of Shareholders	Annual general meeting	54.67%	May 6, 2021	May 7, 2021	The meeting deliberated and approved all of the motions, as detailed in <i>Announcement on the Resolutions of the</i>

					6th Extraordinary General Meeting of 2020 (No. 2021-063), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on May 7, 2021.
1st Extraordinary General Meeting of 2021	Extraordinary general meeting	51.91%	May 17, 2021	May 18, 2021	The meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolutions of the First Extraordinary General Meeting of 2021</i> (No. 2021-071), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on May 18, 2021.
2nd Extraordinary General Meeting of 2021	Extraordinary general meeting	53.76%	June 1, 2021	June 2, 2021	The meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolution of the Second Extraordinary General Meeting of 2021</i> , No. 2021-080, and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on June 2, 2021.
3rd Extraordinary General Meeting of 2021	Extraordinary general meeting	53.75%	June 24, 2021	June 25, 2021	The Meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolution of the Third Extraordinary General Meeting of 2021</i> (No. 2021-095), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on June 25, 2021.
4th Extraordinary General Meeting of 2021	Extraordinary general meeting	51.51%	August 20, 2021	August 21, 2021	The Meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolution of the Fourth Extraordinary General Meeting of 2021</i> (No. 2021-121), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on August 21, 2021.
5th Extraordinary General Meeting of 2021	Extraordinary general meeting	50.87%	August 30, 2021	August 31, 2021	The Meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolution of Fifth Extraordinary Shareholders' Meeting of 2021</i> (No. 2021-126), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on August 31, 2021.
6th Extraordinary General Meeting of 2021	Extraordinary general meeting	47.50%	November 10, 2021	November 11, 2021	The Meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolution of Sixth Extraordinary General Meeting of 2021</i> (No. 2021-155), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on November 11, 2021.
7th Extraordinary General Meeting of 2021	Extraordinary general meeting	46.57%	December 15, 2021	December 16, 2021	The Meeting deliberated and approved all of the motions, as detailed in the <i>Announcement on the Resolution of the Seventh Extraordinary General Meeting of 2021</i> (No. 2021-182), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on December 16, 2021.
8th Extraordinary	Extraordinary	47.48%	December	December	The Meeting deliberated and approved all

General Meeting of 2021	general meeting		24, 2021	25, 2021	of the motions, as detailed in the <i>Announcement on the Resolution of the Eighth Extraordinary General Meeting of 2021</i> (No. 2021-185), and published in <i>China Securities Journal</i> , <i>Securities Times</i> and on www.cninfo.com.cn on December 25, 2021.

2. Preferred stockholders with voting rights restored requested to hold an extraordinary general meeting

☐ Applicable ☒ Not applicable

V. Information of Directors, Supervisors and Officers

1. Basic Information

Name	Position	Employment status	Sex	Age	Starting date of appointment	Ending date of appointment	Number of shares held at the beginning of the period (share)	Number of shares increased in this period (share)	Number of shares decreased in this period (share)	Other increase and decrease (share)	Number of shares held at the end of the period (share)	Reasons for increase or decrease in shares
XU Gang	Chairman	Incumbent	Male	59	Jul. 5, 2002	April 21, 2023	416,642,402	207,589,367			624,231,769	Subscribe for private offering of the Company.
TAN Ruiqing	Vice Chairman of the Board	Incumbent	Male	56	Jul. 5, 2002	April 21, 2023	233,166,105		35,781,400		197,384,705	Reduce holding-shares.
HE Benliu	Director, President	Incumbent	Male	54	Apr. 24, 2005	April 21, 2023	22,208,592	2,802,000	5,552,148		19,458,444	He was granted restricted stock under the Company's 2021 restricted stock incentive plan; reduce holding-shares.
CHANG Yili	Director	Incumbent	Male	73	May 18, 2002	April 21, 2023	1,575,000	3,000,000			4,575,000	He was granted restricted stock under the Company's 2021 restricted stock incentive plan.
YANG Minle	Director	Incumbent	Male	66	May 18, 2002	April 21, 2023	1,714,125	5,600,000			7,314,125	He was granted restricted stock under the Company's 2021 restricted stock incentive plan.

SHEN Qingfei	Director, Financial Manager	Incumbent	Male	41	Apr. 4, 2014	April 21, 2023	656,250	2,800,000			3,456,250	He was granted restricted stock under the Company's 2021 restricted stock incentive plan.
ZHANG Qibin	Director	Incumbent	Male	57	May 18, 2002	April 21, 2023					0	
ZHOU Xiaokui	Director	Incumbent	Male	60	Apr. 24, 2017	April 21, 2023					0	
QIU Guanzhou	Independent Director	Incumbent	Male	73	April 22, 2020	April 21, 2023					0	
YU Xiaohong	Independent Director	Incumbent	Female	49	April 22, 2020	April 21, 2023					0	
LIN Suyue	Independent Director	Incumbent	Female	59	Jan. 3, 2018	April 21, 2023					0	
LI Li	Independent Director	Incumbent	Female	54	April 20, 2020	April 21, 2023					0	
FENG Jun	Chairman of the Board of Supervisors	Incumbent	Male	54	April 25, 2005	April 21, 2023	1,448,200				1,448,200	
DU Weili	Director	Incumbent	Male	44	April 22, 2020	April 21, 2023	10,300				10,300	
JIN Xinlu	Director	Incumbent	Male	46	April 22, 2020	April 21, 2023					0	
WU Pengsen	Executive Vice President and Compliance Manager	Incumbent	Male	42	January 17, 2022	April 21, 2023						Not applicable
ZHANG Haitao	Secretary of the Board and HR & Admin Director	Incumbent	Male	46	October 23, 2017	April 21, 2023		2,000,000			2,000,000	He was granted restricted stock under the Company's 2021 restricted stock incentive plan.

CHEN Jianli	R&D Vice President	Incumbent	Male	46	April 22, 2020	April 21, 2023	320,000	2,000,000		2,320,000	He was granted restricted stock under the Company's 2021 restricted stock incentive plan.
YAN Ming	Compliance Manager, Director of Personnel Administration	Resigned	Male	43	April 22, 2020	April 21, 2023		1,500,000		1,500,000	He was granted restricted stock under the Company's 2021 restricted stock incentive plan.
Total	--	--	1	--	--	--	677,740,974	227,291,367	41,333,548	863,698,793	--

Was any director, supervisor or officer dismissed during the reporting period?

☐ Yes ☒ No

Changes in directors, supervisors and senior executives of the Company

☒ Applicable ☐ Not applicable

Name	Position	Type	Date	Cause
XU Gang	President	Dismissed	January 14, 2022	Resigned due to a change in his work turnover.
HE Benliu	Executive Vice President	Dismissed	January 14, 2022	Resigned due to a change in his work turnover.
YAN Ming	Compliance Manager, Director of Personnel Administration	Dismissed	January 14, 2022	Resigned due to a change in his work turnover.
HE Benliu	President	Appointment	January 17, 2022	Election
WU Pengsen	Executive Vice President and Compliance Manager	Appointment	January 17, 2022	Election
ZHANG Haitao	HR & Admin Director	Appointment	January 17, 2022	Election

2. Roles and Responsibilities

Professional background, main work experience and current main duties in the Company of current directors, supervisors and senior executives

Board members:

Non-independent Director:

XU Gang, male, born in 1963, Chinese, no permanent residency abroad, master's degree. He has been serving as Chairman of Board of the Company since July 2002, President of the Company since April 2020 till January 2022, and Chairman of Board of Guangdong Orient Zirconic Industry Science and Technology Co., Ltd. since January 2020 till January 2022. He currently serves as Chairman of the Board and Secretary of the Party Committee of the Company.

TAN Ruiqing, male, born in 1966, Chinese, no permanent residency abroad, bachelor degree. He has been serving as Deputy Chairman of the Board of the Company since July 2002, served as Vice President of Marketing & Vice President of Procurement of the Company from December 2016 to April 2020, and has been serving as Executive Director and General Manager of Henan Yintai Investment Co., Ltd. and Executive Director and General Manager of Henan Yinke International Chemical Co., Ltd. since 2001. He currently serves as Deputy Chairman of the Board of the Company.

HE Benliu, male, born in 1968, Chinese, no permanent residency abroad, master's degree. He has been serving as Deputy General Manager since 2005 till January 2015, General Manager since January 2015 till December 2016, Executive Vice President and HR & Admin Director since December 2016 till April 2020, Director and Executive Vice President since April 2020 till January 2022 and Director and President of the Company since January 2022. He has been serving as Chairman of Board of Longbai Sichuan Titanium Industry since April 2017, Chairman of Board of Lomon Titanium Industry since August 2018, Director of Xinli Titanium Industry since June 2019, and Chairman of Board of Yunnan National Titanium since October 2019 till August 2021, and Director of Yunnan National Titanium since August 2021. He currently serves as Director and President of the Company.

CHANG Yili, male, born in 1949, Chinese, no permanent residency abroad, junior college degree, economist. He has been serving as Director of the Company since May 2002, and as Chairman of Board of Jiaozuo Billions United Pigment Co., Ltd. since September 2018. He currently serves as Director of the Company.

YANG Minle, male, born in 1956, Chinese, no permanent residency abroad, bachelor degree, senior engineer. He currently serves as Master's Tutor at Zhengzhou University, Editorial Board Member of the magazine Titanium Dioxide and Member of Expert Group of Jiaozuo City Safety Management Committee. He served as Director and Deputy General Manager of the Company from May 2002 to December 2016 and currently serves as Director of the Company.

SHEN Qingfei, male, born in 1981, Chinese, Master of Accounting. He has qualification certificates as accountant, financial professional economist and board secretary. He served as Deputy Director of Strategic Development Department of the Company from July 2003 to January 2006, and Manager Assistant of Securities Department, Deputy Director of Board Secretariat and Securities Affairs Representative of Guangdong Guanhao High -Tech Co., Ltd. from January 2006 to June 2008. And he served as Deputy Director of Internal Audit of Guangzhou Mopark

Department Store Co., Ltd. from June 2008 to January 2011, and Securities Affairs Representative of China Hainan Rubber Industry Group Co., Ltd. from January 2011 to October 2012. He served as Board Secretary of the Company from October 2012 to October 2017, and has been serving as Financial Manager of the Company since April 2014 and Director of the Company since April 2020. He has been serving as Chairman of Board of Rongjia Scandium Vanadium, Director of Longbai Titanium Industry since April 2017, Chairman of Board of Billions Finance Lease (Guangzhou) Co., Ltd. since October 2017, Director of Jiaozuo Billions United Pigment Co., Ltd. since September 2018, Executive Director of Shanghai Billions since January 2020, and Chairman of Board of Yili Microfinance since May 2020. He currently serves as Director and Financial Manager of the Company.

ZHANG Qibin, male, born in 1965, Chinese, no permanent residency abroad, junior college degree, economist. He has been Director of the Company since May 2002. He currently serves as General Manager of Tangyin County Yuxin Xylose Development Co., Ltd., Executive Director and General Manager of Anyang City Yuxin Xylitol Technology Co., Ltd., and Director of the Company.

ZHOU Xiaokui: male, born in 1962, Chinese, master's degree, engineer. He served as Deputy Chairman of the Board of Sichuan Lomon Titanium Industry Co., Ltd. from Oct. 2010 to Sept. 2013, Deputy General Manager and Director of Sichuan Lomon Titanium Industry Co., Ltd. from Sep. 2013 to Apr. 2017, R&D Vice President of the Company from Dec. 2016 to Aug. 2019, and Director of the Company since Apr. 2017. He currently serves as Director of the Company.

Independent directors:

QIU Guanzhou: male, born in February 1949 in Meizhou, Guangzhou Province, Chinese, doctoral degree, professor, doctoral supervisor and academician of Chinese Academy of Engineering. He is the academic leader of the Innovation Group of National Natural Science Foundation of China, chief scientist of National 973 Program in the field of biometallurgy, and Chairman of the 19th International Biometallurgy Conference, and was elected as Vice Chairman of International Society for Biometallurgy. Mr. QIU Guanzhou has received training and assessment, and has obtained the qualification certificate to serving as an independent director of the Company. He served as Vice President of Central South University of Technology and Vice President of Central South University, and has been serving as Professor and Doctoral Supervisor of Central South University since April 2010, Independent Director of Guangdong Hongda Blasting Co., Ltd. since December 2019, and Independent Director of Aluminum Corporation of China Limited (hereinafter referred to as “Chalco”) since June 2021. He has been serving as

Independent Director of the Company since April 2020.

YU Xiaohong: female, born in November 1973 in Shenzhen, Guangdong Province, Chinese, doctoral degree. She is one of the sixth group of top-notch innovative talents in Jilin Province, and one of the fifth group of experts with outstanding contributions in Changchun. She is also a member of the 8th Council of the Financial Cost Branch, Accounting Society of China, Vice Chairman of Jilin Province Auditing Society, a Management Accounting Expert Consultant in Jilin Province, a member of Jilin Province Senior Accountant Review Committee, and a Senior Expert of Jilin Province Accounting Society and a member of Jilin Province Accounting Theory Research Professional Committee. Ms. YU Xiaohong has received training and assessment, and has obtained the qualification certificate to serving as an independent director of the Company. Besides, she served as Professor, Deputy Dean and Dean of School of Accounting of Jilin University of Finance and Economics from March 2012 to December 2018, and has been serving as Professor of School of Economics and Management (in Shenzhen) of Harbin Institute of Technology since January 2019. He has been serving as Independent Director of the Company since April 2020.

LIN Suyue, female, born in 1963, Chinese, no permanent residency abroad, master's degree. Ms. LIN Suyue has received training and assessment, and has obtained the qualification certificate to serving as an independent director of the Company. She served as Vice Director of Provident Fund Center of Mengzhou Municipal Finance Bureau of Henan Province from July 1986 to October 1996, Manager of Henan Province Jiaozuo City Agricultural Development Company from October 1996 to October 2005 and Researcher of State-owned Assets Supervision and Administration Commission of Jiaozuo City, Henan Province from October 2005 to April 2017, and retired in April 2017. She has been serving as Independent Director of the Company since January 2018.

LI Li: female, born in July 1968 in Jiaozuo, Henan Province, Chinese, bachelor degree. Ms. LI Li has received training and assessment, and has obtained the qualification certificate to serving as an independent director of the Company. She has been serving as Director and Second-grade Lawyer of Henan Licheng Law Firm since March 2005, and currently serves as Vice Chairman of Jiaozuo Bar Association, Expert Legislative Consultant of Jiaozuo Municipal NPC Standing Committee, a member of the 10th, 11th and 12th CPPCC and Director of Jiaozuo Women and Children's Rights Protection Service Center. He has been serving as Independent Director of the Company since April 2020.

Members of board of supervisors:

FENG Jun, male, born in 1968, Chinese, no permanent residency abroad, bachelor degree. He has been serving as Supervisor of the Company since April 2005. And he currently serves as Chairman of the Board of Supervisors, Secretary of Committee for Discipline Inspection and Head of Labor Union of the Company.

DU Weili, male, Han nationality, born in August 1978, Chinese, no permanent residency abroad, bachelor degree. He has been serving the Company since January 2012, served as Deputy Director of Board Office of the Company, and currently serves as Director of Tendering Office of Longbai Sichuan Titanium Industry. He has been serving as Director of the Company since April 2020.

JIN Xinlu: male, Han nationality, born in March 1976, Chinese, no permanent residency abroad, bachelor degree. He used to serve Bolian Law Firm, and has been serving as Director of Legal Department of the Company since January 2020 and Employee Supervisor of the Company since April 2020.

Other senior executives:

WU Pengsen, male, born in 1980, Chinese, no permanent residency abroad, Master degree, senior engineer. He had been serving as Workshop Director of Jiangxi Kingan Hi-tech Co., Ltd. since July 2002 till December 2003; Production Manager of Shanghai Zhengrong Chemical Plant since March 2004 till May 2006, General Manager Assistant of the Company, Manager of Orient Zirconic Industry and Manager of Titanium Third Branch since June 2006 till December 2011, Technical Vice General Manager of the Company since January 2012 till December 2016, General Manager of Jiaozuo Base of the Company since January 2017 till December 2018, and General Manager of Longbai Sichuan Titanium Industry Co., Ltd., one of the subsidiaries of the Company since December 2018; currently he is Vice Chairman of China Chamber of International Commerce (CCOIC) Sichuan Branch, Vice President of Sichuan Chemical Industry Association, Vice President of Sichuan Technology Innovation Promotion Association; and he has been Executive Vice President and Compliance Manager of the Company since January 2022.

ZHANG Haitao, male, born in 1976, member of Communist Party of China, master's degree, Doctor of Economics and economist. He has qualifications in accounting and securities, and has passed the examination for board secretary qualification certificate organized by Shenzhen Stock Exchange. He served as manager of Investment Banking Department of Southern Securities Zhengzhou Business Department from July 1998 to December 2001

and Deputy Chief of the Budget Section and Deputy Secretary of the Youth League Committee of Jiaozuo Municipal Finance Bureau from December 2001 to September 2007 (from June 2003 to December 2006; he was an in-service student of Zhongnan University of Economics and Law for a master's degree in economics), learned full-time courses at Zhongnan University of Economics and Law for a doctorate degree in economics from September 2007 to July 2010, served as Deputy Chief of Budget Preparation Section of Jiaozuo Municipal Finance Bureau from July 2010 to January 2014, and Chief of Credit and Debt Section of Jiaozuo Municipal Finance Bureau from January 2014 to August 2017, and has been serving as Board Secretary of the Company since October 2017 and Board Secretary & Vice President of the Company since April 2020; he has been HR & Admin Director of the Company since January 2022 and is currently Secretary of the Board, Vice President and HR & Admin Director of the Company.

CHEN Jianli, male, Chinese, born in September 1976, master's degree, senior engineer. He has been serving the Company and in charge of research and development, quality management, marketing techniques, engineering projects, production processes and other aspects since July 2000, and used to serve as Director of Scientific Research Center, Director of Technology Research and Development Department, Deputy Technical Manager, Assistant General Manager, Assistant President, Deputy Director and Director of Longbai Research Institute, and other roles in the Company. Besides, he has been serving as Director of Rongjia Scandium Vanadium since July 2019, Director and General Manager of Yunnan National Titanium since October 2019, and Vice President of R&D of the Company since April 2020.

YAN Ming, male, Chinese, born in June 1979, bachelor degree. He used to serve Jiaozuo Township Enterprise Bureau, Jiaozuo Enterprise Development Service Bureau and Jiaozuo Industry and Information Commission (Bureau) and be responsible for comprehensive management, economic operation, enterprise reform, complaint handling and other aspects from September 2001 to March 2018, used to serve as Assistant President of the Company from June 2018 to April 2020 and has been serving as Director of President's Office and Director of HR Department of the Company since April 2018; he serves as Compliance Manager and HR & Admin Director of the Company from April 2020 to January 2022.

Office holding in share-holding entities

√ Applicable □ Not applicable

Name of officeholder	Name of shareholder	Position held in share-holding entities	Starting date of appointment	Ending date of appointment	Whether remuneration allowances are granted by the units to which shareholders belong
TAN Ruiqing	Henan Yintai Investment Co., Ltd.	Executive Director and General Manager	Sep. 1, 2016		Yes
ZHANG Qibin	Tangyin County Yuxin Xylose Development Co., Ltd.	General Manager	Sep. 1, 2001		No

Description of office holding in other entities

√ Applicable □ Not applicable

Name of officeholder	Name of other entities	Position held in other entities	Starting date of appointment	Ending date of appointment	Whether remuneration allowances are granted by other units
XU Gang	Henan Longbai Medical Health Co., Ltd.	Executive Director	August 25, 2020		No
TAN Ruiqing	Henan Yinke International Chemical Co., Ltd.	Director	Sep. 1, 2016		No
ZHANG Qibin	Anyang City Yuxin Xylitol Technology Co., Ltd.	Executive Director and General Manager	Mar. 7, 2017		Yes
QIU Guanzhou	Central South University	Professor	April 1, 2010		Yes
	Guangdong Hongda Blasting Co., Ltd.	Independent Director	December 27, 2019		Yes
	Aluminum Corporation of China Limited	Independent Director	June 29, 2021		Yes
YU Xiaohong	Harbin Institute of Technology (Shenzhen)	Professor	Jan. 1, 2019		Yes
LI Li	Henan Licheng Law Firm	Director	March 1, 2005		Yes

Penalties imposed by securities regulatory agencies on current directors, supervisors and senior executives of the Company and those who left during the reporting period in the past three years

□ Applicable √ Not applicable

3. Remunerations of Directors, Supervisors and Officers

Decision-making procedures, determination basis and actual payment of remunerations of directors, supervisors and senior executives

Decision-making procedures: The Company formulated the Measures for Management of Remunerations of Chairman of the Board, Chairman of the Board of Supervisors and Senior Executives which was reviewed and approved at the 25th meeting of the 6th board of directors held on December 27, 2019 and the 1st extraordinary

general meeting of 2020 held on January 13, 2020.

Determination basis: Remunerations for such personnel are determined according to the *Measures for Management of Remunerations of Chairman of the Board, Chairman of the Board of Supervisors and Senior Executives* reviewed and approved at the 1st extraordinary general meeting of 2020 of the Company and by taking into account of work division and business performance of the Company, individual performance, performance of duties, completion of responsibility objectives and other factors. Remunerations of independent directors and the directors and supervisors not working in the Company were determined in accordance with the Proposal on Adjusting the Allowances of Independent Directors, Non-Independent Directors and Supervisors of the Company passed at the first extraordinary general meeting of 2012.

Remunerations of directors, supervisors and senior executives of the Company in the reporting period

Unit: RMB ten thousand

Name	Position	Sex	Age	Employment status	Total pre-tax remunerations obtained from the Company	Whether compensation is obtained from affiliates of the Company
XU Gang	Chairman	Male	59	Incumbent	181.85	No
TAN Ruiqing	Vice Chairman of the Board	Male	56	Incumbent	168.61	Yes
HE Benliu	Director, President	Male	54	Incumbent	160.53	No
CHANG Yili	Director	Male	73	Incumbent	106.84	No
YANG Minle	Director	Male	66	Incumbent	107.79	No
SHEN Qingfei	Director, Financial Manager	Male	41	Incumbent	140.8	No
ZHANG Qibin	Director	Male	57	Incumbent	2.4	Yes
ZHOU Xiaokui	Director	Male	60	Incumbent	2.4	No
QIU Guanzhou	Independent Director	Male	73	Incumbent	8	No
YU Xiaohong	Independent Director	Female	49	Incumbent	8	No
LIN Suyue	Independent Director	Female	59	Incumbent	0	No
LI Li	Independent Director	Female	54	Incumbent	8	No
FENG Jun	Chairman of the Board of Supervisors	Male	54	Incumbent	106.2	No
DU Weili	Director	Male	44	Incumbent	24.22	No
JIN Xinlu	Director	Male	46	Incumbent	23.36	No
ZHANG Haitao	Secretary of the Board, Vice President and HR & Admin Director	Male	46	Incumbent	141.18	No
CHEN Jianli	R&D Vice President	Male	46	Incumbent	140.54	No
YAN Ming	Compliance Manager, Director of Personnel Administration	Male	43	Resigned	146.01	No
Total	--	--	--	--	1,476.73	--

VI. Directors' Performance of Duties during the Reporting Period

1. Board of Directors during the Reporting Period

Session	Meeting date	Date of disclosure	Meeting resolution
The 13th Meeting of the 7th Board of Directors	February 18, 2021	February 19, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on Using Raise Funds to Provide Loans to Its Holding Subsidiaries for Investment Projects</i> ; 2. <i>Proposal on Replacing Early Investment of Self-raised Funds in Project with Later Raised Funds</i> ; 3. <i>Proposal on Using Part of Idle Raised Funds to Replenish Working Capital</i> ; 4. <i>Proposal on Investment for Establishment of Wholly Owned Subsidiaries</i> .
The 14th Meeting of the 7th Board of Directors	February 22, 2021	February 23, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on the Use of Bank Acceptance Drafts by the Company and Its Holding Subsidiaries to Pay the Funds Needed for the Raised Funds for Investment Projects</i> .
The 15th Meeting of the 7th Board of Directors	March 9, 2021	March 10, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary" and Its Summary</i> ; 2. <i>Proposal on the Company's <Implementation, Assessment and Management Methods> for 2021 Restricted Stock Incentive Plan"</i> ; 3. <i>Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Concerning Stock Ownership Incentives</i> .
The 16th Meeting of the 7th Board of Directors	March 24, 2021	March 25, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on Increasing Capital for Its Subsidiaries</i> ; 2. <i>Proposal on Acquisition of 100% of Shares of Henan Zhongtan New Material Technology Co., Ltd.</i> ; 3. <i>Proposal on Acquisition of 100% of Shares of Chaoyang Donggao New Material Co., Ltd.</i>
The 17th Meeting of the 7th Board of Directors	April 14, 2021	April 16, 2021	The meeting reviewed and approved the following motions: 1. The meeting has reviewed and approved the <i>Work Report of the Board of Directors for 2020</i> and agreed to submit it to the General Meeting of Shareholders in 2020 for review; 2. The meeting has reviewed and approved the <i>President's Work Report for 2020</i> ; 3. The meeting has reviewed and approved the <i>Annual Report for 2020</i> (full text and summary) and agreed to submit it to the General Meeting of Shareholders in 2020 for review; 4. The meeting has reviewed and approved the <i>Annual Financial Report for 2020</i> and agreed to submit it to the General Meeting of Shareholders in 2020 for review; 5. The meeting has reviewed and approved the <i>Annual Profit Distribution Plan for 2020</i> and agreed to submit it to the General Meeting of Shareholders in 2020 for review; 6. The meeting has reviewed and approved the <i>Annual Internal Control Self-Assessment Report for 2020</i> and agreed to submit it to the General Meeting of Shareholders in 2020 for review; 7. The meeting has reviewed and approved the <i>Annual Social Responsibility Report for 2020</i> ; 8. The meeting has reviewed and approved the <i>Proposal on Writing off Part of the Losses of Fixed Assets</i> ; 9. The meeting has reviewed and approved the <i>Proposals Regarding Day-to-day Related Party Transactions in 2020 and Projected Day-to-day Related Party Transactions in 2021</i> ; 10. The meeting has reviewed and approved the <i>Proposal on Applying for Credit Line from Bank</i> ; 11. The meeting has reviewed and approved the <i>Proposal to Accept Share Transfer from Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership)</i> and agreed to submit it to the General Meeting of Shareholders in 2020 for review; 12. The meeting has reviewed and approved the <i>Proposal to Change the Company's Registered Capital and Amend Its "Articles of Association"</i> and agreed to submit it to the General Meeting of Shareholders in 2020 for review;

			13. The meeting has reviewed and approved the <i>Outline of Lomon Billions' Development under the "14th Five-year Plan"</i> ; 14. The meeting has reviewed and approved the <i>Proposal to Convene the Annual General Meeting of Shareholders in 2020</i> .
The 18th Meeting of the 7th Board of Directors	April 19, 2021	April 20, 2021	The meeting reviewed and approved the following motions: 1. <i>The Text and Full Text of the Report for the First Quarter of 2021</i> ; 2. <i>The Profit Distribution Plan for the First Quarter of 2021</i> ; 3. <i>Proposal on Changes in Accounting Policies</i> ;
The 19th Meeting of the 7th Board of Directors	April 29, 2021	April 30, 2021	The meeting reviewed and approved the following motions: 1. The meeting has reviewed and approved the <i>Proposal on the Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and Its Summary</i> and agreed to submit it to the 1st Extraordinary General Meeting of 2021 for review; 2. The meeting has reviewed and approved the <i>Proposal on the Company's <Implementation, Assessment and Management Methods for 2021 Restricted Stock Incentive Plan></i> and agreed to submit it to the 1st Extraordinary General Meeting of 2021 for review; 3. The meeting has reviewed and approved the <i>Proposal Authorizing the Management to Initiate Preparations for an Overseas Listing of H-shares on the Stock Exchange of Hong Kong Ltd. (SEHK)</i> ; 4. The meeting has reviewed and approved the <i>Proposal to Decrease the Registered Capital and Related Party Transactions of Its Holding Subsidiaries</i> ; 5. The meeting has reviewed and approved the <i>Proposal to Convene the 1st Extraordinary General Meeting of 2021</i> .
The 20th Meeting of the 7th Board of Directors	May 14, 2021	May 17, 2021	The meeting reviewed and approved the following motions: 1. The meeting has reviewed and approved the <i>Proposal to Change the Company's Name, Securities Abbreviation and Amend Its "Articles of Association"</i> and agreed to submit it to the 2nd Extraordinary General Meeting of 2021 for review; 2. The meeting has reviewed and approved the <i>Proposal to Convene the 2nd Extraordinary General Meeting of 2021</i> .
2. The 21st Meeting of the 7th Board of Directors	May 28, 2021	May 29, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on Adjusting the Price of the First Grant of Restricted Stock Ownership Incentive Plan in 2021</i> ; 2. <i>Proposal on First Grant of Restricted Stock to Part of Incentive Recipients</i> ; 3. <i>Proposal to Establish a Subsidiary</i> .
The 22nd Meeting of the 7th Board of Directors	June 8, 2021	June 9, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal to Issue H-shares and List Them on the Main Board of the SEHK</i> ; 2. <i>Proposal for the Plan to Issue H-shares and List Them on the Main Board of the SEHK</i> ; 3. <i>Proposal on the Company's Application for Conversion to an Overseas Offering Incorporated Company</i> ; 4. <i>Proposal to Register the Company as a Non-Hong Kong Company with the Hong Kong Companies Registry</i> ; 5. <i>Proposal Regarding the Use of Funds Raised for the Company's Overseas H-share Offering</i> ; 6. <i>Proposal to Report on the Use of the Company's Previous Fundraising</i> ; 7. <i>Proposal for the Company to Issue H-shares and Roll over Profit Distribution prior to Listing</i> ; 8. <i>Proposal to Request the General Meeting of Shareholders to Authorize the Company's Board of Directors and Its Authorized Persons to Handle All Matters Related to This H-share Offering and Listing</i> ; 9. <i>Proposal to Determine the Authorized Persons of the Board of Directors</i> ; 10. <i>Proposal to Amend the Existing "Articles of Association of LB Group Co., Ltd." in Effect</i> ; 11. <i>Proposal to Prepare the "Articles of Association of LB Group Co., Ltd." (Draft) Applicable after the Issuance and Listing of H-shares</i> ; 12. <i>Proposal to Prepare the "Rules of Procedure for the General Meeting of Shareholders of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares</i> ; 13. <i>Proposal to Prepare the "Rules of Procedure for the Board of Directors of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares</i> ; 14. <i>Proposal to Prepare the "Rules of Procedure for the Nominating Committee of the Board of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares</i> ; 15. <i>Proposal to Prepare the "Rules of Procedure for the Remuneration and Assessment</i>

			Committee of the Board of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 16. Proposal to Prepare the "Rules of Procedure for the Audit Committee of the Board of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 17. Proposal to Prepare the "Rules of Procedure for the Strategy Committee of the Board of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 18. Proposal to Prepare the "Regulations on the Administration of Information Disclosure of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 19. Proposal to Prepare the "Related Transaction Rules and Procedures of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 20. Proposal to Prepare the "Regulations on Archives Management of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 21. Proposal to Prepare the "Regulations on Confidentiality Management of LB Group Co., Ltd." Applicable after the Issuance and Listing of H-shares; 22. Proposal to Hire Foreign Audit Authority of Lomon Billions Group Co., Ltd.; 23. Proposal Regarding the Validity of the Company's Resolution to Issue H-shares and Go Public; 24. Proposal to Insure Directors, Supervisors and Officers Liability Insurance and Prospectus Liability Insurance; 24. Proposal to Convene the Third Extraordinary General Meeting in 2021 of Lomon Billions Group Co., Ltd.
The 23rd Meeting of the 7th Board of Directors	July 25, 2021	July 26, 2021	The meeting reviewed and approved the following motions: 1. Proposal to Set up a Joint Venture with Wanrun New Energy to Build a 100,000-ton Ferric Phosphate Production Line; 2. Proposal to Incorporate Chongqing High-end Light Alloy Research Institute Co., Ltd. with Chinalco Advanced Manufacturing Co., Ltd. and Other Companies; 3. Proposal to Donate Money to Support Flood Relief in Henan Province.
The 24th Meeting of the 7th Board of Directors	August 4, 2021	August 5, 2021	The meeting reviewed and approved the following motions: 1. The meeting has passed the Proposal to Nominate Additional Independent Directors for the Seventh Board of Directors of the Company as Required for H-share Listed Companies and agreed to submit it to the 4th Extraordinary General Meeting of 2021 for review; 2. Proposal on Applying to the SEHK for an E-Submission System; 3. Proposal to Lay down the "Risk Management Regulations for LB Group Co., Ltd."; 4. Proposal to Lay down the "Anti-money Laundering Regulations for LB Group Co., Ltd."; 5. The meeting has passed the Proposal to Change the Registered Capital and Amend the "Articles of Association" and agreed to submit it to the 4th Extraordinary General Meeting of 2021 for review; 6. Proposal to Invest in a 7 Million tons Green and Efficient Mineral Beneficiation Project; 7. Proposal to Invest in a 30,000 tons/Year Rotor-level Titanium Sponge Technology Upgrading and Transformation Project; 8. The meeting has reviewed and approved the Proposal to Guarantee Subsidiaries and agreed to submit it to the 4th Extraordinary General Meeting of 2021 for review; Proposal to Convene the 4th Extraordinary General Meeting of 2021.
The 25th Meeting of the 7th Board of Directors	August 12, 2021	August 13, 2021	The meeting reviewed and approved the following motions: 1. The meeting has reviewed and approved the Proposal to Invest in a Project to Industrialize Lithium-ion Battery Materials with an Annual Capacity of 200,000 tons and agreed to submit it to the 5th Extraordinary General Meeting of 2021 for review; 2. The meeting has reviewed and approved the Proposal to Invest in a 200,000-ton/Year Battery Material-level Ferric Phosphate Project and agreed to submit it to the 5th Extraordinary General Meeting of 2021 for review; 3. The meeting has passed the Proposal to Invest in a Project to Build Artificial Graphite Cathode Materials for Lithium-ion Batteries with Annual Output of 100, 000 tons and agreed to submit it to the 5th Extraordinary General Meeting of 2021 for review; 4. The meeting has passed the Proposal to Invest in a 100, 000-ton/Year Chlorination Titanium Dioxide Expansion Project and agreed to submit it to the 5th Extraordinary General Meeting of 2021 for review; 5. The meeting has passed the Proposal to Convene the 5th Extraordinary General Meeting of 2021.

The 26th Meeting of the 7th Board of Directors	August 23, 2021	August 24, 2021	The meeting reviewed and approved the following motions: 1. <i>The 2021 Semiannual Report (Full Text and Summary)</i> ; 2. <i>Proposal to Elect Members of the Audit Committee of the Seventh Board of Directors after Issuing H-shares and Going Public</i> ; 3. <i>Proposal to Make "Rules Governing the Ownership and Change of Shares Held by Directors, Supervisors and Officers of the Company" after Issuing H-shares and Going Public</i> ; 4. <i>Proposal Regarding the "Special Report on the Deposit and Use of Raised Funds for the 2021 Semiannual Period"</i> .
The 27th Meeting of the 7th Board of Directors	September 3, 2021	September 4, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on Granting Restricted Stock to Incentive Recipients Whose Grants Deferred</i> ; 2. <i>Proposal Adjust the Company's Projected Amount for Day-to-day Related-Party Transactions in 2021</i> ;
The 28th Meeting of the 7th Board of Directors	October 25, 2021	October 26, 2021	The meeting reviewed and approved the following motions: 1. <i>The Report for the Third Quarter of 2021</i> ; 2. The meeting has reviewed and approved the <i>Profit Distribution Plan for the Third Quarter of 2021</i> and agreed to submit it to the 6th Extraordinary General Meeting of 2021 for review; 3. The meeting has reviewed and approved the <i>Proposal on the Hiring of an Accounting Firm</i> and agreed to submit it to the 6th Extraordinary General Meeting of 2021 for review; 4. The meeting has passed the <i>Proposal to Invest in 200,000 tons of Titanium Dioxide, Vanadium and Scandium and Other Rare-metal Comprehensive Recycling Demonstration Project (Supporting a Million tons of High-salt Wastewater Treatment Project)</i> and agreed to submit it to the 6th Extraordinary General Meeting of 2021 for review; 5. The meeting has passed the <i>Proposal to Change the Company's Registered Capital and Amend the "Articles of Association"</i> and agreed to submit it to the 6th Extraordinary General Meeting of 2021 for review; 6. <i>Proposal to Hire a Securities Representative</i> ; 7. The meeting has passed the <i>Proposal to Convene the 6th Extraordinary General Meeting of 2021</i> .
The 29th Meeting of the 7th Board of Directors	November 29, 2021	November 30, 2021	The meeting reviewed and approved the following motions: 1. <i>Proposal on Repurchase and Cancellation of Part of Restricted Stock</i> ; 2. The meeting has passed the <i>Proposal to Decrease the Registered Capital and Amend the "Articles of Association"</i> and agreed to submit it to the 7th Extraordinary General Meeting of 2021 for review; 3. The meeting has reviewed and approved the <i>Proposal to Invest in an Integrated Project to Produce 200,000 tons of Lithium-ion Battery Cathode Materials Per Year</i> and agreed to submit it to the 7th Extraordinary General Meeting of 2021 for review; 4. <i>Proposal to Convene the 7th Extraordinary General Meeting of 2021</i> .
The 30th Meeting of the 7th Board of Directors	December 8, 2021	December 9, 2021	The meeting reviewed and approved the following motions: 2. The meeting has passed the <i>Proposal on the Company's Request for a Bank Line of Credit in 2022</i> and agreed to submit it to the 8th Extraordinary General Meeting of 2021 for review; 2. <i>Proposal on the Development of Foreign Exchange Hedging</i> ; 3. The meeting has reviewed and approved the <i>Proposal on Guaranteeing Subsidiaries</i> and agreed to submit it to the 8th Extraordinary General Meeting of 2021 for review; 4. <i>Proposal to Increase Capital for Subsidiaries</i> ; 5. <i>Proposal to Convene the 8th Extraordinary General Meeting of 2021</i> .

2. Participation by Directors in Board Meetings and General Meetings

Participation by Directors in Board Meetings and General Meetings							
Name of director	Number of times of participating in board meeting during the reporting period	Number of times of participating in on-site board meeting	Number of times of participating in board meeting by correspondence	Number of times of participating in board meeting through proxy	Number of times of absence from board meeting	Whether the director has not personally attended board meeting twice in a row	Number of times of participation in general meeting
XU Gang	18	18	0	0	0	No	9
TAN Ruiqing	18	18	0	0	0	No	9
CHANG Yili	18	18	0	0	0	No	9
YANG Minle	18	2	16	0	0	No	9
HE Benliu	18	18	0	0	0	No	9
SHEN Qingfei	18	18	0	0	0	No	9
ZHANG Qibin	18	0	18	0	0	No	1
ZHOU Xiaokui	18	0	17	0	1	No	0
QIU Guanzhou	18	2	16	0	0	No	1
YU Xiaohong	18	2	16	0	0	No	1
LIN Suyue	18	18	0	0	0	No	9
LI Li	18	18	0	0	0	No	9

Explanation for absence from board meeting in person for two consecutive times

Not applicable

3. Objections Raised by Directors to Relevant Matters of the Company

Objections Raised by Directors to Relevant Matters of the Company

☐ Yes ☒ No

Directors raised no objection to any matter of the Company in the reporting period.

4. Additional Information on Performance of Duties by Directors

Was the directors' advice to the Company followed?

☒ Yes ☐ No

Description on adopting or not adopting relevant recommendations proposed by directors to the Company

During the reporting period, directors attended board meetings and general meetings, performed their duties and provided constructive opinions and suggestions on the Company's development policy under laws and regulations, including the *Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Listed Companies* and

the *Stock Listing Rules of the Shenzhen Stock Exchange*, as well as the Company's *Articles of Association*. Independent directors, in accordance with the *Company Law*, the *Securities Law*, *Stock Listing Rules of the Shenzhen Stock Exchange*, the *Articles of Association*, the *Work Rules for Independent Directors* and other applicable regulations, were concerned with normative operation of the Company, performed duties independently, diligently and conscientiously, provided a great many valuable professional suggestions on the Company's rule and regulation improvement and daily business decision-making, supervised, in a prudent manner, the use of funds raised, restricted stock incentive plan, daily related party transactions, external guarantees, profit distribution plan, accounting firm appointment, foreign exchange hedging, among other things, occurring to the Company during the reporting period, offered professional independent suggestions, maintained full independence in the work, served all shareholders with care, loyalty and diligence, and effectively protected the interests of the Company and all shareholders.

VII. Information on the Special Committees under the Board of Directors during the Reporting Period

Names of the committees	Members	Number of the meetings held	Meeting date	Content	Important comments and suggestions	Other information on performance of duties	Details of the objection (if any)
Audit Committee of the Board	YU Xiaohong (Convener), LI Li and SHEN Qingfei	6	March 31, 2021	Review: 1. Written Advice for the CPA on the Company's Financial Statements Following the Preliminary Audit Opinion; 2. Accountants' Summary Report of Their Audit in 2020	Passed		
			April 13, 2021	Review: 1. Audit Report on the Company's Internal Control Performance in 2020; 2. Internal Control Audit Plan for 2021; 3. Communications with the Audit Committee and Independent Directors during the Closing Phase of the Audit.	Passed		
			April 16, 2021	Review: 1. Audit Report on the Implementation of Internal Control from January to March of 2021; 2. Report for the First Quarter of 2021; 3. Report on the Deposit and Use of Funds Raised in the First Quarter of 2021.	Passed		
			June 5, 2021	Review: Proposal to Hire Foreign Audit Authority of Lomon Billions Group Co., Ltd.	Passed		
			August 18, 2021	Review: 1. Semi-annual Audit Report on the Implementation of Internal Control in 2021; 2. Semi-annual Report for 2021; 3. Semi-annual Report on the Deposit and Use of Funds Raised in 2021.	Passed		
			October 22, 2021	Review: 1. Report for the Third Quarter of 2021; 2. Audit Report on the Implementation of Internal Control from January to September of 2021; 3. Report on the Deposit and Use of Funds Raised in the First Three Quarters of 2021; 4. Proposal on the Hiring of an Accounting Firm.	Passed		
Strategy Committee of the Board	XU Gang (Convener), TAN Ruiqing,	9	February 18, 2021	Review: 1. Proposal to Use Raise Funds to Provide Loans to Holding Subsidiaries for Investment Projects; 2. Proposal to Invest in a Wholly Owned Subsidiary.	Passed		

	HE Benliu and LIN Suyue		March 23, 2021	Review: 1. Proposal to Increase Capital for Subsidiaries; 2. Proposal to Acquire 100% of the Equity of Henan Zhongtan New Materials Technology Co., Ltd.; 3. Proposal to Acquire 100% of the Equity of Chaoyang Donggao New Material Co., Ltd. ("Chaoyang Donggao").	Passed		
			April 13, 2021	Review: 1. Proposal on Investment in Establishment of a Wholly-Owned Subsidiary; 2. Proposal to Accept Share Transfer from Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership); 3. The Company's Outline under the "14th Five-year Plan".	Passed		
			July 23, 2021	Review: 1. Proposal to Set up a Joint Venture with Wanrun New Energy to Build a 100,000-ton Ferric Phosphate Production Line; 2. Proposal to Incorporate Chongqing High-end Light Alloy Research Institute Co., Ltd. with Chinalco Advanced Manufacturing Co., Ltd. and Other Companies.	Passed		
			August 2, 2021	Review: 1. Proposal to Invest in a 7 Million-ton Green and Efficient Mineral Beneficiation Project; 2. Proposal to Invest in a 30,000 tons/Year Rotor-level Titanium Sponge Technology Upgrading and Transformation Project;	Passed		
			August 11, 2021	Review: 1. Proposal to Invest in a Project to Industrialize Lithium-ion Battery Materials with an Annual Capacity of 200,000 tons; 2. Proposal to Invest in a 200,000-ton/Year Battery-grade Ferric Phosphate Project; 3. Project to Build Artificial Graphite Cathode Materials for Lithium-ion Batteries with Annual Output of 100,000 tons; 4. Proposal to Invest in a 100, 000-ton/Year Chlorination Titanium Dioxide Expansion Project.	Passed		
			October 20, 2021	Review: Proposal to Invest in 200,000 tons of Titanium Dioxide, Vanadium and Scandium and Other Rare-metal Comprehensive Recycling Demonstration Project (Supporting a Million tons of High-salt Wastewater Treatment Project).	Passed		
			November 24, 2021	Review: Proposal to Invest in an Integrated Project to Produce 200,000 tons of Lithium-ion Battery Cathode Materials Per Year.	Passed		
			December 3, 2021	Review: Proposal to Increase Capital for Subsidiaries.	Passed		
Nomination Committee under the Board of Directors	QIU Guanzhou (Convener), YU Xiaohong and XU Gang	1	August 2, 2021	Review: Proposal to Review and Recommend Independent Director Candidates for the Company's Board.	Passed		
Remuneration and Assessment Committee under the Board of Directors	LI Li (Convener), QIU Guanzhou, CHANG Yili	2	January 28, 2021	Review: Distribution Plan for Performance Awards in 2020.	Passed		
			March 8, 2021	Review: 1. Proposal on the Company's <Restricted Stock Incentive Plan (Draft) for 2021> and Its Summary; 2. Proposal on the Company's Implementation, Assessment and Management Methods for 2021 Restricted Stock Incentive Plan; 3. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Concerning Stock Ownership Incentives.	Passed		

VIII. Work of the Board of Supervisors

Whether any risk was found by the board of supervisors in the Company during the reporting period

☐ Yes ☒ No

The Board of Supervisors had no objection to the matters under supervision during the reporting period.

IX. Employees of the Company

1. Number, professional background and education level of employees

Number of on-job employees in parent company at the end of the reporting period (persons)	1,989
Number of on-job employees in major subsidiaries at the end of the reporting period (persons)	11,729
Total number of on-job employees at the end of the reporting period (persons)	13,718
Total number of employees receiving remunerations in the current period (person)	13,718
Number of retired employees to whom payment is made by parent company and major subsidiaries (person)	0
Specialty	
Type of specialty	Number of professionals (person)
Production personnel	10,299
Marketing personnel	282
Technical personnel	2,346
Financial personnel	174
Administrative personnel	617
Total	13,718
Educational background	
Category of degree of education	Number
Master's degree and above	267
Bachelor degree	1,734
Junior college degree	2,800
High school degree	1,886
Technical school graduate	2,803
Middle school degree and below	4,228
Total	13,718

2. Remuneration policies

(I) General remuneration provisions

(1) Remuneration, an embodiment of employee value, is the reward that employees receive for performing job duties and creating value. The Company's remuneration philosophy is to "pay by position, performance and ability" and values value creation, evaluation and distribution; the Company takes ability and performance as the most fundamental criteria for evaluating employee value and determines remuneration structure based on post characteristics, employee capabilities and job performance, and has built a value distribution system focusing on matching between employee contributions and remuneration.

(2) Basic principles

Based on the basic principles of external competitiveness, internal fairness, employee incentives, corporate

profitability and social legitimacy, the Company ensures the competitiveness of its remuneration standards. Through scientific and rigorous job valuation and qualification evaluation, the Company evaluates the value created by employees to the Company as a whole in a fair manner, determines remuneration based on employees' work performance and under national and local labor and personnel policies and regulations, and pays due taxes according to law.

(3) Employees' total remuneration is primarily composed of base salary, individual bonus, allowances and subsidies, year-end bonus.

(II) Remuneration evaluation

(1) The Company conducts employee remuneration assessment by using the monthly performance assessment method in terms of actual monthly income-output accomplishment rate, department performance, job responsibilities, comprehensive quality, among other things.

(2) The Company conducts monthly evaluation on its subsidiaries in accordance with the annual performance evaluation program or the economic liability contract, mainly covering monthly production and business results of each subsidiary in terms of output, quality, cost, safety and environmental protection of products.

(III) Employee benefits

(1) Employees on duty and offering labor services as required are entitled to various social insurance funds and housing provident fund subject to applicable national laws and regulations and the Company's policies.

(2) Each employee is entitled to seniority allowance as per his/her length of service in the Company.

(3) Employees on duty as required every month are entitled to meal, medical, travel and other subsidies.

The (Group) Company strives to keep reforming its remuneration and benefits system, thoroughly optimize remuneration and benefits of employees, and build a sound remuneration and welfare system to allow employees to benefit from its profits and to enhance employees' sense of belonging, belief and happiness. The Company will strive to achieve a better situation in which "the Company functions well and employees live in harmony" with more competitive remunerations and benefits, more human-oriented welfare mechanism and more scientific

management.

3. Training plan

(I) Guiding principles

Orderly transit and cement basic knowledge; focus on training quality and learning outcomes in the class; keep a close eye on safety production, and improve the comprehensive quality of all employees; advocate the mission and pass on the tenet of Longbai; cultivate qualified talents to support the high-quality development of Longbai.

(II) Training objectives

In line with the needs of its strategic development and the progress in modern science, technology and management, the Company provides employees with on-the-job training to (1) gradually build a study-oriented enterprise and meet its demands of human resources for strategic development and routine business management activities; (2) ensure that employees possess the knowledge, skills, attitude and experience necessary to perform their jobs at a high level, help to improve employees' career planning, and promote employees to constantly enhance their professional skills and other overall qualities; (3) reinforce the core competitiveness and cohesion of the Company, give publicity to corporate culture, promote the implementation of corporate strategy, and ensure sustained and healthy development of the Company.

(III) Training principles

1. Apply the general management rules and the personnel management criteria, promote cultivation of all employees by training all employees, and promote decent employment of all employees by offering training to employees;
2. Adhere to the principle of train and cultivate the staff with "good character, high quality, strong capability and high efficiency" to enhance their attitude to work, job skills and professional quality in a systematic manner;
3. Fulfill the principle of "acquiring knowledge through experience, and applying knowledge to practice", implement the training performance management in an all-round way, and give strong backing to personnel strategic objectives.

(IV) Main objectives

1. Standardize classroom teaching, implement common practices of training, focus on detailed lecturing and frequent exercises, ensure learning outcomes in the class, and build an easy-to-operate, practical and effective quality evaluation mechanism.
2. Create sound conditions, offer high-quality courses, focus on supporting the growth of registered trainers, and establish a Longbai training system with quality-reliable trainers and courses.
3. Support front-line production, make clear of important and difficult points, focus on safety production and professional capabilities and on training key personnel, and accumulate experience for conducting regular qualification trainings.
4. Make good use of supporting policies, expand corporate influence, and explore new ways for training & education reform of the School of Management through business ideas.
5. Focus on constant optimization and improvement, and conduct three-level forums as planned. Carry forward the professional spirit and rigorous attitude by relying upon LB Group's values and excellent corporate culture.

4. Labor outsourcing

☐ Applicable ☒ Not applicable

X. Profit Distribution of the Company and Conversion of Capital Reserve to Share Capital

Profit distribution policies, particularly development, implementation or adjustment of cash dividend policies, during the reporting period

☒ Applicable ☐ Not applicable

The Company has worked out and is strictly implementing its *Shareholder Return Plan for the Next Three years* (2020-2022). The plan has been reviewed and approved at the 2nd meeting of the 7th Board of Directors and the 3rd extraordinary general meeting in 2020 of the Company, with relevant content in the plan published on <http://www.cninfo.com.cn>. The Company implements its profit distribution plan strictly pursuant to the *Decision on Amending Some Provisions on Cash Dividends by Listed Companies* and the *Notice on Further Implementing Matters Concerning Cash Dividends of Listed Companies* issued by China Securities Regulatory Commission, the *Articles of Association* of the Company and other rules and regulations.

During the reporting period, the Company's good-faith implementation of its cash dividends distribution policies was in line with the provisions of its Articles of Association or the requirements of the resolutions made at general meetings, matched with the growth of performance and future development plan of the Company, and successfully safeguarded the interests of all shareholders.

On May 6, 2021, the Company's Annual General Meeting in 2020 reviewed and approved the Profit Distribution Plan of the Company for the first quarter of 2021: distribute cash dividends of RMB9 (tax inclusive) for every 10 shares to all shareholders based on the Company's total share capital of 2,239,610,256 shares as at March 31, 2021 and distribute cash dividends of RMB2,015,649,230.40 (tax inclusive) in total. The Profit Distribution Plan was completely implemented on May 17, 2021. For details, please refer to the *Equity Distribution Implementation Announcement for the First Quarter of 2021* (Announcement No.: 2021-064) published by the Company on *China Securities Journal*, *Securities Times* and <http://www.cninfo.com.cn> on May 10, 2021.

On November 10, 2021, the Company's 6th Extraordinary General Meeting of 2021 reviewed and approved the Profit Distribution Plan of the Company for the third quarter of 2021: distribute cash dividends of RMB2.50 (including tax) for every 10 shares to all shareholders based on the Company's total share capital of 2,381,470,256 shares as at September 30, 2021 and distribute cash dividends of RMB595,367,564.00 (tax inclusive) in total. The Profit Distribution Plan was completely implemented on November 19, 2021. For details, please refer to the *Equity Distribution Implementation Announcement for the Third Quarter of 2020* (Announcement No.: 2021-156) published by the Company on *China Securities Journal*, *Securities Times* and <http://www.cninfo.com.cn> on November 13, 2021.

Special Notes on Cash Dividends Distribution Policies	
Whether the provisions of the Company's Articles of Association or the requirements of the resolutions made at general meeting are satisfied:	Yes
Whether the standards and proportions of dividends distribution are clear:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors have performed their duties and played their due role:	Yes
Whether minority shareholders have the opportunity to fully express their opinions and appeals, and have their legitimate rights and interests fully protected:	Yes
Whether relevant conditions and procedures are compliant and transparent where any adjustment or change is made to cash dividends distribution policies:	Not applicable

The Company was profitable and the parent company had positive distributable profit for shareholders but had not proposed a cash dividend distribution plan during the reporting period.

☐ Applicable ☒ Not applicable

Profit distribution and transfer of capital reserve into share capital during the reporting period

☐ Applicable ☒ Not applicable

The Company plans to neither pay cash dividends or bonus shares nor raise capital with accumulation funds.

XI. Implementation of the Company's Stock Ownership Incentives Plan, Employee Stock Ownership Plan or Other Employee Incentives

☒ Applicable ☐ Not applicable

1. Stock Ownership Incentive

Implementation of the restricted stock incentive plan in 2021:

(1) The 15th meeting of the Seventh Board of Directors, held on March 9, 2021, reviewed and approved the *Proposal on the Company's <Restricted Stock Incentive Plan for 2021 (Draft) >and Its Summary*, the *Proposal on the Company's Implementation, Assessment and Management Methods for 2021 Restricted Stock Incentive Plan* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Concerning Stock Ownership Incentives*, and the independent directors expressed concurred independent opinions on the proposed incentive plan. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on March 10, 2021.

(2) The 15th meeting of the Seventh Board of Directors, held on March 9, 2021, reviewed and approved the *Proposal on the Company's <Restricted Stock Incentive Plan for 2021 (Draft) >and Its Summary*, the *Proposal on the Company's Implementation, Assessment and Management Methods for 2021 Restricted Stock Incentive Plan* and the *Proposal to Verify the Company's "List of Incentive Recipients of the Restricted Stock Incentive Plan in 2021"*. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on March 10, 2021.

(3) The 19th meeting of the Seventh Board of Directors, held on April 29, 2021, reviewed and approved the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary* and the *Proposal*

on the Company's <Implementation, Assessment and Management Measures for 2021 Restricted Stock Incentive Plan (Revision)> and the independent directors expressed concurred independent opinions on the proposed revision to the incentive plan. For details, please refer to related announcements published in *China Securities Journal*, *Securities Times* and on www.cninfo.com.cn on April 30, 2021.

(4) The 19th meeting of the Seventh Board of Directors, held on April 29, 2021, reviewed and approved the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and Its Summary*, the *Proposal on the Company's <Implementation, Assessment and Management Measures for 2021 Restricted Stock Incentive Plan (Revision)>* and the *Proposal to Verify the Company's "List of Incentive Recipients of the Restricted Stock Incentive Plan in 2021" (Revision)*. For details, please refer to related announcements published in *China Securities Journal*, *Securities Times* and on www.cninfo.com.cn on April 30, 2021.

(5) The Company publicized the names and titles of the proposed recipients under the incentive plan internally from April 30, 2021 to May 9, 2021. The Board of Supervisors received no objections during the publicity period relating to the proposed recipients under the incentive plan. The Company disclosed on May 11, 2021 the *Public Information Note and Verification Opinion of the Board of Supervisors on the List of the First Incentive Recipients under the 2021 Restricted Stock Incentive Plan*".

(6) The 1st Extraordinary General Meeting of 2021, held on May 17, 2021, reviewed and approved the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary*, the *Proposal on the Company's <Implementation, Assessment and Management Measures for 2021 Restricted Stock Incentive Plan (Revision)>* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Concerning Stock Ownership Incentives*. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on May 18, 2021.

(7) The Company disclosed the *Self-audit Report on Insiders and Incentive Recipients' Trading of Company Stock under the 2021 Restricted Stock Incentive Plan* on May 18, 2021.

(8) The *Proposal to Adjust the Initial Grant Price of Its 2021 Restricted Stock Incentive Plan* and the *Proposal on Granting Restricted Stock to Part of Incentive Recipients for the First Time* were reviewed and approved at the Company's 21st Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors held on

May 28, 2021. Both the meetings agreed to set May 28, 2021 as the grant date, granting 139,200,000 restricted shares to 5,001 incentive recipients at a grant price of RMB15.64 per share. Now that Mr. HE Benliu, another incentive recipient, director and officer of the Company, decreased his stock holdings in the six months prior to such grant date and that the Company shall defer vesting of restricted stock for six months from the date of a director's last stock decrease transaction under the *Securities Law's* rules for short-term trading, the Company planned to hold a separate board meeting to determine the grant date for the 2.8 million restricted shares granted to Mr. HE Benliu. The independent directors expressed concurred independent opinions on the aforesaid issues. For details, please refer to the *Announcement on Granting Restricted Stock to Part of Incentive Recipients for the First Time* published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on May 29, 2021.

(9) The Company had completed the first grant registration under its 2021 restricted stock incentive plan, granting 139,060,000 shares to 4,859 incentive recipients as of July 2, 2021. The initial restricted stock offering was dated July 2, 2021 at the price of RMB15.64 per share. For details, please refer to the *Announcement on Completion of Registration for the First Restricted Stock Grant of 2021* published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on July 1, 2021.

(10) The Proposal on Granting Restricted Stock to Incentive Recipients Whose Grants Deferred was reviewed and approved at the 27th Meeting of the 7th Board of Directors and the 27th Meeting of the 7th Board of Supervisors on September 3, 2021. The restricted purchase period for Mr. HE Benliu has expired as of September 3, 2021, and both the meetings agreed to grant 2.8 million restricted shares at the price of RMB15.64 per share to Mr. HE Benliu, eligible recipient of the deferred incentive grant, on September 3, 2021 as the grant date. The grant of 2.8 million restricted shares to Mr. HE Benliu was deferred until September 24, 2021. The independent directors expressed concurred independent opinions on the aforesaid issues. For details, please refer to the *Announcement on Granting Restricted Stock to Incentive Recipient Whose Grants Deferred* published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on September 4, 2021.

(11) On July 2, 2021, the Company completed the grant of 2.8 million restricted shares to Mr. HE Benliu, the eligible recipient of the deferred grant, with the listing date of September 24, 2021, at the price of RMB15.64 per share. For details, please refer to the *Announcement on Completion of Registration to Grant Restricted Stock to Incentive Recipient Whose Grant Deferred* from Granting Restricted Shares in 2021 published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on September 2, 2021.

(12) The *Proposal on Repurchase and Cancellation of Some Restricted Shares* was reviewed and approved at the 29th Meeting of the 7th Board of Directors and the 29th Meeting of the 7th Board of Supervisors on November 29, 2021. Now that 10 of the restricted stock recipients resigned, four retired and two died of illness and all the 16 persons are no longer eligible, the 260,000 restricted stock units that have been granted but do not meet the requirements for release of restriction would be cancelled by the Company's repurchase program pursuant to the *2021 Restricted stock Incentive Plan of Lomon Billions Group Co., Ltd. (Revised Draft)*. The independent directors expressed concurred independent opinions on the aforesaid issues. For details, please refer to the *Announcement Regarding the Repurchase and Cancellation of Certain Restricted Shares* published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on November 30, 2021. As reviewed and confirmed by the China Securities Depository and Clearing Corporation Limited Shenzhen Branch, the Company completed such repurchase and cancellation of restricted shares on March 28, 2022. For details, please refer to the *Announcement Regarding Completion of Repurchase and Cancellation of Certain Restricted Stock* published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on March 29, 2022.

Stock ownership incentives for directors and officers of the Company

√ Applicable □ Not applicable

Unit: Share

Name	Position	Number of restricted stocks held at the end of period	Granting price of restricted stocks (RMB/share)	Number of restricted stocks newly granted during the reporting period	Number of shares unlocked during the period	Number of restricted stocks held at the beginning of period	Market price at the end of the reporting period (RMB/share)	Number of stock options held at the end of reporting period	Exercise price of exercised shares during the reporting period (RMB/share)	Number of exercised shares during the reporting period	Number of exercisable shares during the reporting period	Number of new stock options granted during the reporting period	Number of stock options held at the beginning of the year
XU Gang	Chairman of Board and President	0											
TAN Ruiqing	Vice Chairman of the Board	0											
CHANG Yili	Director	3,000,000	15.64										
YANG Minle	Director	5,600,000	15.64										
HE Benliu	Director, Executive Vice President	2,800,000	15.64										
SHEN Qingfei	Director, Financial Manager	2,800,000	15.64										
ZHANG Qibin	Director	0											
ZHOU Xiaokui	Director	0											
QIU Guanzhou	Independent Director	0											
YU Xiaohong	Independent Director	0											
LIN Suyue	Independent Director	0											
LI Li	Independent Director	0											
ZHANG Haitao	Secretary of Board, Vice President	2,000,000	15.64										
CHEN Jianli	R&D Vice President	2,000,000	15.64										
YAN Ming	Compliance Manager, Director of Personnel Administration	1,500,000	15.64										
Total	--	19,700,000	--										

Evaluation mechanism of and incentives for senior management

Senior management are evaluated and motivated by the Remuneration and Assessment Committee under the Board of Directors under the *Articles of Association* and the *Rules Governing the Remuneration of the Chairman*,

the Chairman of the Board of Supervisors and the Officers approved by the Board of Directors and the General Meeting of Shareholders. The Company performs basic annual salary and performance review for officers and conducts year-end reviews and rewards based on the Company's business conditions and individual performance. The Company has assessed and evaluated its officers as per its performance indicators during the reporting period on their ability to work, duty performance and target fulfillment, and their remuneration is closely tied to the business performance of the Company.

2. Implementation of Employee Stock Ownership Plan

√ Applicable ☐ Not applicable

The entire employee stock ownership plan in effect during the reporting period

Scope of employees	Number of employees	Total shares held	Changes	Proportion in total share capital of the listed company	Source of funds to implement the plan
Employees who get paid by and sign labor contracts with the Company and/or its subsidiaries and meet the Company's performance goals	2,809	22,116,117	Employees were projected to own 28,468,717 shares of the Company under the Phase II Shareholding Plan at the beginning of the reporting period; total holdings decreased by 6,352,600 shares during this period.	0.93%	Employees' legal remuneration, self-financing and other means permitted by law

Directors, supervisors and officers' shareholdings in the employee stock ownership plan during the reporting period

Name	Position	Number of shares held at the beginning of reporting period	Number of shares held at the end of the reporting period	Proportion in total share capital of the listed company
XU Gang	Chairman	0	0	0.00%
TAN Ruiqing	Vice Chairman of the Board	0	0	0.00%
CHANG Yili	Director	196,336	152,525	0.01%
YANG Minle	Director	196,336	152,525	0.01%
HE Benliu	Director, President	196,336	152,525	0.01%
SHEN Qingfei	Director, Financial Manager	196,336	152,525	0.01%
ZHANG Qibin	Director	0	0	0.00%
ZHOU Xiaokui	Director	147,252	114,394	0.00%
QIU Guanzhou	Independent Director	0	0	0.00%
YU Xiaohong	Independent Director	0	0	0.00%
LIN Suyue	Independent Director	0	0	0.00%
LI Li	Independent Director	0	0	0.00%

FENG Jun	Chairman of the Board of Supervisors	0	0	0.00%
DU Weili	Director	29,450	22,879	0.00%
JIN Xinlu	Director	0	0	0.00%
ZHANG Haitao	Secretary of the Board, Vice President and HR & Admin Director	147,252	114,394	0.00%
CHEN Jianli	R&D Vice President	122,710	95,328	0.00%
YAN Ming	Compliance Manager and HR & Admin Director (departure from office)	122,710	95,328	0.00%

Changes of asset management organization during the reporting period

☐ Applicable ☒ Not applicable

Changes in equity during the reporting period due to the disposal of shares by holders

☒ Applicable ☐ Not applicable

Total holdings decreased by 6,352,600 shares under Phase II Employee Stock Ownership Plan (ESOP) during the reporting period. Employees held 22,116,117 shares of the Company under the Phase II ESOP as of December 31, 2021, representing 0.93% of the Company's total share capital.

The exercise of shareholders' rights during the reporting period

During the reporting period, shareholders, under the Phase II ESOP, exercised such rights as to receive dividends as per their share of shares, appointed shareholders' proxies to attend general meetings and exercise the corresponding voting rights.

Facts and explanations about ESOP during the reporting period

☒ Applicable ☐ Not applicable

Implementation of the second ESOP:

(1) From September 4, 2018 to January 25, 2019, the Company repurchased a total of 56,936,308 shares via centralized price bidding in the secondary market, accounting for 2.80% of the Company's total share capital, in which repurchase, the highest transaction price was RMB13.86 per share, the lowest transaction price was RMB12.20 per share and the total amount paid was RMB750,108,799.73 (excluding transaction costs). For details, please refer to the Announcement on Completion of Share Repurchase (Announcement No.: 2019-006) published in

China Securities Journal, Securities Times and on www.cninfo.com.cn on January 29, 2019.

(2) On April 8, 2019, the 15th meeting of the 6th Board of Directors reviewed and approved the Proposal on Determining the Purpose of Share Repurchase and determined that all the shares repurchased would be used for the Company's second ESOP. For details, please refer to the Announcement on Determining the Purpose of Share Repurchase published in China Securities Journal, Securities Times and www.cninfo.com.cn on April 9, 2019 (Announcement No.: 2019-020).

(3) On April 19, 2019, the 16th meeting of the 6th Board of Directors reviewed and approved the Proposal on the Company's Second ESOP (Draft) and Its Summary and the Proposal on the Plan Management Measures of the Company's Second ESOP. On May 14, 2019, the proposal concerning the Company's second ESOP was reviewed and approved at the Company's general meeting in 2018. On Jun. 10, 2019, the Company received the Confirmation of Securities Transfer Registration from China Securities Depository and Clearing Corporation Limited Shenzhen Branch. The Company's shares held in its repurchase special securities account were transferred on Jun. 6, 2019 in a non-trading manner to "Lomon Billions Group Co., Ltd.- the Second ESOP", with the transfer price of RMB10.01 per share and 56,936,308 shares transferred. For details, please refer to related announcements published in China Securities Journal and Securities Times and on www.cninfo.com.cn

(4) The Company's Second Employee Stock Ownership Plan was unlocked as of June 6, 2020 from which the shares held under the Plan may be reduced as appropriate. No more than 50% of the total stocks held under the second Employee Stock Ownership Plan shall be reduced within 1 month to 12 months after expiry of the lock-up period, and all the remaining stocks may be reduced within 13 months to 24 months after expiry of the lock-up period without subject to any unlocking conditions. For details, please refer to the *Announcement on Expiry of the Lock-up Period of the Second Employee Stock Ownership Plan* (Announcement No.: 2020-073) published by the Company on China Securities Journal, Securities Times and <http://www.cninfo.com.cn> on May 29, 2020.

(5) The Company will decide whether to sell its shares prior to the expiration of the second phase of its Employee Stock Ownership Plan (ESOP) on May 30, 2022, depending on the arrangement of the ESOP and market conditions. The ESOP will strictly conform to market trading rules and the regulations of CSRC and SZSE that prohibit trading in company stock during periods of information sensitivity.

(6) The Company had decreased its total holdings of 34,820,191 shares as of December 31, 2021 under Phase II of the ESOP, representing 61.16% of the total ESOP; the ESOP in Phase II held 22,116,117 shares, accounting for 0.93% of the Company's total share capital.

Changes in members of ESOP Management Committee

☐ Applicable ☒ Not applicable

Financial impact of ESOP on the listed company in the reporting period and related accounting treatment

☒ Applicable ☐ Not applicable

(I) ESOP's stock was derived from accounting treatment of the Company's stock repurchases.

Pursuant to the guideline for the *Accounting Standards for Business Enterprises No. 11: Share-based Payment*, a company rewards its employees with share-based payments in the form of share repurchases. Accordingly, the Company performs the following accounting treatment:

1. Repurchase of shares

The Company should be treated and registered as treasury stock for the full cost of stock repurchases.

2. Share repurchase by the transferee company under the ESOP

The Company sells the cost of treasury stock and adjusts the capital reserve (equity premium) for the difference upon receipt of the payment for share repurchase from the ESOP recipient.

3. Recognition of costs and expenses

The Company pays the portion of the stock repurchased by the Company under the ESOP at a price below the fair value at the grant date as a share-based payment, apportions it to the cost expense during the waiting period and recognizes capital reserves (other capital reserves).

4. ESOP exercise

The Company sells the accumulated amount of capital reserves (other capital reserve) in the waiting period and adjusts the capital reserve (equity premium) when the ESOP lock-in expires.

(2) Financial impact on the listed company in the reporting period

The ESOP takes the stock repurchased by the Company at a price determined by pricing rules approved by the General Meeting of Shareholders. The portion of the transfer price below the fair value at the grant date, under the *Accounting Standards for Business Enterprises No. 11: Share-based Payment* regarding share-based payment, is taken as share-based payment and is amortized during the lock-in period of the underlying stock acquired by the ESOP, which has an impact on net income in the year of amortization. The share-based payment recognized by the Company for ESOP was ¥64,183,870.01 in 2021.

Termination of ESOP during the reporting period

☐ Applicable ☒ Not applicable

Other instructions

None

3. Other Incentives

☐ Applicable ☒ Not applicable

XII. Development and Implementation of the Internal Control System during the Reporting Period

1. Development and Implementation of the Internal Control System

The Company has been constantly developing and optimizing its internal control system pursuant to the *Basic Internal Control Norms for Enterprises*, its supporting guidelines and other internal control regulatory requirements, taking into account the reality of the Company and the principle of risk orientation. It has developed a series of internal control rules and regulations that run through all levels of operation and management and all respects of business, involving financial management, HR management, procurement management, engineering project management, market R&D management and sales management. During the reporting period, the Company revised its corporate rules and regulations (including, without limitation, the *Articles of Association*, the *Rules of Procedures for the General Meeting*, the *Rules of Procedure for the Board of Directors*, the *Rules of Procedure for the Board of Supervisors*, the *Rules for Financial Management*, the *Rules and Regulations Governing Information Disclosure Affairs*, the *Anti-money Laundering Regulations*, the *Regulations and Procedures for Related-party Transactions*, the *Risk Management Regulations* and the *Audit Regulations*, further enhancing its rules, regulations and systems regarding internal control and regulative operations. Meanwhile, the Company steps up efforts in

internal control self-evaluation and self-improvement and regularly organizes inspections and evaluations of its internal control systems to ensure effective operation of the Company's internal control rules and regulations.

2. Specific particulars of major internal control defects discovered during the reporting period

☐ Yes ☒ No

XIII. Management and Control of Subsidiaries during the Reporting Period

Company name	Integration plan	Integration progress	Problems encountered during the integration	Measures taken to resolve problems	Progress made	Plans for future solutions
Henan Zhongtan New Material Technology Co., Ltd.	Integrate its governance structure as well as R&D, marketing and financial systems.	Completed	The Company and this subsidiary need to be constantly reconciled in the process of integration because of their different development histories, management philosophies and business cultures.	The Company consolidated resources to ensure effective control of Zhongtan New Materials by getting involved in its major business decision-making and appointing directors, managers, and finance staff	Completed	Keep up with the progress.

14. Internal Control Self-evaluation Report and Internal Control Audit Report

1. Internal Control Self-evaluation Report

Date of disclosure of full text of internal control evaluation report	April 13, 2022	
Index of disclosure of full text of internal control evaluation report	For details, please refer to <i>2021 Internal Control Self-evaluation Report</i> published by the Company on www.cninfo.com.cn on April 13, 2022.	
Proportion of total unit assets included in the evaluation scope to total assets in the Company's consolidated financial statements	100.00%	
Proportion of unit operating income included in the evaluation scope to operating income in the Company's consolidated financial statements	100.00%	
Defect identification standard		
Category	Financial report	Non-financial report
Qualitative standards	The qualitative standards for evaluation of internal control defects in financial reports determined by the Company are as follows: Defects with the following characteristics are identified as major defects: ①The Company's directors, supervisors and senior executives conduct fraudulent practices, causing significant losses and adverse effects; ②The Company has experienced major violations of laws and regulations and liability accidents in terms of financial accounting, assets management, capital operation, information disclosure, product quality, safety	The qualitative standards for evaluation of internal control defects in non-financial reporting determined by the Company are as follows: Defects with the following characteristics and significant influences are recognized as major defects: ① where national laws, administrative regulations and regulatory documents are violated; ② where matters concerning “decision-making on major issues, appointment and dismissal of key cadres, investment decisions for major projects, application of large-amount funds” fail to

	production, environmental protection and other aspects, causing significant losses and adverse effects to the Company or causing the Company to suffer major administrative regulatory penalties; ③The Company's Audit Committee and Internal Audit Division fail to play an effective supervisory function, causing significant losses to the Company; ④With respect to the Company's financial statements, certified public accountants have issued or are likely to issue any negative opinions, or have refused or are likely to refuse to give any opinions. If the consequences of the above Paragraphs ①, ② and ③ are not significant but important, related defects are deemed as important defects; but if the consequences are not significant or important, related defects are deemed to be common defects.	go through the collective decision-making process; ③ where there is a loss of management personnel holding key posts and technicians; ④ where important business involving the Company's production and operation lacks institutional control or any institutional system fails; ⑤ where internal control of information disclosure fails, causing the Company to be publicly condemned by regulatory authorities; ⑥ where consequences of internal control evaluation, major defects or important defects in particular, are not rectified. The above defects which are not significant but important are considered to be major defects. The above defects which are not significant and not important are considered to be common defects.
Quantitative standards	The quantitative standards for evaluation of internal control defects in financial reports determined by the Company are as follows: Based on the data in the 2021 consolidated financial statements, the quantitative standards for determining the importance degree of misreporting (including underreporting) in the Company's consolidated financial statements are: major defects: misreporting $\geq 5\%$ of pre-tax profit; important defects: 1% of pre-tax profit $\leq$ misreporting $< 5\%$ of pre-tax profit; common defects: misreporting $< 1\%$ of pre-tax profit.	The quantitative standards for evaluation of internal control defects in non-financial reports determined by the Company are as follows: Based on the quantitative standards for internal control defects in financial reports, the quantitative standards for determining the importance degree of internal control defects in the Company's non-financial reports are: major defects: misreporting $\geq 5\%$ of pre-tax profit; important defects: 1% of pre-tax profit $\leq$ misreporting $< 5\%$ of pre-tax profit; common defects: misreporting $< 1\%$ of pre-tax profit.
Number of major defects in financial reports		0
Number of major defects in non-financial reports		0
Number of important defects in financial reports		0
Number of important defects in non-financial reports		0

2. Internal Control Audit Report

√ Applicable □ Not applicable

Deliberations in internal control audit report	
We believe that LB Group maintained effective internal control over financial reporting in all material respects on December 31, 2021 in accordance with the Basic Internal Control Norms for Enterprises and applicable regulations.	
Disclosure of internal control audit report	Disclosed
Date of disclosure of full text of internal control audit report	April 13, 2022
Index of disclosure of full text of internal control audit report	For details, please refer to <i>2021 Internal Control Audit Report</i> published by the Company on www.cninfo.com.cn on April 13, 2022.
Type of opinions on the internal control audit report	Standard and unqualified opinions
Whether there are major defects in non-financial reports	No

Whether an internal control audit report with non-standard opinions was issued by accounting firm

☐ Yes ☒ No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the Board of Directors

☒ Yes ☐ No

XV. Self-examination and Correction for Governance of the Listed Company

Not applicable

Section V Environment and Social Responsibility

I. Major Environmental Problems

Whether the Listed Company and its subsidiaries are key pollutant discharge units announced by environmental protection department

√ Yes ☐ No

Name of company or its subsidiaries	Name of major pollutants and characteristic pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration	Pollutant discharge standards implemented	Total emissions	Approved total emissions	Excessive emissions
LB Group Co., Ltd.	COD	Continuous	1	1 waste water outlet	47.48mg/L	300mg/L	353.89t	936.7t	0
LB Group Co., Ltd.	Ammonia nitrogen	Continuous	1	1 waste water outlet	13.17mg/L	30mg/L	99.02t	140.51t	0
Longbai Sichuan Titanium Industry Co., Ltd.	COD	Continuous	1	1 general discharge outlet at sewage station	45.86mg/L	100mg/L	667t	432t	235t
Longbai Sichuan Titanium Industry Co., Ltd.	Ammonia nitrogen	Continuous	1	1 general discharge outlet at sewage station	8.46mg/L	15mg/L	123.7t	32.4t	91.3t
Longbai Sichuan Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Thermoelectric boiler	13.44mg/m ³	50mg/m ³	29.71t	1627.32 tons SO ₂	0
Longbai Sichuan Titanium Industry Co., Ltd.	SO ₂	Continuous	1	200,000 sulfonic acid	90.74mg/m ³	200mg/m ³	33.74t		0
Longbai Sichuan Titanium Industry Co., Ltd.	SO ₂	Continuous	1	300,000 arenaceous acid	27.42mg/m ³	200mg/m ³	29.98t		0
Longbai Sichuan Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Acidolysis	21.14mg/m ³	550mg/m ³	14.36t		0
Longbai Sichuan Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Calcination	128.22mg/m ³	850mg/m ³	181.28t		0
Longbai Sichuan Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Scientific research calcination	35.21mg/m ³	850mg/m ³	6.65t		0
Longbai Sichuan Titanium Industry Co., Ltd.	NO _x	Continuous	1	Thermoelectric boiler	42.95mg/m ³	100mg/m ³	29.82t	402.66 tons NO _x	10.86 tons NO _x in total from Longbai Titanium Industry
Longbai Sichuan Titanium Industry Co., Ltd.	NO _x	Continuous	1	Acidolysis	5.43mg/m ³	240mg/m ³	6.48t		
Longbai Sichuan Titanium Industry Co., Ltd.	NO _x	Continuous	1	Calcination	208.13mg/m ³	240mg/m ³	239.87t		
Longbai Sichuan Titanium Industry Co., Ltd.	NO _x	Continuous	1	Scientific research calcination	154.26mg/m ³	240mg/m ³	16.12t		
Longbai Sichuan Titanium Industry Co., Ltd.	NO _x	Continuous	12	4 discharge outlets for calcination, 2 outlets for ferrous drying and 6 outlets for gas powder flash drying	Converted based on natural gas consumption	/	121.23t		

Longbai Xiangyang Titanium Industry Co., Ltd.	COD	Continuous	1	Wastewater discharge outlet	9.71mg/L	50mg/L	113.566t	311.5t	0
Longbai Xiangyang Titanium Industry Co., Ltd.	Ammonia nitrogen	Continuous	1	Wastewater discharge outlet	2.24mg/L	8mg/L	25.562t	28.248t	0
Longbai Xiangyang Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Acidolysis discharge outlets	56.72mg/m ³	550mg/m ³	7.539t	566.38 tons SO ₂	0
Longbai Xiangyang Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Calcination wastes discharge outlets	14.30mg/m ³	550mg/m ³	14.20t		0
Longbai Xiangyang Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Boiler discharge outlets	12.56mg/m ³	200mg/m ³	5.079t		0
Longbai Xiangyang Titanium Industry Co., Ltd.	SO ₂	Continuous	1	Sulfuric acid discharge outlets	23.72mg/m ³	200mg/m ³	15.95t		0
Longbai Xiangyang Titanium Industry Co., Ltd.	NO _x	Continuous	1	Calcination wastes discharge outlets	60.44mg/m ³	240mg/m ³	60.762t	307.3 tons NO _x	0
Longbai Xiangyang Titanium Industry Co., Ltd.	NO _x	Continuous	1	Boiler discharge outlets	59.70mg/m ³	200mg/m ³	25.664t		0
Longbai Xiangyang Titanium Industry Co., Ltd.	Particulates	Continuous	1	Calcination wastes discharge outlets	17.99mg/m ³	120mg/m ³	38.94t	257.3 tons particulates	0
Longbai Xiangyang Titanium Industry Co., Ltd.	Particulates	Continuous	1	Boiler discharge outlets	4.1mg/m ³	30mg/m ³	1.524t		0
Henan Billions New Material Co., Ltd.	SO ₂	Continuous	1	exhaust outlet of prereduction kiln	0.92mg/m ³	100mg/m ³	0.539t	28.6162 tons SO ₂	0
Henan Billions New Material Co., Ltd.	SO ₂	Continuous	1	exhaust outlet of primary chlorination furnace	9.38mg/m ³	35mg/m ³	1.279t		0
Henan Billions New Material Co., Ltd.	SO ₂	Continuous	3	exhaust outlet of oxygen preheater	15.37mg/m ³	200mg/m ³	2.151t		0
Henan Billions New Material Co., Ltd.	SO ₂	Continuous	3	exhaust outlet of titanium tetrachloride preheater	14.45mg/m ³	200mg/m ³	2.231t		0
Henan Billions New Material Co., Ltd.	NO _x	Continuous	1	exhaust outlet of prereduction kiln	62.85mg/m ³	100mg/m ³	40.251t	65.6255 tons NO _x	0
Henan Billions New Material Co., Ltd.	NO _x	Continuous	1	exhaust outlet of primary chlorination furnace	27.19mg/m ³	50mg/m ³	2.671t		0
Henan Billions New Material Co., Ltd.	NO _x	Continuous	3	exhaust outlet of oxygen preheater	43.34mg/m ³	300mg/m ³	5.114t		0
Henan Billions New Material Co., Ltd.	NO _x	Continuous	3	exhaust outlet of titanium tetrachloride preheater	42.71mg/m ³	300mg/m ³	4.936t		0
Henan Billions New Material Co., Ltd.	Particulates	Continuous	1	exhaust outlet of prereduction kiln	1.32mg/m ³	10mg/m ³	0.798t	65.6255 tons particulates	0
Henan Billions New Material Co., Ltd.	Particulates	Continuous	1	exhaust outlet of primary chlorination furnace	5.83mg/m ³	10mg/m ³	0.497t		0
Henan Billions New Material Co., Ltd.	Particulates	Continuous	3	exhaust outlet of oxygen preheater	6.27mg/m ³	30mg/m ³	0.756t		0
Henan Billions New Material Co., Ltd.	Particulates	Continuous	3	exhaust outlet of titanium tetrachloride preheater	6.79mg/m ³	30mg/m ³	0.762t		0
Henan Billions New Material Co., Ltd.	Chlorine	Continuous	3	exhaust outlet of chlorination furnace	11.08mg/m ³	65mg/m ³	2.515t	17.245t	0

Construction and operation of pollution prevention facilities

1. LB Group Co., Ltd.

Waste gas treatment:

LB Group Co., Ltd. invested RMB35 million and RMB30 million respectively to renovate the existing calcination-tail-gas treatment system and acidolysis-tail-gas treatment system, added matching desuperheating tower, electric (or low temperature plasma) demister, draught fan and other equipment, and has substantially optimized exhaust treatment technology to lower the cost.

Wastewater treatment:

The subsidiary built a sewage treatment system matched with the Company's production line, adopted mature and advanced processes related to “Multi-stage Neutralization + Multi-stage Precipitation + Pressure Filter Separation” with a treatment capacity of 48,000m³/d. The project has its production and operation running stably with pollutants discharge meeting relevant standards.

2. Longbai Sichuan Titanium Industry Co., Ltd.

Waste gas treatment:

Longbai Sichuan Titanium Industry Co., Ltd. completed the technical transformation project of exhaust whitening and deodorization and merged the exhaust outlets of calcination and acidolysis, reducing the number of exhaust outlets by 5 and enhancing its environmental sensors so as to facilitate further cleaning up emissions and adding online monitoring equipment to monitor emissions in real time.

This subsidiary has embarked on a demonstration project for holistic approach to exhaust, with a total investment of RMB48 million in new sulfuric acid and boiler flue gas desulfurization and denitrification facilities; sulfuric acid exhaust was deeply desulphurized using a new catalytic process, which was in operation by the end of August 2021, with a SO₂ emission concentration of less than 10mg/m³; SCR denitration and gypsum desulfurization was used for boiler exhaust; Boiler 1 and Boiler 3 had been retrofitted by the end of 2021; Boiler 2 will be put into operation after shutdown, and exhaust will meet ultra-low emission standards.

Wastewater treatment:

Its new biochemical wastewater treatment project, with a total investment of RMB105 million and a capacity of 50,000m³/d, took biological denitrification approach to ammonia nitrogen and total nitrogen in external drainage, which meets the *Water Pollutant Discharge Standards for Minjiang and Tuojiang River Basins*.

Waste residue treatment:

The three-stage sulfuric acid enrichment project, with a total investment of RMB49.559 million, recycled 24% of the waste sulfuric acid produced in titanium dioxide production, recovering resources and reducing titanium gypsum production at the source.

The RMB10.5 million new high-pressure filter press to its sewage station was completed by the end of 2021, the station replaced the 25kg filter press with the 75kg filter press, the average water content of the titanium gypsum was reduced by approximately 40% from more than 50% and the titanium gypsum was stacked separately.

3. Longbai Xiangyang Titanium Industry Co., Ltd.**Waste gas treatment:**

This subsidiary invested roughly RMB17.5 million in September 2020 to reconstruct the calcination tail gas denitration project with an emission limit of oxides no higher than 300 mg/m³, so as to meet the requirements set out in the *Implementation Measures for Comprehensive Treatment of Air Pollutants in Industrial Furnaces and Kilns in Xiangyang* (X. H. W. B. [2020] No. 18). This project was completed in 2021.

The subsidiary invested RMB20 million in September 2020 to start the calcination exhaust de-dusting transformation project in which metal bag filters were expected to remove dust and modify the calcination exhaust by adding two-stage electric demisters to meet the requirements set out in the *Implementation Measures for Comprehensive Treatment of Air Pollutants in Industrial Furnaces and Kilns in Xiangyang* (X. H. W. B. [2020] No. 18) and to limit the emission limit of particulates to no higher than 30 mg/m³. This project is well under way.

Wastewater treatment:

The sewage (treatment) station of this subsidiary utilizes the technology of five-stage neutralization, two-stage sedimentation (dynamic clarification) and mud pressure and filtration. The wastewater treatment capacity is 35,000 m³/d, and the pollutant treatment meets the operation requirements of environmental protection.

4. Henan Billions New Material Co., Ltd.**Waste gas treatment:**

This subsidiary continued to work on exhaust gas control, investing RMB40 million to add 3 incineration desulphurization and waste heat recovery units and upgrade chlorinated exhaust to meet prefectural and municipal ultra-low emission standards. Meanwhile, it invested RMB2.4 million in 8 environment-protection projects,

effectively cutting down on unorganized emissions in the subsidiary.

Wastewater treatment:

The wastewater is primarily post-treatment and triple-wash wastewater, which passes through 4 ceramic membrane filtration systems to meet discharge standards. To decrease external drainage and boost water use efficiency, this subsidiary invested RMB80 million in a triple-wash wastewater recycling project, which is now completed and in operation, cutting annual emissions by 695,000 cubic meters.

Evaluations related to environmental impact of construction projects and other administrative permits for environmental protection**1. LB Group Co., Ltd.**

Resources comprehensive utilization project for rutile titanium dioxide: The project obtained environmental assessment approval after review by Henan Environmental Protection Bureau (Y. H. S. (2008) No. 59) in Mar. 2008, and passed the environmental protection acceptance in Apr. 2014 (Y. H. S. (2014) No. 152).

The 2x300,000 t/a sulfur-producing acid project of Jiaozuo Gaotai Fine Chemical Co., Ltd.: the project was reviewed and approved by the Bureau of Ecology and Environment of Henan Province with an EIA Reply (Y. H. S. (2007) No.22) in Jan. 2007, and was verified for Environmental Protection Acceptance, respectively, (Y. H. B. Y. (2008) No.6) of Phase I Project in Mar. 2008 and (Y. H. S. (2014) No.153) of Phase II Project in Apr. 2014.

The green manufacturing project with an annual output of 300,000 tons of sulfur-chlorine coupled titanium materials: Obtained environmental assessment approval (J. H. S. [2020] No. 6) after review by Jiaozuo Ecological Environment Bureau in June 2020.

2. Longbai Sichuan Titanium Industry Co., Ltd.

Phased technical transformation project for rutile titanium dioxide: From October 2001 to April 2015, the phased technical transformation project for titanium dioxide obtained environmental assessment approval after review by Sichuan Provincial Department of Environmental Protection, and passed the environmental protection acceptance.

Ferrous comprehensive utilization project with a capacity of 250,000 tons/year: On Apr. 13, 2016, the project obtained the approval of Mianzhu Environmental Protection Bureau for the project environmental impact assessment report (Z. H. J. G. H. [2016] No. 31). And on Sep. 9, 2018, the company organized Mianzhu

Environmental Protection Bureau, Mianzhu City Environmental Monitoring Station, Mianzhu City Safety Supervision Bureau and Sichuan Yuyuan Jieding Environmental Protection Engineering Co., Ltd. to carry out environmental protection completion acceptance, and the project passed the acceptance.

The upgrading project of the Sewage Treatment Plant: the project was approved by Mianzhu Environmental Protection Bureau with an EIA Reply (Z. H. J. G. H. [2018] No. 67) on Dec. 25, 2018. The main works of the project has been completed, and was verified for environmental protection acceptance on Dec. 25, 2019.

Three-stage sulfuric acid concentrator project: The subsidiary received an EIA reply (D. H. S. P. [2021] No. 74) from Deyang Ecological and Environmental Bureau on February 25, 2021, and the project is undergoing environmental protection inspection.

Demonstration project for integrated treatment of exhaust gas: The subsidiary completed and filed the environmental impact registration form of the project on March 10, 2021. Registration number: 202151068300000031.

Wastewater biochemical treatment project: The subsidiary completed a supplemental environmental impact report for the wastewater treatment plant upgrade project in August 2021 and filed it with Deyang Ecological and Environmental Bureau.

3. Longbai Xiangyang Titanium Industry Co., Ltd.

Rutile titanium dioxide project with an annual output of 100,000 tons: The project obtained environmental assessment approval after review by Hubei Provincial Department of Environmental Protection (E. H. H. (2011) No. 406) in May 2011, and passed the inspection and acceptance of environmental protection in Apr. 2016 (X. S. P. H. Y. (2016) No. 10).

4. Henan Billions New Material Co., Ltd.

Chlorinated titanium dioxide project with a capacity of 60,000 tons/year: The subsidiary received an EIA reply from the Department of Ecology and Environment of Henan Province (Y. H. S. (2010) No. 310) in December 2010, and the project completed filing for environmental protection with Jiaozuo City Environmental Protection Bureau in December 2016 (see the third batch of filing announcements).

Chlorinated titanium dioxide project with a capacity of 200,000 tons/year: The subsidiary received an EIA reply from Jiaozuo City Environmental Protection Bureau (J. H. S. (2018) No. 16) in June 2018 and completed autonomous project acceptance in April 2021.

Titanium-rich material project (Phase I) with a capacity of 2×300,000 tons/year: The subsidiary received an EIA reply from the Department of Ecology and Environment of Henan Province (Y. H. S. (2015) No. 180) in May 2015 and completed autonomous project acceptance in September 2019.

High-salinity wastewater advanced treatment project with an annual output of 1 million tons: The subsidiary received an EIA reply from Jiaozuo City Environmental Protection Bureau (J. H. S. (2020) No. 15) in August 2020 and completed autonomous project acceptance in April 2021.

Emergency plans for sudden environmental incidents

1. LB Group Co., Ltd.

An emergency plan for sudden environmental incidents has been worked out, reviewed by experts, and filed with Department of Ecology and Environment of Henan Province and Jiaozuo City Ecological Environment Bureau. Filing No.: LMBLLJT/HBYJ-01.

2. Longbai Sichuan Titanium Industry Co., Ltd.

This subsidiary revised its environmental emergency response plan in 2019 and received approval from Mianzhu City Environmental Protection Bureau on December 30, 2019, after an expert review, with filing No. 510-683-2019-041-H.

3. Longbai Xiangyang Titanium Industry Co., Ltd.

In 2019, the emergency plan for sudden environmental incidents was revised by Xiangyang Titanium, reviewed by experts, and filed with Nanzhang Branch of Xiangyang Municipal Ecological Environment Bureau, and the plan was approved for filing on Aug. 8, 2019 with filing No. 420624-2019-007H.

4. Henan Billions New Material Co., Ltd.

An emergency plan for sudden environmental incidents has been worked out, reviewed by experts, and filed with Department of Ecology and Environment of Henan Province and Jiaozuo City Ecological Environment Bureau.

Filing No.: 4108032020002H.

Environmental self-monitoring plans

The Company and its subsidiaries have both developed self-monitoring programs for environmental protection and conduct regular tests in strict accordance with the programs.

Administrative penalties for environmental issues during the reporting period

Name of company or its subsidiaries	Reason for penalties	Violations	Penalty result	Impact of administrative penalties on operations of the listed company	Corrective measures of the Company
None	Not applicable	None	None	None	Not applicable

Other environmental information that shall be disclosed

Basic information of pollutant discharge units, production and discharge links, pollution prevention facilities, detection concentration of pollutants, and operation status of automatic online equipment have been fully disclosed in national pollutants discharge permit information disclosure system.

Measures taken to cut its carbon emissions during the reporting period and the results:

☒ Applicable ☐ Not applicable

Measures taken by the Company to cut its carbon emissions during the reporting period and the results were detailed in the *Corporate Social Responsibility (CSR) Report for 2021* published by the Company on www.cninfo.com.cn on April 13, 2022.

Other environmental protection related information

None.

II. Overview of Social Responsibility

The Company's CSR performance during the reporting period was detailed in the *CSR Report for 2021* published by the Company on www.cninfo.com.cn on April 13, 2022.

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*

(I) Safety production process

Neither processes and technologies applied by the Company nor the Company's products and production capacity are obsolete. The safety measures and emergency responses adopted by the Company for the highly-regulated hazardous chemicals meet the requirements. The Company has set up a safety management unit with full-time safety management personnel, and has established a safety production accountability system, a safety production management system, technological operation procedures and safety procedures.

Relying on the management concept of “developing circular economy and realizing high-efficiency and cleaner production”, the Company has always been optimizing process control, improving and upgrading process technologies and seeking transformation in product structure, and has achieved considerable results in the harmonious integration of economic development and environmental protection. By taking the lead to adopting the co-production mode of ferro sulfide and titanium products, the “sulfur-phosphorus-titanium” circular economy and cleaner production process and the cleaner production process by the chloride process, the Company has realized transformation and upgrading of traditional industries, and has won a leading position in controlling various costs related to titanium dioxide.

(II) Investment in funding occupational health and safety

The Company has created a special fund to ensure the funding of occupational health and safety to improve the Company's safety production conditions, and manage safety production expenses based on the principle of “meeting existing needs and using in a required way”. Safety production expenses are mainly incurred in ten aspects such as safety production publicity, education and training, safety technology support, safety facility configuration, safety inspection, labor protection supplies, management of emergency facilities, and elimination of potential safety hazards. The Company spent RMB131,623,900 on occupational health and safety (OHS) in 2021, an increase of 12.39% over the same period last year.

(III) Education and training for safety production

The Company has established a sound safety education and training system and an assessment system to offer safety production education and training to the Company's employees at all levels, so as to ensure that all of the Company's employees are aware of necessary safety production knowledge. The Company has its key persons in charge, safety management personnel and special operations personnel having obtained necessary qualification certificates, and its other employees having received necessary trainings, and has all of its employees possessing all the qualifications as required.

In 2021, the Company developed a safety training plan according to the "LB Group Training Program", which states the scope of annual training and re-education of all of the Company's leaders and employees at all levels, so as to ensure that safety trainings are offered throughout the Company. In 2021, the Company organized and conducted safety training and evidence collection activities targeting at all employees at the levels above team leader. The Company held a total of 2,365 training sessions with 67,418 trainees under nine themes such as safety culture and safety awareness enhancement, safety production management system, processing of certificates required for special operations, first aid knowledge and basic knowledge of dual prevention systems. In partnership with Jiaozuo Technician College, the Company trained front-line employees through order classes. Two batches of 24 students in total joined the Company in 2021, partly resolving its labor problem. Partnering with Henan Mechanical and Electrical Vocational College, the Company plans to jointly train 280 students, including 75 interns (19 already employed), 75 work-study alternates and 130 full-time students, and offers an access to higher education for employees who don't meet the Company's academic requirements.

The Company made every effort to enhance safety management and optimize the existing safety management system. The Company conducted safety management enhancement based on the principle of "full-time staffing and upgraded management" and by referring to the safety management elements applied by US-based DuPont, took more thorough actions in seeking safety management enhancement (especially for new materials), put all safety management elements into operation in an orderly way, further improved various systems, comprehensively conducted special inspections, and developed more standardized operating procedures, and therefore, made satisfactory results in safety management enhancement.

In 2021, the Group's Promotion Office provided Billions New Material with safety management improvement program rotation training covering 86 training sessions for 6,457 people in conjunction with the New Materials

Promotion Team, provided the same training in Jiaozuo Base covering 21 training sessions for 1,834 people in conjunction with the Jiaozuo Base Promotion Team and offered training courses to 828 project managers and contractor leaders in Jiaozuo Industrial Park on four topics: laws and regulations, specialty operations, contractor management and visual safety management. Those safety management enhancement trainings effectively increased the awareness of employees of all units of the importance of safety management enhancement, helped personal at all levels to get familiar with and properly use safety tools and methods, increased comprehensive competencies of all employees, and laid a solid foundation for further safety management enhancement.

To study, understand and implement President XI Jinping's "Red Line of Life" directive on workplace safety, the Group conformed with the rules for administration of life insurance clauses, which were in effect on July 1, 2021, based on its current safety management practices.

(IV) Safety inspection

The Company stepped up efforts to identify and rectify hidden hazards to ensure safety production. Since 2021, the Company has implemented the spirit of the Notice on Further Proceeding with “All-hands Identification and Rectification of Potential Hazards in Safety Production” by taking into account of its own actual situation and new trends and new characteristics in safety management, and has made continuous efforts to carry out all-hands identification and rectification of potential hazards in safety production in a thorough, flexible and hierarchic way.

In 2021, local government departments at all levels applied the mode of government purchasing safety production services, and sent expert teams under the market mechanism to assist and instruct Lomon Billions Group in safety inspection, help it out of difficulties and concerns, boost its confidence in future development and support it in safety development.

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n accordance with the Opinions of the Office of the Work Safety Committee of the State Council on Implementing the Guidelines for Curbing Major and Extraordinarily Serious Accidents and Building the Double Prevention Mechanism and other documents, Lomon Billions Group put its best efforts into building a comprehensive dual prevention system, and has established a “dual prevention mechanism” information platform and a customized Zhitai HSE management platform, with a view to strengthening the idea of safety management, reforming the safety management model, reinforcing safety production, minimizing the occurrence of production safety accidents, and protecting personal and property security of employees. Both the platforms have achieved collectivized operation

and real-time dynamic supervision online. In 2021, the Group implemented a closed-loop management system with full staff participation, full post coverage and whole-process connection to ensure effective risk control, timely elimination of potential hazards and maximum prevention of accidents, enhancing intrinsic safety and generally improving the production safety environment. The workplace safety continues to improve steadily.

The Group conducted safety inspections and made greater efforts to enhance internal learning, identify internal weaknesses and strengthen internal communications. The Group invited external and internal experts, led by Group leaders, from April to June and October to December respectively, to inspect and review the safety of its 12 affiliates at each manufacturing base and in Jiaozuo Industrial Park for six months in 2021; the Group performed an all-encompassing safety review of its bases in terms of fulfillment of the annual economic accountability contract targets, accident management, day-to-day safety management, dual prevention system, three-year remediation campaign, major hazard source management, emergency management, safety management improvements, tailings pond management, semiannual review of problems as well as on-site safety protection distance and electrical instruments; and the Group is gradually conducting security checks across its bases and keeping within limits production accidents in their infancy to ensure the long-term stability and safety of the Group.

III. Consolidation and Advancing Efforts in Poverty Alleviation and Rural Revitalization

The Fifth Plenary Session of the 19th CPC Central Committee defined "giving priority to the development of agriculture and rural areas and promoting rural revitalization in an all-round manner" as one of the major missions for economic and social development during the 14th Five-year Plan period and proposed "consolidating and expanding poverty alleviation efforts in conjunction with rural revitalization". Since 2021, LB Group has been striving to live up to its mission of "creating a 'titanium-beauty' life and endeavoring to be a respected company", fulfills its social responsibilities as the Group continues to grow, makes great efforts in flood control, disaster relief, cooperation between the Group and the local government, and student assistance, and continues to build on and expand poverty alleviation and rural revitalization, so as to enhance people's happiness.

(I) Give a helping hand in Henan flood relief efforts and rebuilding homes. Henan Province was hit by torrential rains that devastated cities, counties and towns including Zhengzhou, Jiaozuo, Xinxiang, Luoyang, Pingdingshan, Anyang and Hebi in July 2021. LB Group promptly gave its helping hand, contributing itself actively to flood control, rescue and disaster relief through financial donations, dam flood detention, flood relief, volunteer work and free meals. The Group made a one-time donation of RMB5 million to the Red Cross in Zhongzhan District, assisting

victims to rebuild their homes. At the meantime, the Group prepared in an organized way in advance for the exceptional rainstorms and made the best of Lake Gushan reservoirs, where its subsidiaries are located, to hold back and divert more than 10 million cubic meters of water, saving 48 precious hours for downstream residents.

(II) Be an active supporter of infrastructure construction and enhance local people's living standards. Village and enterprise shared-hand development is one of the highlights of LB Group's efforts to build a harmonious relationship between the locality and the Group and fulfill its social responsibilities. Longbai Sichuan Titanium Industry Co., Ltd. contributed more than RMB1.4 million in 2021 to build a cultural plaza and amenities with Xinshi Town and surrounding villages and built, renovated, and expanded the infrastructure of ditches, culverts, roads, and lighting to beautify courtyards in Huoshi Village; the subsidiary in Panzhihua contributed over RMB1 million to infrastructure projects in Xinjiu Town, drilling wells for water, installing solar-powered streetlights and providing access to drinking water and roads to raise people's living standards and further consolidate and expand poverty alleviation efforts.

(III) Engage in a variety of condolences and help revitalize rural areas across the board. Based on "Village and enterprise Cooperation", LB Group launched such campaigns as visiting needy families in the Spring Festival, helping poor students for the new academic year in September, donating school supplies on Children's Day and visiting nursing homes on the Seniors' Day. In 2021, Longbai Sichuan Titanium Industry Co., Ltd. donated over RMB100,000 to support campus major projects in Xinshi Town and RMB100,000 to train teachers and reward elite students; the subsidiary in Panzhihua sent school supplies to children in Pinggu Village and Dawa Village to help teenagers with their healthy growth; the subsidiary in Xiangyang has launched targeted rural revitalization projects to help develop agricultural production: building a partnership with Zoujiawan Village, Jiuji Town, Nanzhang County to fund rural revitalization projects and helping surrounding areas including Huangya Village and Chejiadian Village by visiting the needy residents and assisting their agricultural production and development. The Group invested over RMB261,000 in various public welfare activities in 2021, fully demonstrating its strong sense of responsibility and good public image as a public company.

Section VI Important Particulars

I. Fulfillment of Commitments

1. Commitments that are fulfilled during the reporting period and not fulfilled at the end of the reporting period by actual controllers, shareholders, affiliates or acquirers of the Company, the Company and other relevant parties

√ Applicable □ Not applicable

Cause of commitment	Committed by	Type of commitment	Content of commitment	Date of commitment	Period of commitment	Description of fulfillment
Share reform commitments						
Commitments made in Acquisition Report or Equity Change Report						
Commitments made at the time of asset restructuring						
Commitments made during initial public offering or refinancing	XU Gang	Commitment on restricted sale of non-publicly issued shares	Mr. XU Gang, the controlling shareholder, actual controller, Chairman and President of the Company, purchased 207,589,367 shares thereof through a private offering and undertakes that the shares purchased in this private offering are non-transferable for a period of 18 months from the closing date of the offering.	Apr. 23, 2020	From March 3, 2021 to September 2, 2022	Strictly fulfilled
Stock ownership incentive commitments						
Other commitments made to the Company's minority shareholders	XU Gang, TAN Ruiqing, CHANG Yili, YANG Minle, HE Benliu, SHEN Qingfei, ZHANG Qibin, ZHOU Xiaokui, QIU Guanzhou, YU Xiaohong, LIN SuYue, LI Li, FENG Jun, DU Weili, JIN Xinlu, ZHANG Haitao, CHEN Jianli, YAN Ming	Commitments not to sell the Company's stock for a certain period of time	1. Based on my confidence in the future development of the Company and my support for the long-term sound development thereof, I undertake not to reduce my holdings of the Company's shares in the form of collective bidding and block trading within 6 months (between November 9, 2021 and May 8, 2022) from the date of disclosure of this Commitment Letter, including without limitation additional shares arising from stock grants and provident fund conversions during the commitment period. 2.	November 8, 2021	From November 9, 2021 to May 8, 2022	Strictly fulfilled

			In the event of any breach of this commitment, all of my proceeds from the sale of such stock will be held by the Company and I shall assume all legal liability arising therefrom.			
	Henan Yintai Investment Co., Ltd., Tangyin County Yuxin Xylose Development Co., Ltd.	Commitments not to sell the Company's stock for a certain period of time	1. Based on our confidence in the future development of the Company and our support for the long-term sound development thereof, we undertake not to reduce our holdings of the Company's shares in the form of collective bidding, block trading or refinancing within 6 months (between November 9, 2021 and May 8, 2022) from the date of disclosure of this Commitment Letter, including without limitation additional shares arising from stock grants and provident fund conversions during the commitment period. 2. In the event of any breach of this commitment, all of my proceeds from the sale of such stock will be held by the Company and I shall assume all legal liability arising therefrom.	November 8, 2021	From November 9, 2021 to May 8, 2022	Strictly fulfilled
Whether the commitment has been fulfilled on time	Yes					

2. Forecasts on profit of assets or projects of the Company are made and the reporting period falls in the period when the profit forecasts apply; and an explanation is made by the Company on satisfying the original profit forecasts by assets or projects as well as on corresponding reasons

☐ Applicable ☒ Not applicable

II. Non-business Capital Occupying in the Listed Company by Controlling Shareholder and Affiliates

☐ Applicable ☒ Not applicable

No non-business capital was occupied by the controlling shareholder and affiliates to the Company during the

reporting period hereunder.

III. External Guarantees Provided in Violation of Rules

☐ Applicable ☒ Not applicable

No illegal external guarantee occurred to the Company during the reporting period.

IV. Notes of the Board of Directors' on the Most Recent "Non-standard Audit Report"

☐ Applicable ☒ Not applicable

V. Explanation of the Board of Directors, the Board of Supervisors and Independent Directors (if any) on the "Non-standard Audit Report" Issued by the Accounting Firm for the Reporting Period

☐ Applicable ☒ Not applicable

VI. Notes on Accounting Policies, Changes in Accounting Estimates or Corrections of Material Accounting Errors as Compared to the Previous Year's Financial Report

☒ Applicable ☐ Not applicable

For changes in current accounting policies, accounting estimates and accounting methods, please refer to "V. Significant Accounting Policies and Accounting Estimates in Section X" of this Report for details. There were no major accounting error corrections that need to be retrospectively restated during the reporting period of the Company.

VII. Description of Changes in the Scope of Consolidated Statements Compared with the Previous Year's Financial Report

☒ Applicable ☐ Not applicable

Please refer to "VIII. Changes in the Scope of Consolidation" and "IX. Interests in Other Entities" in Section X of the Report for details of the scope and changes of the consolidated financial statements in the current period.

VIII. Appointment and Dismissal of Accounting Firm

Current accounting firm

Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership)
Compensation of domestic accounting firm (RMB ten thousand)	250 (including expenses for annual audit and internal control audit)
Continuous years of auditing services of domestic accounting firm	9 years
Name of certified public accountant of domestic accounting firm	XU Peimei, LONG Yong
Continuous years of auditing services provided by certified public accountant of domestic accounting firm	5 years (XU Peimei), 2 years (LONG Yong)

Whether the accounting firm is replaced in the current period

☐ Yes ☒ No

Appointment of accounting firm, financial advisor or sponsor for internal control and auditing

☒ Applicable ☐ Not applicable

The Company hired BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership) this year to audit its internal controls for 2021 at a cost of RMB500,000.

IX. Delisting After Disclosure of the Annual Report☐ Applicable ☒ Not applicable**X. Matters Concerning Bankruptcy and Reorganization**☐ Applicable ☒ Not applicable

No bankruptcy or reorganization related issues arose during the reporting period of the Company.

XI. Major Lawsuits and Arbitrations☐ Applicable ☒ Not applicable

The Company had no major litigation or arbitration during the reporting period.

XII. Penalty and Rectification☐ Applicable ☒ Not applicable

No punishment or rectification arose during the reporting period of the Company.

XIII. Integrity of the Company and Its Controlling Shareholder and Actual Controller

☒ Applicable ☐ Not applicable

The Company and its controlling shareholder are in good standing and are not involved in any failure to perform any judgment of the court, failure to repay any large-amount and due debts and other circumstances.

XIV. Major Related Party Transactions

1. Related party transactions related to daily operations

☐ Applicable ☒ Not applicable

No related transactions in connection with daily operations occurred to the Company during the reporting period.

2. Related party transactions arising from acquisition and sale of assets or equity

☐ Applicable ☒ Not applicable

No transaction related to acquisition or sale of assets or equity occurred to the Company during the reporting period.

3. Related party transactions involving joint foreign investment

☐ Applicable ☒ Not applicable

No transaction related to joint foreign investment occurred to the Company during the reporting period.

4. Related creditor's rights and debts

☐ Applicable ☒ Not applicable

There were no related creditor's rights and debts during the reporting period of the Company.

5. Dealings with affiliated finance firms

☐ Applicable ☒ Not applicable

There are no deposits, loans, credit lines or other financial transactions between the Company and affiliated finance firms and other related parties.

6. Dealings between the finance company controlled by the Company and related parties

☐ Applicable ☒ Not applicable

There are no deposits, loans, credit lines or any other financial transaction between the finance company controlled by the Company and related parties.

7. Other major related party transactions

☐ Applicable ☒ Not applicable

There were no other major related party transactions during the reporting period of the Company.

XV. Major Contracts and Their Performance**1. Description of Trusteeship, Contracting and Lease****(1) Trusteeship**

☐ Applicable ☒ Not applicable

The company was not involved in any trusteeship during the reporting period.

(2) Contracting

☐ Applicable ☒ Not applicable

No contracting occurred to the Company during the reporting period.

(3) Lease

☐ Applicable ☒ Not applicable

The Company was not involved in any lease during the reporting period.

2. Major guarantees

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand

External guarantees of the Company and its subsidiaries (excluding guarantees provided to subsidiaries)										
Name of guarantee object	Disclosure date of announcement related to guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is fully performed	Whether the guarantee is a guarantee of related parties
Sunshine Oji (Shouguang) Specialty Paper Co., Ltd.	July 23, 2020	15,000	December 3, 2020	300		Security deposit (RMB3 million)		2020.12.03-2021.6.03	Yes	No
Total amount of external guarantees approved during the		0		Total actual amount of external guarantees		300				

reporting period (A1)			during the reporting period (A2)								
Total amount of external guarantees approved at the end of the reporting period (A3)		15,000		Total actual balance of external guarantees at the end of the reporting period (A4)		0					
Guarantees provided by the Company to its subsidiaries											
Name of guarantee object	Disclosure date of announcement related to guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is fully performed	Whether the guarantee is a guarantee of related parties	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Dec. 28, 2018	4,619.05	Joint liability guarantee			2018.12.28-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Dec. 28, 2018	5,051	Joint liability guarantee			2018.12.28-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Dec. 28, 2018	2,938.98	Joint liability guarantee			2018.12.28-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Dec. 27, 2018	6,844	Joint liability guarantee			2018.12.27-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Apr. 1, 2019	3,810	Joint liability guarantee			2019.04.01-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Mar. 26, 2019	11,406	Joint liability guarantee			2019.03.26-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Nov. 7, 2019	3,947.17	Joint liability guarantee			2019.11.07-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Nov. 7, 2019	2,145.71	Joint liability guarantee			2019.11.07-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Dec. 6, 2019	7,610	Joint liability guarantee			2019.12.06-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 4, 2019	6,886.47	Joint liability guarantee			2019.01.04-2021.12.20	Yes	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 21, 2020	10,000	Joint liability guarantee			2020.01.21-2021.01.21	Yes	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	February 27, 2020	9,000	Joint liability guarantee			2020.02.27-2021.02.26	Yes	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	Mar. 26, 2020	4,570	Joint liability guarantee			2020.03.26-2026.12.21	No	No	
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 31, 2020	3,810	Joint liability guarantee			2020.03.31-2026.12.21	No	No	
Henan Billions New	December	350,000	March 31,	20,000	Joint			2020.03.31-2021.03.31	Yes	No	

Material Co., Ltd.	25, 2020		2020		liability guarantee					
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	May 15, 2020	20,000	Joint liability guarantee			2020.05.15-2021.05.15	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 16, 2020	14,560	Joint liability guarantee			2020.06.16-2023.06.15	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 14, 2020	4,700	Joint liability guarantee			2020.12.14-2023.12.14	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 23, 2020	10,000	Joint liability guarantee			2020.06.23-2021.06.23	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 5, 2020	15,000	Joint liability guarantee			2021.03.05-2022.03.05	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	July 29, 2020	2,281	Joint liability guarantee			2020.07.29-2026.12.21	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	July 29, 2020	1,530	Joint liability guarantee			2020.07.29-2026.12.21	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	September 16, 2020	4,561	Joint liability guarantee			2020.09.16-2026.12.21	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 31, 2020	6,000	Joint liability guarantee			2020.12.31-2021.12.25	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 18, 2020	5,000	Joint liability guarantee			2020.03.18-2021.01.18	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	May 22, 2020	12,000	Joint liability guarantee			2020.05.22-2021.05.21	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	October 26, 2020	5,000	Joint liability guarantee			2020.10.26-2021.04.26	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 1, 2021	4,000	Joint liability guarantee			2021.01.01-2021.12.25	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 2, 2021	5,000	Joint liability guarantee			2021.03.02-2022.02.25	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	February 26, 2021	6,460.1	Joint liability guarantee			2021.02.26-2021.08.06	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	April 25, 2021	10,000	Joint liability guarantee			2021.04.25-2022.04.24	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 29, 2021	6,375.7	Joint liability guarantee			2021.03.29-2022.03.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	September 11, 2020	5,000	Joint liability guarantee			2020.09.11-2021.09.11	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	October 30, 2020	5,000	Joint liability guarantee			2020.10.30-2021.04.30	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 22, 2021	15,000	Joint liability guarantee			2021.01.22-2022.01.25	No	No

Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 8, 2021	5,000	Joint liability guarantee			2021.06.08-2022.06.08	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 12, 2021	10,000	Joint liability guarantee			2021.01.12-2022.01.12	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 21, 2021	1,000	Joint liability guarantee			2021.01.21-2021.07.21	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	May 19, 2021	120	Joint liability guarantee			2021.05.19-2021.09.22	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 10, 2021	680	Joint liability guarantee			2021.03.10-2022.03.08	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 11, 2021	518.7	Joint liability guarantee			2021.03.11-2022.03.08	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 16, 2020	4,000	Joint liability guarantee			2020.11.16-2021.11.16	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 1, 2020	7,000	Joint liability guarantee			2020.12.01-2021.12.01	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 18, 2020	5,000	Joint liability guarantee			2020.03.18-2021.03.17	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 6, 2020	6,000	Joint liability guarantee			2020.06.06-2021.06.05	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 16, 2020	5,000	Joint liability guarantee			2020.11.16-2021.11.16	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 23, 2020	5,000	Joint liability guarantee			2020.11.23-2021.11.23	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	July 29, 2020	1,021	Joint liability guarantee			2020.07.29-2021.01.29	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	July 16, 2020	5,000	Joint liability guarantee			2020.07.16-2021.01.16	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 25, 2020	1,999.8	Joint liability guarantee			2020.12.25-2021.06.25	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	September 22, 2020	150	Joint liability guarantee			2020.09.22-2021.01.18	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	September 27, 2020	300	Joint liability guarantee			2020.09.27-2021.01.05	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	September 27, 2020	400	Joint liability guarantee			2020.09.27-2021.01.05	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 2, 2020	200	Joint liability guarantee			2020.11.02-2021.02.02	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 2, 2020	200	Joint liability guarantee			2020.11.02-2021.02.02	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 2, 2020	300	Joint liability			2020.11.02-2021.02.02	Yes	No

					guarantee					
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	October 22, 2020	100	Joint liability guarantee			2020.10.22-2021.02.05	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 20, 2020	200	Joint liability guarantee			2020.11.20-2021.02.25	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 4, 2020	560	Joint liability guarantee			2020.12.04-2021.03.04	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 21, 2020	550	Joint liability guarantee			2020.12.21-2021.03.21	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 2, 2020	3,000	Joint liability guarantee			2020.06.02-2021.06.02	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	February 7, 2021	361.35	Joint liability guarantee			2021.02.07-2021.08.05	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 19, 2021	9,480	Joint liability guarantee			2021.01.19-2021.07.18	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	July 2, 2018	25.94	Joint liability guarantee			2018.07.02-2021.12.24	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	October 30, 2018	21.45	Joint liability guarantee			2018.10.30-2021.01.15	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	July 3, 2019	92.23	Joint liability guarantee			2019.07.03-2021.07.16	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	January 9, 2020	3,950	Joint liability guarantee			2020.01.09-2021.01.08	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	March 12, 2020	4,841.48	Joint liability guarantee			2020.03.12-2021.01.06	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	February 25, 2020	28.16	Joint liability guarantee			2020.02.25-2022.05.30	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 22, 2020	10.19	Joint liability guarantee			2020.06.22-2021.12.24	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	October 15, 2020	61.34	Joint liability guarantee			2020.10.15-2021.12.24	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	February 5, 2021	13,437.01	Joint liability guarantee			2021.02.05-2021.07.13	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 7, 2021	11,646.46	Joint liability guarantee			2021.06.07-2021.09.02	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	June 4, 2021	7,091.28	Joint liability guarantee			2021.06.04-2022.01.08	No	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	October 19, 2020	1,696.47	Joint liability guarantee			2020.10.19-2021.02.22	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 24, 2020	2,384.35	Joint liability guarantee			2020.11.24-2021.12.24	Yes	No

Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	November 12, 2020	11,429.55	Joint liability guarantee			2020.11.12-2021.03.04	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 10, 2020	10,007.54	Joint liability guarantee			2020.12.10-2021.12.24	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 22, 2020	548.09	Joint liability guarantee			2020.12.22-2021.12.24	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2020	350,000	December 22, 2020	799.94	Joint liability guarantee			2020.12.22-2021.01.22	Yes	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	June 30, 2021	18,808.32	Joint liability guarantee			2021.06.30-2024.06.20	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	July 26, 2021	190	Joint liability guarantee			2021.07.26-2022.01.26	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	July 26, 2021	200	Joint liability guarantee			2021.07.26-2022.01.26	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	August 16, 2021	10,000	Joint liability guarantee			2021.08.16-2022.02.16	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	August 18, 2021	500	Joint liability guarantee			2021.08.18-2022.01.18	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	August 19, 2021	200	Joint liability guarantee			2021.08.19-2022.01.19	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	August 27, 2021	5,229.17	Joint liability guarantee			2021.08.27-2022.05.06	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	August 30, 2021	10,000	Joint liability guarantee			2021.08.30-2024.08.30	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	September 3, 2021	9,276.64	Joint liability guarantee			2021.09.03-2024.08.27	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	September 7, 2021	15,512.42	Joint liability guarantee			2021.09.07-2022.01.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	September 15, 2021	2,307.49	Joint liability guarantee			2021.09.15-2022.12.24	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	September 17, 2021	650	Joint liability guarantee			2021.09.17-2022.02.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	September 30, 2021	10,000	Joint liability guarantee			2021.09.30-2022.07.15	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	October 13, 2021	10,000	Joint liability guarantee			2021.10.13-2022.10.13	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	October 13, 2021	5,000	Joint liability guarantee			2021.10.13-2022.07.15	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	October 15, 2021	450	Joint liability guarantee			2021.10.15-2022.02.11	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	October 20, 2021	300	Joint liability			2021.10.20-2022.02.11	No	No

					guarantee					
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	October 21, 2021	5,000	Joint liability guarantee			2021.10.21-2022.10.21	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	October 28, 2021	7,013.27	Joint liability guarantee			2021.10.28-2022.10.21	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 11, 2021	500	Joint liability guarantee			2021.11.11-2022.03.11	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 11, 2021	5,000	Joint liability guarantee			2021.11.11-2022.07.08	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 11, 2021	4,400.56	Joint liability guarantee			2021.11.11-2022.02.22	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 12, 2021	200	Joint liability guarantee			2021.11.12-2022.05.12	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 16, 2021	10,000	Joint liability guarantee			2021.11.16-2022.11.16	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 16, 2021	350	Joint liability guarantee			2021.11.16-2022.05.16	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 17, 2021	180	Joint liability guarantee			2021.11.17-2022.05.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 17, 2021	4,000	Joint liability guarantee			2021.11.17-2022.11.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 19, 2021	14,664.11	Joint liability guarantee			2021.11.19-2022.11.19	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 19, 2021	50	Joint liability guarantee			2021.11.19-2022.05.19	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 22, 2021	601.9	Joint liability guarantee			2021.11.22-2022.05.20	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 22, 2021	563	Joint liability guarantee			2021.11.22-2022.05.20	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 24, 2021	565	Joint liability guarantee			2021.11.24-2022.05.24	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 24, 2021	616.5	Joint liability guarantee			2021.11.24-2022.05.24	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 26, 2021	22	Joint liability guarantee			2021.11.26-2022.05.26	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 26, 2021	48.15	Joint liability guarantee			2021.11.26-2022.05.26	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 26, 2021	4,150.58	Joint liability guarantee			2021.11.26-2022.02.22	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 29, 2021	18	Joint liability guarantee			2021.11.29-2022.05.27	No	No

Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	November 30, 2021	140	Joint liability guarantee			2021.11.30-2022.05.30	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 2, 2021	58	Joint liability guarantee			2021.12.02-2022.06.02	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 3, 2021	1,000	Joint liability guarantee			2021.12.03-2022.06.03	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 6, 2021	386.95	Joint liability guarantee			2021.12.06-2022.06.06	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 6, 2021	7,000	Joint liability guarantee			2021.12.06-2022.11.29	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 7, 2021	10.63	Joint liability guarantee			2021.12.07-2022.06.07	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 7, 2021	1,200	Joint liability guarantee			2021.12.07-2022.04.07	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 7, 2021	44	Joint liability guarantee			2021.12.07-2022.06.06	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 9, 2021	23.06	Joint liability guarantee			2021.12.09-2022.06.09	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 9, 2021	12,704.1	Joint liability guarantee			2021.12.09-2022.03.29	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 10, 2021	439.57	Joint liability guarantee			2021.12.10-2022.06.10	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 10, 2021	83.13	Joint liability guarantee			2021.12.10-2022.06.10	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 13, 2021	355	Joint liability guarantee			2021.12.13-2022.06.13	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 13, 2021	1,173	Joint liability guarantee			2021.12.13-2022.06.13	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 14, 2021	16.76	Joint liability guarantee			2021.12.14-2022.06.14	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 14, 2021	80	Joint liability guarantee			2021.12.14-2022.06.14	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 16, 2021	3,000	Joint liability guarantee			2021.12.16-2022.06.16	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 17, 2021	569.97	Joint liability guarantee			2021.12.17-2022.06.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 17, 2021	135.34	Joint liability guarantee			2021.12.17-2022.06.17	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 21, 2021	10	Joint liability guarantee			2021.12.21-2022.06.21	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 22, 2021	300.53	Joint liability			2021.12.22-2022.06.22	No	No

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Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 22, 2021	287.92	Joint liability guarantee			2021.12.22-2022.06.22	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 22, 2021	4,000	Joint liability guarantee			2021.12.22-2022.06.22	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 22, 2021	1,000	Joint liability guarantee			2021.12.22-2022.12.22	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 24, 2021	18.5	Joint liability guarantee			2021.12.24-2022.06.24	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 24, 2021	125	Joint liability guarantee			2021.12.24-2022.06.24	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 27, 2021	84.4	Joint liability guarantee			2021.12.27-2022.06.27	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 27, 2021	3.5	Joint liability guarantee			2021.12.27-2022.06.27	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 27, 2021	2,000	Joint liability guarantee			2021.12.27-2022.06.27	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 30, 2021	100	Joint liability guarantee			2021.12.30-2022.06.30	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 31, 2021	6.03	Joint liability guarantee			2021.12.31-2022.06.30	No	No
Henan Billions New Material Co., Ltd.	December 25, 2021	400,000	December 31, 2021	6,375.7	Joint liability guarantee			2021.12.31-2022.12.31	No	No
Billions (Hong Kong) Co., Ltd.	December 25, 2020	100,000	August 19, 2020	9,787.35	Joint liability guarantee			2020.08.19-2021.02.19	Yes	No
Billions (Hong Kong) Co., Ltd.	December 25, 2021	200,000	August 10, 2021	7,720.77	Joint liability guarantee			2021.08.10-2022.06.01	No	No
Billions (Europe) Co., Ltd.	December 25, 2020	20,000	Jul. 2, 2019	12,248.17	Joint liability guarantee			2019.07.02-2022.07.01	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	March 20, 2020	20,000	Joint liability guarantee			2020.03.20-2021.06.18	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	April 20, 2021	50,000	Joint liability guarantee			2021.04.20-2023.04.20	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	April 17, 2020	20,000	Joint liability guarantee			2020.04.17-2021.07.15	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	Mar. 27, 2020	6,524.9	Joint liability guarantee			2020.03.27-2021.03.26	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	Mar. 27, 2020	6,524.9	Joint liability guarantee			2020.03.27-2021.03.26	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	August 25, 2020	8,000	Joint liability guarantee			2020.08.25-2021.08.23	Yes	No

Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	July 24, 2020	10,000	Joint liability guarantee			2020.07.24-2021.07.23	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	June 9, 2021	7,752.12	Joint liability guarantee			2021.06.09-2022.05.31	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	September 9, 2020	7,829.88	Joint liability guarantee			2020.09.09-2021.09.08	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	October 12, 2020	10,000	Joint liability guarantee			2020.10.12-2021.10.08	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	August 10, 2020	3,000	Joint liability guarantee			2020.08.10-2021.02.10	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	August 28, 2020	1,920	Joint liability guarantee			2020.08.28-2021.02.28	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	September 30, 2020	4,550.69	Joint liability guarantee			2020.09.30-2021.03.30	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	October 15, 2020	5,449.31	Joint liability guarantee			2020.10.15-2021.04.15	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	October 30, 2020	2,000	Joint liability guarantee			2020.10.30-2021.04.30	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	January 1, 2021	10,000	Joint liability guarantee			2021.01.01-2021.12.31	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	January 20, 2021	10,000	Joint liability guarantee			2021.01.20-2022.01.20	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	March 30, 2021	6,375.7	Joint liability guarantee			2021.03.30-2022.03.29	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	April 21, 2021	6,375.7	Joint liability guarantee			2021.04.21-2022.03.29	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	March 10, 2021	3,500	Joint liability guarantee			2021.03.10-2023.03.09	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	June 30, 2021	956.36	Joint liability guarantee			2021.06.30-2022.06.29	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	June 24, 2021	7,650.84	Joint liability guarantee			2021.06.24-2021.07.30	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	February 26, 2021	4,000	Joint liability guarantee			2021.02.26-2021.08.26	Yes	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2020	140,000	May 26, 2021	10,000	Joint liability guarantee			2021.05.26-2022.05.26	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	July 14, 2021	2,000	Joint liability guarantee			2021.07.14-2022.01.14	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	July 27, 2021	1,000	Joint liability guarantee			2021.07.27-2022.01.27	No	No
Longbai Sichuan Titanium Industry	December 25, 2021	230,000	August 11, 2021	3,000	Joint liability			2021.08.11-2022.02.11	No	No

Co., Ltd.					guarantee					
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	September 1, 2021	10,000	Joint liability guarantee			2021.09.01-2022.08.30	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	September 9, 2021	0	Joint liability guarantee			2021.09.09-2022.03.09	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	September 15, 2021	5,000	Joint liability guarantee			2021.09.15-2022.03.15	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	October 8, 2021	8,000	Joint liability guarantee			2021.10.08-2022.09.17	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	October 26, 2021	10,000	Joint liability guarantee			2021.10.26-2022.10.21	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	November 27, 2021	4,157	Joint liability guarantee			2021.11.27-2022.05.27	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	November 29, 2021	293.26	Joint liability guarantee			2021.11.29-2022.05.29	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	November 30, 2021	114	Joint liability guarantee			2021.11.30-2022.05.30	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 1, 2021	284	Joint liability guarantee			2021.12.01-2022.06.01	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 2, 2021	130	Joint liability guarantee			2021.12.02-2022.06.02	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 3, 2021	5,000	Joint liability guarantee			2021.12.03-2022.06.03	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 6, 2021	50	Joint liability guarantee			2021.12.06-2022.06.06	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 9, 2021	10,000	Joint liability guarantee			2021.12.09-2022.12.05	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 9, 2021	350	Joint liability guarantee			2021.12.09-2022.06.09	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 16, 2021	150	Joint liability guarantee			2021.12.16-2022.06.16	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 20, 2021	100	Joint liability guarantee			2021.12.20-2022.06.20	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 21, 2021	100	Joint liability guarantee			2021.12.21-2022.06.21	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 21, 2021	30	Joint liability guarantee			2021.12.21-2022.06.21	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 27, 2021	38	Joint liability guarantee			2021.12.27-2022.06.27	No	No
Longbai Sichuan Titanium Industry Co., Ltd.	December 25, 2021	230,000	December 29, 2021	190.68	Joint liability guarantee			2021.12.29-2022.06.29	No	No

Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	March 10, 2020	5,000	Joint liability guarantee			2020.03.10-2021.03.10	Yes	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	April 28, 2020	5,000	Joint liability guarantee			2020.04.28-2021.04.28	Yes	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	March 11, 2021	1,700	Joint liability guarantee			2021.03.11-2021.09.11	Yes	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	April 12, 2021	3,500	Joint liability guarantee			2021.04.12-2021.10.12	Yes	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	January 29, 2021	4,999.5	Joint liability guarantee			2021.01.29-2021.07.29	Yes	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	January 28, 2021	5,000	Joint liability guarantee			2021.01.28-2022.01.27	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	April 28, 2021	3,500	Joint liability guarantee			2021.04.28-2021.10.26	Yes	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	February 2, 2021	5,000	Joint liability guarantee			2021.02.02-2022.01.19	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2020	50,000	April 29, 2019	6,796.5	Joint liability guarantee			2019.04.29-2022.03.20	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	July 7, 2021	7,000	Joint liability guarantee			2021.07.07-2022.07.07	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	July 16, 2021	7,000	Joint liability guarantee			2021.07.16-2022.07.16	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	October 18, 2021	1,000	Joint liability guarantee			2021.10.18-2022.10.17	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	October 27, 2021	7,000	Joint liability guarantee			2021.10.27-2022.10.27	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	November 22, 2021	800	Joint liability guarantee			2021.11.22-2022.05.22	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 8, 2021	100	Joint liability guarantee			2021.12.08-2022.06.08	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 9, 2021	80	Joint liability guarantee			2021.12.09-2022.06.09	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 10, 2021	1,190	Joint liability guarantee			2021.12.10-2022.06.10	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 14, 2021	8,000	Joint liability guarantee			2021.12.14-2024.12.14	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 15, 2021	18.28	Joint liability guarantee			2021.12.15-2022.06.15	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 20, 2021	427.34	Joint liability guarantee			2021.12.20-2022.06.20	No	No
Xiangyang Lomon Titanium Industry	December 25, 2021	80,000	December 22, 2021	304	Joint liability			2021.12.22-2022.06.22	No	No

Co., Ltd.					guarantee					
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 23, 2021	369	Joint liability guarantee			2021.12.23-2022.06.23	No	No
Xiangyang Lomon Titanium Industry Co., Ltd.	December 25, 2021	80,000	December 31, 2021	10,000	Joint liability guarantee			2021.12.31-2024.12.30	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 1, 2020	2.4	Joint liability guarantee			2020.07.01-2021.01.01	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 2, 2020	86.31	Joint liability guarantee			2020.07.02-2021.01.02	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 7, 2020	15.26	Joint liability guarantee			2020.07.07-2021.01.07	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 9, 2020	66.86	Joint liability guarantee			2020.07.09-2021.01.09	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 10, 2020	4.71	Joint liability guarantee			2020.07.10-2021.01.10	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 14, 2020	55.72	Joint liability guarantee			2020.07.14-2021.01.14	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 16, 2020	21.84	Joint liability guarantee			2020.07.16-2021.01.16	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 21, 2020	80.39	Joint liability guarantee			2020.07.21-2021.01.21	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 22, 2020	18	Joint liability guarantee			2020.07.22-2021.01.22	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 23, 2020	55.24	Joint liability guarantee			2020.07.23-2021.01.23	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 27, 2020	21	Joint liability guarantee			2020.07.27-2021.01.27	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 28, 2020	54.38	Joint liability guarantee			2020.07.28-2021.01.28	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	July 29, 2020	24	Joint liability guarantee			2020.07.29-2021.01.29	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	August 6, 2020	49.33	Joint liability guarantee			2020.08.06-2021.02.06	Yes	No

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Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	January 13, 2021	183.63	Joint liability guarantee			2021.01.13-2021.07.13	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	February 7, 2021	246.73	Joint liability guarantee			2021.02.07-2021.08.07	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	February 8, 2021	60	Joint liability guarantee			2021.02.08-2021.08.08	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	February 9, 2021	60.25	Joint liability guarantee			2021.02.09-2021.08.09	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	February 10, 2021	69.58	Joint liability guarantee			2021.02.10-2021.08.10	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	February 23, 2021	30	Joint liability guarantee			2021.02.23-2021.08.23	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	April 15, 2021	310.59	Joint liability guarantee			2021.04.15-2021.10.14	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	May 11, 2021	277.89	Joint liability guarantee			2021.05.11-2021.11.11	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	May 21, 2021	240.22	Joint liability guarantee			2021.05.21-2021.11.21	Yes	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2020	5,000	June 18, 2021	1,000	Joint liability guarantee			2021.06.18-2022.06.17	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	July 13, 2021	720.8	Joint liability guarantee			2021.07.13-2022.01.12	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	July 16, 2021	436.44	Joint liability guarantee			2021.07.16-2022.01.16	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	July 23, 2021	563.56	Joint liability guarantee			2021.07.23-2022.01.23	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	July 28, 2021	385.47	Pledge			2021.07.28-2022.01.28	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	August 4, 2021	240	Joint liability guarantee			2021.08.04-2022.02.03	No	No

Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	August 27, 2021	548.67	Joint liability guarantee			2021.08.27-2022.02.27	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	September 23, 2021	671.44	Joint liability guarantee			2021.09.23-2022.03.22	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	October 15, 2021	148.54	Pledge			2021.10.15-2022.04.15	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	October 20, 2021	150.68	Pledge			2021.10.20-2022.04.20	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	October 25, 2021	835.41	Joint liability guarantee			2021.10.25-2022.04.25	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	October 26, 2021	314.64	Pledge			2021.10.26-2022.04.26	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	November 9, 2021	352.8	Pledge			2021.11.09-2022.05.09	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	January 25, 2021	15,000	November 19, 2021	250.1	Pledge			2021.11.09-2022.05.19	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	November 26, 2021	464.79	Joint liability guarantee			2021.11.26-2022.05.26	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	November 26, 2021	80.85	Pledge			2021.11.26-2022.05.26	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 2, 2021	112.81	Joint liability guarantee			2021.12.02-2022.06.02	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 7, 2021	261.51	Pledge			2021.12.07-2022.06.07	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 8, 2021	166.21	Pledge			2021.12.08-2022.06.08	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 10, 2021	33.72	Joint liability guarantee			2021.12.10-2022.06.10	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 10, 2021	137.57	Pledge			2021.12.10-2022.06.10	No	No
Henan Longbai Intelligent Equipment	December 25, 2021	15,000	December 15, 2021	202.16	Joint liability			2021.12.15-2022.06.15	No	No

Manufacturing Co., Ltd.					guarantee					
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 15, 2021	169.38	Pledge			2021.12.15-2022.06.15	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 16, 2021	230.99	Joint liability guarantee			2021.12.16-2022.06.16	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 16, 2021	86.4	Pledge			2021.12.16-2022.06.16	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 20, 2021	18.98	Pledge			2021.12.20-2022.06.20	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 22, 2021	19.4	Joint liability guarantee			2021.12.22-2022.06.22	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 22, 2021	62.12	Pledge			2021.12.22-2022.06.22	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 24, 2021	49.63	Joint liability guarantee			2021.12.24-2022.06.24	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 28, 2021	25.07	Joint liability guarantee			2021.12.28-2022.06.28	No	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	December 25, 2021	15,000	December 31, 2021	142.19	Joint liability guarantee			2021.12.31-2022.07.01	No	No
Gansu Detong National Titanium Metal Co., Ltd.	July 23, 2020	50,000	September 2, 2020	44,868.04	Joint liability guarantee			2020.09.02-2022.08.20	Yes	No
Yunnan National Titanium Metal Co., Ltd.	December 25, 2021	190,000	September 9, 2021	1,199.04	Joint liability guarantee			2021.09.09-2022.03.09	No	No
Yunnan National Titanium Metal Co., Ltd.	December 25, 2021	190,000	October 22, 2021	1,320.96	Joint liability guarantee			2021.10.22-2022.04.22	No	No
Yunnan National Titanium Metal Co., Ltd.	December 25, 2021	190,000	November 29, 2021	369	Joint liability guarantee			2021.11.24-2022.05.29	No	No
Yunnan National Titanium Metal Co., Ltd.	December 25, 2021	190,000	October 28, 2021	840	Joint liability guarantee			2021.10.28-2022.04.28	No	No
Yunnan National Titanium Metal Co., Ltd.	December 25, 2021	190,000	December 31, 2021	1,235.47	Joint liability guarantee			2021.12.31-2022.06.30	No	No
Yunnan National Titanium Metal Co., Ltd.	December 25, 2021	190,000	December 31, 2021	576.59	Joint liability guarantee			2021.12.31-2021.12.31	No	No
Jiaozuo Billions United Pigment Co., Ltd.	December 25, 2021	4,000	September 18, 2021	500	Joint liability guarantee			2021.09.18-2022.03.18	No	No

Jiaozuo Billions United Pigment Co., Ltd.	December 25, 2021	4,000	September 27, 2021	300	Joint liability guarantee			2021.09.27-2022.03.27	No	No
Jiaozuo Billions United Pigment Co., Ltd.	December 25, 2021	4,000	December 16, 2021	200	Joint liability guarantee			2021.12.16-2022.06.16	No	No
Jiaozuo Billions United Pigment Co., Ltd.	December 25, 2021	4,000	December 23, 2021	300	Joint liability guarantee			2021.12.23-2022.06.23	No	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	January 14, 2020	50,000	April 16, 2020	4,990	Joint liability guarantee			2020.04.16-2021.04.16	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	January 14, 2020	50,000	April 17, 2020	4,900	Joint liability guarantee			2020.04.17-2021.04.17	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	January 14, 2020	50,000	April 20, 2020	4,950	Joint liability guarantee			2020.04.20-2021.04.20	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	January 14, 2020	50,000	April 21, 2020	4,900	Joint liability guarantee			2020.04.21-2021.04.21	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	January 14, 2020	50,000	April 22, 2020	4,260	Joint liability guarantee			2020.04.22-2021.04.22	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	April 15, 2020	50,000	February 25, 2020	11,168.12	Joint liability guarantee			2020.02.25-2021.02.25	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	April 15, 2020	50,000	February 27, 2020	18,831.89	Joint liability guarantee			2020.02.27-2021.02.27	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	April 15, 2020	50,000	June 16, 2020	9,791.2	Joint liability guarantee			2020.06.16-2021.06.16	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	April 15, 2020	40,000	March 31, 2020	2,400	Joint liability guarantee			2020.03.31-2021.03.31	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	April 15, 2020	40,000	March 31, 2020	2,400	Joint liability guarantee			2020.03.31-2021.03.31	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	July 23, 2020	40,000	September 18, 2020	1,200	Joint liability guarantee			2020.09.18-2021.03.18	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	July 23, 2020	40,000	July 7, 2020	2,578.68	Joint liability guarantee			2020.07.07-2021.07.07	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	July 23, 2020	40,000	August 26, 2020	5,157.35	Joint liability guarantee			2020.08.26-2021.08.26	Yes	No
Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd.	July 23, 2020	40,000	October 10, 2020	4,490.7	Joint liability guarantee			2020.10.10-2021.10.10	Yes	No
Longbai Lufeng Titanium Industry Co., Ltd.	July 23, 2020	10,000	January 29, 2021	1,999.8	Joint liability guarantee			2021.01.29-2021.07.29	Yes	No
Total amount of guarantees for subsidiaries approved during the reporting period (B1)		1,738,000.00		Total actual amount of guarantees for subsidiaries during the reporting period (B2)		1,143,198.46				
Total amount of guarantees for subsidiaries approved at the end of the reporting period (B3)		1,738,000.00		Total actual balance of guarantees for subsidiaries at the end of the reporting period		607,800.24				

				(B4)						
Guarantees between subsidiaries										
Name of guarantee object	Disclosure date of announcement related to guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is fully performed	Whether the guarantee is a guarantee of related parties
Total amount of guarantees for subsidiaries approved during the reporting period (C1)				0	Total actual amount of guarantees for subsidiaries during the reporting period (C2)		0			
Total amount of guarantees for subsidiaries approved at the end of the reporting period (C3)				0	Total actual balance of guarantees for subsidiaries at the end of the reporting period (C4)		0			
Total guarantee amount of the Company (namely the sum of the three items above)										
Total amount of guarantees approved during the reporting period (A1+B1+C1)			1,738,000	Total actual amount of guarantees during the reporting period (A2+B2+C2)		1,143,498.46				
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)			1,753,000	Total actual balance of guarantee amount at the end of the reporting period (A4+B4+C4)		607,800.24				
Proportion of total actual amount of guarantees (i.e. A4+B4+C4) in the Company's net assets				32.13%						
Therein:										
Balance of guarantees provided to shareholders, actual controller and their related parties (D)				0						
Balance of debt guarantees directly or indirectly provided to guarantee objects with an asset-liability ratio of more than 70% (E)				28,851.27						
Amount of guarantees with total guarantee amount exceeding 50% of net assets (F)				0						
Total amount of the above three guarantees (D+E+F)				28,851.27						
Note of the circumstance (if any) in which the Company has incurred a guarantee liability during the reporting period or where there is evidence of the possibility of joint and several settlement liability on outstanding guarantee contracts				None						
Description of external guarantees provided in violation of the prescribed procedures (if any)				None						

Particulars of composite guarantee

None

3. Cash asset management by means of trusteeship by others**(1) Entrusted wealth management**

☐ Applicable ☒ Not applicable

The Company was not involved in entrusted finance management during the reporting period.

(2) Entrusted loan

☐ Applicable ☒ Not applicable

The Company was not involved in entrusted loan during the reporting period.

4. Other major contracts

☐ Applicable ☒ Not applicable

The Company was not involved in other significant contracts during the reporting period.

XVI. Description of Other Major Matters

☒ Applicable ☐ Not applicable

1. Private Offering of A Shares in 2020

Subject to *Approval for Private Placement of Shares by Lomon Billions Group Co., Ltd.* from China Securities Regulatory Commission (Z. J. X. K. [2020] No. 3423) and the implementation of equity distribution in the third quarter of 2020, the Company offered 207,589,367 shares of common stock at ¥10.91 per share, raised a total of ¥2,264,799,993.97 and net of ¥2,241,453,211.54 after deducting ¥23,346,782.43 (VAT exclusive) for the offering. The foregoing raised funds have been verified by BDO China Shu Lun Pan CPAs (Special General Partnership), which issued the *Capital Verification Report on Private Offering of Lomon Billions Group Co., Ltd.* (X. K.S. B. Zi [2021] No. ZG10136). The Company has deposited the aforesaid proceeds in a special account for the private offering and has signed the *Tripartite Supervision Agreement for Raised Funds* with the sponsor and the commercial bank that will deposit the proceeds. For details, see the Company's *Announcement on Signing the Tripartite Supervision Agreement for Raised Funds*, published in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn. on February 10, 2021 and February 19, 2021, Respectively.

The Company held the 13th and 14th meetings of the 7th Board of Directors on February 18, 2021 and February 22, 2021 respectively, reviewing and approving the *Proposal to Use Raise Funds to Provide Loans to Its Holding Subsidiaries for Investment Projects*, the *Proposal to Raise Funds in Exchange for Self-raised Funds Already*

Invested in Projects, the *Proposal to Use Part of Idle Funds Raised to Temporarily Replenish Its liquid Capital* and the *Proposal on the Use of Bank Acceptance Drafts by the Company and Its Holding Subsidiaries to Pay the Funds Needed for the Raised Funds for Investment Projects*, and making arrangements for the use and management of the funds raised in this private offering. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on February 19, 2021 and February 23, 2021 respectively.

Newly increased 207,589,367 shares in this private offering were listed on Shenzhen Stock Exchange on March 3, 2021. For details, please refer to the *Private Offering Report and Listing Announcement* published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on March 2, 2021.

2. Capital Increase, Establishment and Acquisition of Subsidiaries

The 13th Meeting of the 7th Board of Directors held on February 18, 2021 reviewed and approved the *Proposal on Investment for Establishment of Wholly Owned Subsidiaries*, under which the Company, as required by its business operations and strategic development and for the purposes of accelerating the innovation-driven green development strategy, agreed that Henan Billions New Energy Materials Co., Ltd., a wholly owned subsidiary of the Company, invested RMB300 million to set up Henan LB New Material Technology Co., Ltd. in Qinyang City, Henan Province.

The 16th Meeting of the 7th Board of Directors, held on March 24, 2021, reviewed and approved the *Proposal to Increase Capital for Its Subsidiaries*, the *Proposal on Acquisition of 100% of Shares of Henan Zhongtan New Material Technology Co., Ltd.*, and the *Proposal on Acquisition of 100% of Shares of Chaoyang Donggao New Material Co., Ltd.*, agreeing that the Company increased, with its own capital, the capital of its wholly-owned subsidiaries, namely Henan Billions New Energy Materials Co., Ltd. and Longbai Sichuan Titanium Industry Co., Ltd. by RMB900 million and RMB369,883,807.2 respectively and the capital of its holding subsidiary, Yunnan National Titanium Metal Co., Ltd. by RMB500 million, each at a price of RMB1.00 per share; agreeing that Henan Billions New Energy Materials Co., Ltd. acquired with cash 100% of the equity of Henan Zhongtan New Materials Technology Co., Ltd. held by Jiaozuo Zhongzhou Carbon CO., Ltd. at a price of RMB291,556,400; and agreeing that Yunnan National Titanium Metal Co., Ltd. planned to acquire with cash 100% of the equity of Chaoyang Donggao held by Guangdong Orient Zirconic Industry Science and Technology Co., Ltd., another holding subsidiary, at a price of RMB164,000,000. For details, please refer to the announcements published by the Company

in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on March 25, 2021 and April 23, 2021.

The 21st Meeting of the 7th Board of Directors, held on May 28, 2021, reviewed and approved the *Proposal to Establish a Subsidiary*, under which the Company, as required by its business operations and strategic development and for the purposes of further increasing the market share of the Company and enhancing its competitiveness, agreed that Longbai Sichuan Titanium Industry Co., Ltd., one of its wholly owned subsidiaries, invested RMB400 million to set up Gansu Billions Chemicals Co., Ltd. (hereinafter referred to as “Billions Chemicals”) in Jinchang City, Gansu Province. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on May 29, 2021.

The 23rd Meeting of the 7th Board of Directors, held on July 25, 2021, reviewed and approved the *Proposal to Set up a Joint Venture with Wanrun New Energy to Build a 100,000-ton Ferric Phosphate Production Line*, under which the Company, for the purposes of seizing opportunities in the new energy market and increasing the value added of its by-products, such as ferrous sulfate heptahydrate, agreed that Henan Billions New Energy Materials Co., Ltd., one of its subsidiaries, set up a joint venture to build a 100, 000-ton iron phosphate production line in conjunction with Wanrun New Energy. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on July 26, 2021.

On December 8, 2021, the Company held the 30th Meeting of the 7th Board of Directors which reviewed and approved the *Proposal on Capital Increase in Subsidiaries* by which the wholly owned subsidiary Billions (Hong Kong) Co., Ltd. additionally invested RMB130 million in Shandong Lomon Billions Titanium Technology Co., Ltd. (hereinafter as "Shandong Lomon Billions"). After the investment, the registered capital of Shandong Lomon Billions was increased from RMB70 million to RMB200 million. Shandong Lomon Billions has completed the industrial and commercial change registration for the capital increase and received a new business license from Rizhao City Market Administration. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on December 9, 2021 and December 22, 2021.

3. Profit Distribution for the First and Third Quarters of 2021

The 1st-quarter equity allocation plan of the Company was reviewed and approved at the General Meeting of Shareholders in 2020 held on May 6, 2021. According to the plan, the Company was supposed to distribute cash dividends of RMB9 (tax inclusive) for every 10 shares to all shareholders based on the Company's total share capital

of 2,239,610,256 shares as at March 31, 2021 and distribute cash dividends of RMB2,015,649,230.40 (tax inclusive) in total. The Profit Distribution Plan was completely implemented on May 17, 2021. For details, please refer to the *Equity Distribution Implementation Announcement for the First Quarter of 2021* published by the Company on *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on May 10, 2021.

The equity allocation plan of the Company for the 3rd quarter of 2021 was reviewed and approved at the 6th Extraordinary General Meeting of 2021 held on November 10, 2021. According to the plan, the Company was supposed to distribute cash dividends of RMB2.50 (including tax) for every 10 shares to all shareholders based on the Company's total share capital of 2,381,470,256 shares as at September 30, 2021 and distribute cash dividends of RMB595,367,564.00 (tax inclusive) in total. The Profit Distribution Plan was completely implemented on November 19, 2021. For details, please refer to the *Equity Distribution Implementation Announcement for the Third Quarter of 2021* published by the Company on *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on November 13, 2021.

4. Change of Registered Capital, Company Name and Securities Abbreviation

The Proposal on Changing the Registered Capital and Amending the Articles of Association was reviewed and approved at the 17th Meeting of the 7th Board of Directors and the General Meeting of Shareholders in 2020 on April 14, 2021 and May 6, 2021 respectively, agreeing that the Company's registered capital was changed from RMB2,032,020,889.00 to RMB2,239,610,256.00 because of the private offering. For details, please refer to *The Announcement on Changing the Registered Capital and Amending the Articles of Association* and the *Announcement of Resolutions of the General Meeting in 2020*, published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn. on April 16, 2021 and May 7, 2021 Respectively.

The Proposal on the Proposed Change of Company Name and Securities Abbreviation and Amendment of the Articles of Association was reviewed and approved at the 20th Meeting of the 7th Board of Directors and the 2nd Extraordinary General Meeting of 2021 held by the Company on May 14, 2021 and June 1, 2021 respectively, agreeing that the Company's name is changed to "LB Group Co., Ltd.", that the securities abbreviation is changed to "LB Group" and that pertinent clauses are amended accordingly. For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn published by the Company on May 15, 2021 and June 2, 2021.

The Company has completed the industrial and commercial registration of changes in registered capital and company name and received a business license from Jiaozuo City Market Administration as at July 6, 2021. Upon the request of the Company and the approval of Shenzhen Stock Exchange, effective July 7, 2021, the securities abbreviation of the Company is changed from "Lomon Billions" to "LB Group", the Company's English securities abbreviation is changed from "LMBL" to "LBG", and the Company's securities code remains "002601". For details, please refer to the announcements published by the Company in *China Securities Journal*, *Securities Times* and www.cninfo.com.cn on July 7, 2021.

The Proposal on Changing the Registered Capital and Amending the Articles of Association was reviewed and approved at the 24th Meeting of the 7th Board of Directors and the 4th Extraordinary General Meeting of 2021 held by the Company on August 4, 2021 and August 20, 2021 respectively, agreeing that the Company awarded 139,060,000 restricted stock shares to 4,859 incentive recipients as a result of the first vesting of the 2021 restricted stock incentive plan, with a change of registered capital from RMB2,378,670,256 to RMB2,378,670,256. For details, please refer to the *Announcement on Changing the Registered Capital of the Company and Amending the Articles of Association* and the *Announcement on the Resolution of the 4th Extraordinary General Meeting in 2021*, published by the Company in *China Securities Journal* and *Securities Times* and on www.cninfo.com.cn on August 5, 2021 and August 21, 2021 Respectively.

The Proposal on Changing the Registered Capital and Amending the Articles of Association was reviewed and approved at the 28th Meeting of the 7th Board of Directors and the 6th Extraordinary General Meeting of 2021 held by the Company on October 25, 2021 and November 10, 2021, agreeing that the Company granted Mr. HE Benliu, a deferred Incentive recipient under the 2021 restricted stock incentive plan, 2.8 million shares of restricted stock and increased the registered capital from RMB2,378,670,256.00 to RMB2,381,470,256.00. For details, please refer to the *Announcement on Changing the Registered Capital and Amending the Articles of Association* and the *Announcement of the Resolution of the 6th Extraordinary General Meeting in 2021*, published by the Company in *China Securities Journal* and *Securities Times* and on www.cninfo.com.cn on October 26, 2021 and November 11, 2021.

5. Initial Public Offering of Overseas Listed Foreign Shares (H-Shares)

The Company held the 19th Meeting of the 7th Board of Directors on April 29, 2021 in which the *Proposal on Authorizing the Management of the Company to Initiate the Preparation for Issuance of Overseas Listed Foreign*

Shares (H Shares) and Their Listing on the Stock Exchange of Hong Kong was reviewed and approved. For details, please refer to the *Announcement on Authorizing the Management of the Company to Initiate the Preparation for Issuance of Overseas Listed Foreign Shares (H Shares) and Their Listing on the Stock Exchange of Hong Kong*, published by the Company in *China Securities Journal* and *Securities Times* and on www.cninfo.com.cn. on April 30, 2021.

The Company has filed an application to go public with China Securities Regulatory Commission (CSRC) and received the *CSRC Administrative License Application Acceptance Form* (Acceptance Number: 212204) issued by the CSRC on September 29, 2021. For details, please refer to the *Announcement on the Acceptance of the Application Documents for IPO of Overseas Listed Foreign Shares (H-shares) by the CSRC*, published by the Company in *China Securities Journal* and *Securities Times* and on www.cninfo.com.cn. on September 30, 2021.

The Company filed an application to go public on the SEHK on September 30, 2021 and posted the application documents on the SEHK website on the same day. The application documents have been prepared and published by the Company as required by the Securities and Futures Commission (SFC) and the SEHK. For details, please refer to the *Announcement on Filing the Application for Listing Foreign Capital Shares (H-shares) on the SEHK and Publishing the Application Documents*, published by the Company in *China Securities Journal* and *Securities Times* and on www.cninfo.com.cn. on October 8, 2021.

On January 27, 2022, the Company received the *Approval for Issuance of Overseas Listed Foreign Shares by LB Group Co., Ltd.* from the CSRC (Z. J. X. K [2022] No.185) which approved the Company to issue 858,517,264 or less overseas listed foreign shares fully as ordinary shares at face value of ¥1 per share. The Company will be listed on the main board of the SEHK upon completion of this offering. For details, please refer to the *Announcement on the Approval of the CSRC for Its IPO of Overseas Listed Foreign Shares (H-shares)*, published by the Company in *China Securities Journal* and *Securities Times* and on www.cninfo.com.cn. on January 28, 2022.

XVII. Major Events of Subsidiaries of the Company

√ Applicable □ Not applicable

1. Henan Billions New Material Co., Ltd.

This holding subsidiary of the Company received the *High-tech Enterprise Certificate* issued by Henan Provincial

Department of Science and Technology, Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration in January, 2020. This subsidiary is certified as a high-tech enterprise, which is re-identified upon expiry of the original certificate. Pursuant to applicable rules and regulations, this subsidiary will continue to enjoy preferential policies for high-tech enterprises for three consecutive years (2021-2023) after being recognized as such a enterprise, paying corporate income tax at a rate of 15 percent.

3. Longbai Sichuan Mining and Metallurgy Co., Ltd.

The 1st decision in 2021, for shareholders of this subsidiary on the profit distribution plan for 2020, made on February 24, 2021: the subsidiary distributed a cash dividend of RMB23.07692 (tax included) for every 10 shares of its share capital of 520 million as of December 31, 2020 to all shareholders for a total cash distribution of RMB1,2 billion (tax included).

The 2nd decision in 2021, for shareholders of this subsidiary on the profit distribution plan, made on September 3, 2021: the subsidiary distributed a cash dividend of RMB2.88462 (tax included) for every 10 shares of its share capital of 520 million as of June 30, 2021 to all shareholders for a total cash distribution of RMB1,5 billion (tax included).

This subsidiary's name was changed from "Sichuan Lomon Mining and Metallurgy Co., Ltd." to "Longbai Sichuan Mining and Metallurgy Co., Ltd." on February 16, 2022

3. Yunnan Metallurgical Xinli Titanium Co., Ltd.

The name of Longbai Lufeng Titanium Industry Co., Ltd., a wholly owned subsidiary of Yunnan Metallurgical Xinli Titanium Co., Ltd. was changed from "Lufeng Xinli Titanium Industry Co., Ltd." to "Longbai Lufeng Titanium Industry Co., Ltd." on August 26, 2021

The name of Longbai Wuding Titanium Industry Co., Ltd., a wholly owned subsidiary of Yunnan Metallurgical Xinli Titanium Co., Ltd. was changed from "Wuding Xinli Titanium Co., Ltd." to "Longbai Wuding Titanium Industry Co., Ltd." on August 30, 2021

4. Longbai Sichuan Titanium Industry Co., Ltd.

The 2nd decision in 2021, for shareholders of this subsidiary, made on February 18, 2021: 1. the registered capital

was changed from RMB430,116,192.8 to RMB800 million; 2. profit distribution plan: the subsidiary distributed a cash dividend of RMB9.2998 (tax included) for every 10 shares of its share capital of 430,116,192.8 as of February 17, 2021 to all shareholders for a total cash distribution of RMB400 million (tax included).

The 4th decision in 2021, for shareholders of this subsidiary on the profit distribution plan, made on September 15, 2021: the subsidiary distributed a cash dividend of RMB3.75 (tax included) for every 10 shares of its share capital of 800 million as of August 31, 2020 to all shareholders for a total cash distribution of RMB300 million (tax included).

5. Longbai Xiangyang Titanium Industry Co., Ltd.

The 1st decision in 2021, for shareholders of this subsidiary on the profit distribution plan, made on February 23, 2021: the subsidiary distributed a cash dividend of RMB10 (tax included) for every 10 shares of its share capital of 300 million as of January 31, 2021 to all shareholders for a total cash distribution of RMB300 million (tax included).

The name of Longbai Xiangyang Titanium Industry Co., Ltd., a wholly owned subsidiary of the Company was changed from "Xiangyang Lomon Titanium Industry Co., Ltd." to "Longbai Xiangyang Titanium Industry Co., Ltd." on August 30, 2021

Longbai Xiangyang Titanium Industry Co., Ltd., a wholly owned subsidiary of the Company, received in 2021 the *High-tech Enterprise Certificate* jointly approved and issued by Hubei Science and Technology Department, Hubei Provincial Finance Department and Hubei Provincial Tax Service, State Taxation Administration. This subsidiary is certified as a high-tech enterprise, which is re-identified upon expiry of the original certificate. Pursuant to applicable rules and regulations, this subsidiary will continue to enjoy preferential policies for high-tech enterprises for three consecutive years (2020-2022) after being re-identified as such a enterprise, paying corporate income tax at a rate of 15 percent.

The 2nd decision in 2021, for shareholders of this subsidiary on the profit distribution plan, made on September 2, 2021: the subsidiary distributed a cash dividend of RMB1.6667 (tax included) for every 10 shares of its share capital of 300 million as of June 30, 2021 to all shareholders for a total cash distribution of RMB50 million (tax included).

6. Jiaozuo Billions United Pigment Co., Ltd.

Jiaozuo Billions United Pigment Co., Ltd., the Company's holding subsidiary, held on April 16, 2021 the 1st

Extraordinary General Meeting in 2021 which reviewed and approved the *Profit Distribution Plan for 2020*. It was set out in the plan that the subsidiary shall, based on the total share capital of 80 billion shares as at December 31, 2020, distribute cash dividends of RMB1.25 (tax inclusive) for every 10 shares to all shareholders and distribute a total of RMB10 million in cash (tax inclusive).

7. Jiaozuo Demonstration District Yili Microfinance Co., Ltd.

This company, a holding subsidiary of the Company was renamed from "Jiaozuo City Zhongzhan District Yili Microfinance Co., Ltd." to "Jiaozuo Demonstration District Yili Microfinance Co., Ltd." on August 30, 2021.

8. Guangdong Orient Zirconic Industry Science and Technology Co., Ltd.

During the reporting period, Orient Zirconic Industry completed registration for its first 2021 restricted stock grant and awarded 65.4530 million restricted stock shares at RMB2.93 per share to 406 incentive recipients, greatly motivating its employees.

Orient Zirconic Industry held the 21st Meeting of the 7th Board of Directors and the 19th Meeting of the 7th Board of Supervisors on May 18, 2021 and the 3rd Extraordinary General Meeting of 2021 on June 4, 2021, which reviewed and approved the *Proposal to Acquire 100% of the equity of Jiaozuo Weina Technology Co., Ltd.* to enforce a strategy of developing and optimizing every category of its products, constantly developing lines of products and building a world-class "zirconium" platform.

Orient Zirconic Industry held the 25th Meeting of the 7th Board of Directors and the 23rd Meeting of the 7th Board of Supervisors on August 6, 2021 and the 5th Extraordinary General Meeting of 2021 on August 23, 2021, which reviewed and approved the *Proposal to Acquire Related Assets Involved in 15,000-ton/Year Zirconium Oxychloride and 2,400-ton/Year Zirconia Production Lines of LB Group* to address the ongoing competition between Orient Zirconic Industry and its controlling shareholder, LB Group, and improve its corporate governance and management practices.

Section VII Changes in Shares and Profile of Shareholders

I. Changes in Shares

1. Changes in shares

	Before this change		Increase and decrease this time (+, -)					After this change	
	Number of shares	Percentage	Newly issued shares	Shares donated	Shares converted from provident fund	Other decreases	Subtotal	Number of shares	Percentage
I. Restricted shares	525,182,796	25.85%	349,449,367			-16,524,491	332,924,876	858,107,672	36.03%
1. Shares held by state									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities	525,182,796	25.85%	348,949,367			-16,524,491	332,424,876	857,607,672	36.01%
Thereinto: Shares held by legal person at home									
Shares held by domestic natural person	525,182,796	25.85%	348,949,367			-16,524,491	332,424,876	857,607,672	36.01%
4. Shares held by foreign entities			500,000				500,000	500,000	0.02%
Thereinto: Shares held by overseas legal person									
Shares held by overseas natural person			500,000				500,000	500,000	0.02%
II. Shares without restrictions on sales	1,506,838,093	74.15%				16,524,491	16,524,491	1,523,362,584	63.97%
1. Common shares in RMB	1,506,838,093	74.15%				16,524,491	16,524,491	1,523,362,584	63.97%
2. Domestically listed foreign shares									
3. Foreign shares listed overseas									
4. Other									
III. Total shares	2,032,020,889	100.00%	349,449,367	0	0	0	349,449,367	2,381,470,256	100.00%

Reasons leading to changes in shares

√ Applicable □ Not applicable

1. The Company's 2020 private offering of 207,589,367 shares of RMB common stock, with additional shares listed on Shenzhen Stock Exchange on March 3, 2021, locked up for 18 months from the date of listing, increasing the Company's total share capital from 2,032,020,889 shares to 2,239,610,256 shares

2. The 139,060,000 restricted stock shares granted under the Company's 2021 restricted stock incentive plan were listed on Shenzhen Stock Exchange on July 2, 2021, increasing the Company's total share capital from 2,239,610,256 shares to 2,378,670,256 shares.

3. The 2,800,000 restricted stock shares granted to Mr. HE Benliu under the Company's 2021 restricted stock incentive plan were listed on Shenzhen Stock Exchange on September 24, 2021, increasing the Company's total share capital from 2,378,670,256 shares to 2,381,470,256 shares.

4. The senior executive lock-in shares decreased by 16,524,491 shares.

Approval on changes in shares

☒ Applicable ☐ Not applicable

1. The Company held the 2nd Meeting of the 7th Board of Directors and the 3rd Extraordinary General Meeting of 2020 on April 23, 2020 and May 28, 2020 respectively, which reviewed and approved the *proposals regarding the Company's private offering of A-shares* and held the 10th Meeting of the 7th Board of Directors on November 6, 2020, reviewing and approving amendments to the Company's private offering of A-shares. The Company received on December 15, 2020 the *Approval for Private Offering of Shares by Lomon Billions Group Co., Ltd.* (Z. J. X. K. [2020] No. 3423) from the CSRC.

2. The 15th Meeting of the 7th Board of Directors and the 15th Meeting of the 7th Board of Supervisors held on March 9, 2021 reviewed and approved the proposals governing restricted stock incentive plan; the 19th Meeting of the 7th Board of Directors, the 19th Meeting of the 7th Board of Supervisors and the 1st Extraordinary General Meeting of 2021 held on April 29, 2021 and May 17, 2021 respectively reviewed and approved the amendments; and the 21st Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors held on May 28, 2021 agreed to take such as the grant date and award 5,001 incentive recipients 139,200,000 restricted stock shares at a price of RMB15.64 per share. Now that Mr. HE Benliu, another incentive recipient, director and officer of the Company, decreased his stock holdings in the six months prior to such grant date and that the Company shall defer vesting of restricted stock for six months from the date of a director's last stock decrease transaction under the *Securities Law's* rules for short-term trading, the Company planned to hold a separate board meeting to determine the grant date for the 2.8 million restricted shares granted to Mr. HE Benliu. The independent directors expressed concurred independent opinions on the aforesaid issues. In the process of payment after determining the

initial grant date, 142 first-time awarded incentive recipients voluntarily gave up for personal reasons the purchase of 140,000 restricted stock shares to be granted by the Company. 4,859 people were actually granted 1,390.6 million shares of restricted stock for the first time and restricted stock waivers were declared null and void.

The Proposal on Granting Restricted Stock to Incentive Recipients Whose Grants Deferred was reviewed and approved at the 27th Meeting of the 7th Board of Directors and the 27th Meeting of the 7th Board of Supervisors on September 3, 2021. The restricted purchase period for Mr. HE Benliu has expired as of September 3, 2021, and both the meetings agreed to grant 2.8 million restricted shares at the price of ¥15.64 per share to Mr. HE Benliu, eligible recipient of the deferred incentive grant, on September 3, 2021 as the grant date. The independent directors expressed concurred independent opinions on the aforesaid issues.

Transfer related to changes in shares

☐ Applicable ☒ Not applicable

Impact of changes in shares on such financial indicators as basic earnings per share and diluted earnings per share for the most recent year and the most recent period, and net assets per share attributable to common shareholders of the Company

☒ Applicable ☐ Not applicable

During the reporting period, the Company increased its equity following the completion of its private offering of stock and restricted stock incentive plan, resulted in changes in basic earnings per share, net asset per share attributable to the Company's common shareholders and other financial indicators from the previous year and the previous period.

Other content that the Company deems necessary or required by the securities regulator

☐ Applicable ☒ Not applicable

2. Changes in restricted shares

√ Applicable □ Not applicable

Unit: Share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares added in current period	Number of restricted shares released in current period	Number of restricted shares at the end of the period	Reason for restriction on sales	Date of restriction release
XU Gang	312,481,801	207,589,367		520,071,168	The Company's private offering in 2020 included 207,589,367 additional post-IPO restricted shares	The 207,589,367 post-IPO restricted shares are scheduled to be released on September 3, 2022, and executive lock-in shares shall be dealt with as required.
TAN Ruiqing	186,199,497		11,324,918	174,874,579	Now that he sold down his holdings of the Company in 2020 and ended the year with its fewer total shares, the executive lock-up in 2021 was decreased accordingly.	Such shares were disposed of according to relevant rules for the shares locked up for senior executives.
HE Benliu	22,208,592	2,800,000	5,550,648	19,457,944	Now that he sold down his holdings of the Company in 2020 and ended the year with its fewer total shares, the executive lock-up in 2021 was decreased accordingly. He was awarded 2.8 million shares under the 2021 restricted stock incentive plan of the Company.	Executive lock-in shares shall be dealt with as required; shares granted under the restricted stock incentive plan will be unlocked in three batches and dealt with as executive lock-in stock pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> .
CHANG Yili	1,181,250	3,000,000		4,181,250	He was awarded 3 million shares under the 2021 restricted stock incentive plan of the Company.	Executive lock-in shares shall be dealt with as required; shares granted under the restricted stock incentive plan will be unlocked in three batches and dealt with as executive lock-in stock pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> .
YANG Minle	1,285,594	5,600,000		6,885,594	He was awarded 5.6 million shares under the 2021 restricted stock incentive plan of the Company.	Executive lock-in shares shall be dealt with as required; shares granted under the restricted stock incentive plan will be unlocked in three batches and dealt with as executive lock-in stock pursuant to the Company's

						<i>2021 Restricted Stock Incentive Plan (Revised Draft).</i>
SHEN Qingfei	492,187	2,800,000		3,292,187	He was awarded 2.8 million shares under the 2021 restricted stock incentive plan of the Company.	Executive lock-in shares shall be dealt with as required; shares granted under the restricted stock incentive plan will be unlocked in three batches and dealt with as executive lock-in stock pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> .
FENG Jun	1,086,150			1,086,150	Current directors, supervisors and officers would be locked up for 75% of their shares.	Executives' stock lock-ups are handled as required.
DU Weili	7,725			7,725	Current directors, supervisors and officers would be locked up for 75% of their shares.	Executives' stock lock-ups are handled as required.
ZHANG Haitao	0	2,000,000		2,000,000	He was awarded 2 million shares under the 2021 restricted stock incentive plan of the Company.	Shares granted under the restricted stock incentive plan will be unlocked in three batches and dealt with as executive lock-in stock pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> .
YAN Ming	0	1,500,000		1,500,000	He was awarded 1.5 million shares under the 2021 restricted stock incentive plan of the Company.	Shares granted under the restricted stock incentive plan will be unlocked in three batches and dealt with as executive lock-in stock pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> .
CHEN Jianli	240,000	2,000,000		2,240,000	He was awarded 2 million shares under the 2021 restricted stock incentive plan of the Company.	Executive lock-in shares shall be dealt with as required; shares granted under the restricted stock incentive plan will be unlocked in three batches pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> .
Non-directors, non-supervisors and non-officers are holding restricted-sale shares.	0	122,511,075		122,511,075	Under the 2021 restricted stock incentive plan of the Company, non-directors, non-supervisors and non-officers were granted 122,160,000 shares, locking up 75% of Mr. ZHU Quanfang's holdings, or 351,075 shares.	Shares granted under the restricted stock incentive plan will be unlocked in three batches pursuant to the Company's <i>2021 Restricted Stock Incentive Plan (Revised Draft)</i> . Mr. ZHU Quanfang's 351,075 shares are subject to executive lock-up and are subject to release on October 22, 2023,
						according to applicable lock-up regulations.
Total	525,182,796	349,800,442	16,875,566	858,107,672	--	--

II. Issuance and Listing of Securities

1. Issuance of securities (excluding preferred shares) during the reporting period

√ Applicable □ Not applicable

Names of stocks and their derivative securities	Date of issue	Issue price (or interest rate)	Number of shares issued	Listing date	Number of shares approved to be listed for transaction	Date of transaction termination	Index of disclosure	Date of disclosure
Stock category								
Renminbi common stock (A-shares)	March 3, 2021	RMB10.91/share	207,589,367	March 3, 2021	207,589,367		For details, please refer to the <i>Private Offering Report and Listing Announcement (Summary)</i> (2021-023) published on www.cninfo.com.cn .	March 2, 2021
Renminbi common stock (A-shares)	July 2, 2021	RMB15.64/share	139,060,000	July 2, 2021	139,060,000		For details, please refer to the <i>Announcement on Completion of Registration for the First Restricted Stock Grant of 2021</i> (2021-096) published on www.cninfo.com.cn .	July 1, 2021
Renminbi common stock (A-shares)	September 24, 2021	RMB15.64/share	2,800,000	September 2, 2021	2,800,000		For details, please refer to the <i>Announcement on Completion of Registration to Grant Restricted Stock to Incentive Recipients of Deferred 2021 Restricted Stock Grants</i> (2021-135) published on www.cninfo.com.cn .	September 1, 2021
Convertible bonds, detachable trading convertible bonds, corporate bonds								
Other derivative securities								

Notes on issuance of securities (excluding preferred shares) during the reporting period

(I) The Company's private offering in 2020

1. Offering category

The Company is offering stock to specific recipients this time.

2. Procedures for this stock offering

(1) Internal decision-making procedures

The proposals concerning this offering were reviewed and approved at the 2nd Meeting of the 7th Board of Directors held on April 23, 2020.

The proposals concerning this offering were reviewed and approved at the 3rd Extraordinary General Meeting of 2020 held on May 28, 2020.

The amendment to this offering were reviewed and approved at the 10th Meeting of the 7th Board of Directors held on November 6, 2020. As authorized by the Board of Directors at the 3rd Extraordinary General Meeting of 2020, this amendment is not subject to review at the meeting.

(2) Regulatory approval process for this offering

China Securities Issuance Examination Committee (CSIEC) reviewed and approved the application for this private offering on December 7, 2020. On December 15, 2020, the *Approval for Private Placement of Shares by Lomon Billions Group Co., Ltd.* (No.: Z. J. X. K. [2020] No. 3423) from China Securities Regulatory Commission approved the Company's private offering of up to 205,517,241 new shares.

3. Pricing base date

The pricing base date for this stock offering is April 24, 2020.

4. Way of stock offering

The Company is offering stock to selected investors in a private manner.

5. Number of stock offered

The *Approval for Private Placement of Shares by Lomon Billions Group Co., Ltd.* (No.: Z. J. X. K. [2020] No. 3423) from China Securities Regulatory Commission approved the Company's private offering of up to 205,517,241 new shares. The number of new shares offered privately this time changed from 205,517,241 to 207,589,367 on December 17, 2020 due to the issuer's equity distribution in the third quarter of 2020.

6. Offering price

The pricing base date for this offering is the date for the resolution announcement made by the 2nd Meeting of the 7th Board of Directors (namely April 24, 2020), priced at RMB11.92 per share, not less than the average trading price of the Company's stock over the 20 trading days prior to such pricing base date (the average trading price of the shares = 80% of the total trading amount of the Company's shares over the 20 trading days prior to the pricing base date / the total trading number of the Company's shares over the 20 trading days prior to such pricing base date).

The Company held its 3rd Extraordinary General Meeting of 2020 on May 28, 2020, approving the *Profit Distribution Plan for the First Quarter of 2020*, and paid a dividend on June 10, 2020. The offering price was adjusted to RMB11.02 per share upon completion of the dividend.

The Company held its 6th Extraordinary General Meeting of 2020 on November 16, 2020, approving the *Profit Distribution Plan for the Third Quarter of 2020*, and paid a dividend on December 17, 2020. The offering price was adjusted to RMB10.91 per share upon completion of the dividend.

(II) Restricted Stock Incentive Plan for 2021 of the Company

1. Offering category

The Company is offering stock to specific recipients this time.

2. Procedures for this stock offering

(1) The 15th Meeting of the 7th Board of Directors and the 15th Meeting of the 7th Board of Supervisors, held on March 9, 2021, reviewed and approved the *Company's <Restricted Stock Incentive Plan for 2021 (Draft) >and Its Summary*, the *Proposal on the Company's Implementation, Assessment and Management Methods for 2021 Restricted Stock Incentive Plan* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Complete Matters Concerning Stock Ownership Incentives*, and the independent directors expressed concurred independent opinions on the proposed incentive plan.

(2) The 19th meeting of the 7th Board of Directors and the 19th meeting of the 7th Board of Supervisors, held on April 29, 2021, reviewed and approved the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary* and the *Proposal on the Company's <Implementation, Assessment and Management Measures for 2021 Restricted Stock Incentive Plan (Revision)>* and the independent directors expressed concurred independent opinions on the proposed revision to the incentive plan.

(3) The Company publicized the names and titles of the proposed recipients under the incentive plan internally from April 30, 2021 to May 9, 2021. The Board of Supervisors received no objections during the publicity period relating to the proposed recipients under the incentive plan. The Company disclosed on May 11, 2021 the *Public Information Note and Verification Opinion of the Board of Supervisors on the List of the First Incentive Recipients under the 2021 Restricted Stock Incentive Plan*".

(4) The 1st Extraordinary General Meeting of 2021, held on May 17, 2021, reviewed and approved the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary*, the *Proposal on the Company's <Implementation, Assessment and Management Measures for 2021 Restricted Stock Incentive Plan (Revision)>* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Complete Matters Concerning Stock Ownership Incentives*.

(5) The Company disclosed the *Self-audit Report on Insiders and Incentive Recipients' Trading of Company Stock under the 2021 Restricted Stock Incentive Plan on May 18, 2021*.

(6) *The Proposal to Adjust the Initial Grant Price of Its 2021 Restricted Stock Incentive Plan* and the *Proposal on First Grant of Restricted Stock to Part of Incentive Recipients* were reviewed and approved at the Company's 21st Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors held on May 28, 2021.

Both the meetings agreed to set May 28, 2021 as the grant date, granting 139,200,000 restricted shares to 5,001 incentive recipients at a grant price of RMB15.64 per share. Now that Mr. HE Benliu, another incentive recipient, director and officer of the Company, decreased his stock holdings in the six months prior to such grant date and that the Company shall defer vesting of restricted stock for six months from the date of a director's last stock decrease transaction under the *Securities Law's* rules for short-term trading, the Company planned to hold a separate board meeting to determine the grant date for the 2.8 million restricted shares granted to Mr. HE Benliu. The independent directors expressed concurred independent opinions on the aforesaid issues.

(7) *The Proposal on Granting Restricted Stock to Incentive Recipients Whose Grants Deferred* was reviewed and approved at the 27th Meeting of the 7th Board of Directors and the 27th Meeting of the 7th Board of Supervisors on September 3, 2021. The restricted purchase period for Mr. HE Benliu has expired as of September 3, 2021, and both the meetings agreed to grant 2.8 million restricted shares at the price of RMB15.64 per share to Mr. HE Benliu, eligible recipient of the deferred incentive grant, on September 3, 2021 as the grant date. The independent directors expressed concurred independent opinions on the aforesaid issues.

3. Date of grant

The date the Company first granted restricted stock: May 28, 2021

The date the Company deferred to grant restricted stock: September 3, 2021

4. Sources of restricted stock

A-share common stock offered by the Company in a selected manner

5. Number of stock offered

Proposals including the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary* were reviewed and approved at the 15th Meeting of the 7th Board of Directors, the 15th Meeting of the 7th Board of Supervisors and the 1st Extraordinary General Meeting of 2021, agreeing to grant 139,060,000 restricted stock shares to 4,859 incentive recipients. The Company held the 27th Meeting of the 7th Board of Directors on September 3, 2021, which reviewed and approved the *Proposal on Granting Restricted Stock to Incentive Recipients Whose Grants Deferred*, agreeing to grant 2,800,000 restricted stock shares to Mr. HE Benliu, recipient of the deferred incentive grant.

6. Offering price

The granting price is RMB16.54 per share pursuant to the *Restricted Stock Incentive Plan for 2021 of Lomon Billions Group Co., Ltd. (Revised Draft)*. The Company held the General Meeting of 2020 on May 6, 2021, approving the *Equity Allocation Plan for the 1st Quarter of 2021*, and paid a dividend on May 17, 2021. The offering price was adjusted to RMB15.64 per share upon completion of the dividend.

2. Description of changes in the Company's total shares and shareholder structure, as well as changes in the Company's assets and liabilities structure

☒ Applicable ☐ Not applicable

Please refer to "Section VII Changes in Shares and Profile of Shareholders" and "Section X Financial Report" hereunder.

3. Existing internal employee shares

☐ Applicable ☒ Not applicable

III. Shareholders and Actual Controller

1. Number and shareholding of the Company's shareholders

Total number of common shareholders at the end of the reporting period	137,697	Total number of common shareholders at the end of the previous month before disclosure of annual report	135,724	Total number of preferred stockholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of previous month before disclosure of annual report (if any) (see Note 8)	0	
Shareholdings of shareholders holding more than 5% of shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Increase and decrease of shares during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledging, marking or freezing shares	
							Status of shares	Number of shares
XU Gang	Domestic natural person	26.21%	624,231,769	207,589,367	520,071,168	104,160,601	Pledge	304,125,400
TAN Ruiqing	Domestic natural person	8.29%	197,384,705	-35,781,400	174,874,579	22,510,126	Pledge	61,800,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	7.23%	172,063,014	90,205,026	0	172,063,014		
LI Ling	Domestic natural person	4.99%	118,928,380	-36,814,700	0	118,928,380		
FAN Xianguo	Domestic natural person	2.83%	67,418,965	-850,000	0	67,418,965		
Henan Yintai Investment Co., Ltd.	Non-state-owned legal person at home	2.56%	61,000,072	3,200,000	0	61,000,072	Pledge	14,900,000
China Construction Bank Corporation - Hybrid Securities Investment Fund of GF Fund Management	Other decreases	2.28%	54,225,216	54,225,216	0	54,225,216		
Shanghai Pudong Development Bank Co. Ltd. - Small-cap Growth Hybrid Securities Investment Fund (LOF) of GF Fund Management	Other decreases	1.56%	37,225,499	37,225,499	0	37,225,499		
Industrial and Commercial Bank of China Limited - Hybrid Securities Investment Fund of GF Fund Management	Other decreases	1.55%	36,953,617	36,953,617	0	36,953,617		
CHEN Kaiqiong	Domestic natural person	1.33%	31,568,300	1,568,300	0	31,568,300		
Strategic investors or general legal persons becoming the top 10 shareholders as a result of placement of new shares (if any)	Not applicable							

(see Note 3)			
Description of affiliated relationship between or concerted actions of the above-mentioned shareholders	Among the top ten shareholders of the Company, Actual Controller TAN Ruiqing of Henan Yintai Investment Co., Ltd. and Tangyin County Yuxin Xylose Development Co., Ltd., and XU Gang, Chairman of the Board of the Company, signed the Concerted Action Agreement on Mar. 3, 2010 which expired and was terminated on Jul. 15, 2014; except for the above, the Company is not aware of whether there is any relationship between other shareholders or whether it is a person acting in concert as stipulated in <i>Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies</i> .		
Note of the foregoing shareholders regarding proxy or fiduciary voting rights and waiver of voting rights	Not applicable		
Special note (if any) for the buyback account among top 10 shareholders (See Note 10)	Not applicable		
Shareholding of top 10 unrestricted shareholders			
Name of shareholder	Number of unrestricted shares held at the end of the reporting period	Class of share	
		Class of share	Number of shares
Hong Kong Securities Clearing Company Limited	172,063,014	Common shares in RMB	172,063,014
LI Ling	118,928,380	Common shares in RMB	118,928,380
XU Gang	104,160,601	Common shares in RMB	104,160,601
FAN Xianguo	67,418,965	Common shares in RMB	67,418,965
Henan Yintai Investment Co., Ltd.	61,000,072	Common shares in RMB	61,000,072
China Construction Bank Corporation - Hybrid Securities Investment Fund of GF Fund Management	54,225,216	Common shares in RMB	54,225,216
Shanghai Pudong Development Bank Co. Ltd. - Small-cap Growth Hybrid Securities Investment Fund (LOF) of GF Fund Management	37,225,499	Common shares in RMB	37,225,499
Industrial and Commercial Bank of China Limited - Hybrid Securities Investment Fund of GF Fund Management	36,953,617	Common shares in RMB	36,953,617
CHEN Kaiqiong	31,568,300	Common shares in RMB	31,568,300
Industrial and Commercial Bank of China Limited - Innovative, Upgraded and Flexibly Allocated Hybrid Securities Investment Fund of GF Fund Management	30,178,010	Common shares in RMB	30,178,010
Description of the relationship or concerted action between the top 10 shareholders of unrestricted tradable shares and between the top 10 shareholders of unrestricted tradable shares and the top 10 shareholders	Among the top ten shareholders holding non-restricted outstanding shares in the Company, and among top ten shareholders holding non-restricted outstanding shares in and top ten shareholders of the Company, Actual Controller TAN Ruiqing of Henan Yintai Investment Co., Ltd. and Tangyin County Yuxin Xylose Development Co., Ltd., and XU Gang, Chairman of the Board of the Company, signed the <i>Concerted Action Agreement</i> on Mar. 3, 2010 which expired and was terminated on Jul. 15, 2014; except for the above, the Company is not aware of whether there is any relationship between other shareholders or whether it is a person acting in concert as stipulated in <i>Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies</i> .		
Description of participation by	Not applicable		

the top 10 common shareholders in margin financing and securities lending business (if any) (see Note 4)	

Whether the top 10 common shareholders and the top 10 common shareholders subject to no restrictions on sales have conducted agreed repurchase transactions in the reporting period

☐ Yes ☒ No

The top 10 common shareholders and the top 10 common shareholders subject to no restrictions on sales conducted no agreed repurchase transactions in the reporting period.

2. Controlling shareholder of the Company

Nature of controlling shareholder: controlled by natural person

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether the right of residence in other countries or regions is obtained
XU Gang	Chinese	No
Main occupation and position	Mr. XU Gang served as Chairman and President of the Company during the reporting period.	
Shareholding of other dominant and share-holding domestic and overseas listed companies during the reporting period	None	

Changes of controlling shareholder in the reporting period

☐ Applicable ☒ Not applicable

There was no change of controlling shareholder in the reporting period.

3. The Company's actual controller and its concerted actor

Nature of actual controller: Domestic natural person

Type of actual controller: Natural person

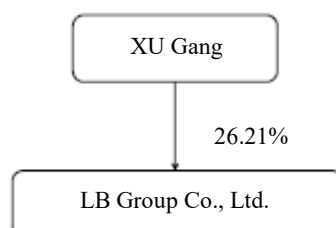
Name of actual controller	Relationship with actual controller	Nationality	Whether the right of residence in other countries or regions is obtained
XU Gang	In person	Chinese	No
Main occupation and position	Mr. XU Gang served as Chairman and President of the Company during the reporting period.		
Domestic and foreign listed companies as controlling shareholders of the Company in the past 10 years	Such three natural persons as XU Gang, TAN Ruiqing and DU Xinchang signed a Concerted Action Agreement on March 3, 2010, and acted as the Company's actual controller by holding and controlling 36,247,833 shares in total of the Company, accounting for 51.78% of the Company's total shares. The agreement expired on July 15, 2014.		

Change of actual controllers in the reporting period

☐ Applicable ☒ Not applicable

There was no change of actual controllers in the reporting period.

Block diagram of property rights and control relationship between the Company and its actual controllers



Actual controller controls the Company through trust or other assets management methods

☐ Applicable ☒ Not applicable

4. The Company's controlling shareholder or largest shareholder and its acting partners have collectively pledged 80% of the Company's shares.

☐ Applicable ☒ Not applicable

5. Other corporate shareholders holding more than 10% of the shares

☐ Applicable ☒ Not applicable

6. Share restrictions and shareholding reductions of the controlling shareholder, actual controller, restructuring parties and other subjects making commitments

☐ Applicable ☒ Not applicable

IV. Actual Share Buyback in the Reporting Period

Progress in implementing share repurchase

√ Applicable ☐ Not applicable

Time for plan disclosure	Number of shares to be repurchased	Proportion in total share capital	Amount of shares to be repurchased	Period for shares to be repurchased	Repurchase purpose	Number of shares repurchased (shares)	Proportion of the number of shares repurchased in the underlying shares covered by the stock ownership incentive plan (if any)
November 30, 2021	260,000	0.01%	4,066,400.00	Buyback and write-off after being reviewed and approved by the general meeting of shareholders	Buyback and write-off	0	0.00%

Progress in implementation of reduction in shareholding by means of centralized bidding

☐ Applicable ☒ Not applicable**Section VIII Relevant Information Concerning Preferred Shares**☐ Applicable ☒ Not applicable

There were no preferred shares in the Company during the reporting period.

Section IX Relevant Information Concerning Corporate Bonds☐ Applicable ☒ Not applicable

Section X Financial Report

I. Audit Report

Type of audit opinions	Standard and unqualified opinions
Signing date of audit report	April 11, 2022
Name of audit office	BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership)
Audit report No.	X. K. S. B. Z. [2022] No. ZG10905
Name of certified public accountants	XU Peimei, LONG Yong

Audit Report

X. K. S. B. Z. [2022] No. ZG10905

To all shareholders of LB Group Co., Ltd.:

1. Auditor's Opinions

We have audited the financial statements of LB Group Co., Ltd. (hereinafter referred to as “LB Group”), including the Consolidated Balance Sheet and Parent Company's Balance Sheet as of December 31, 2021, Consolidated Income Statement and Parent Company's Income Statement, Consolidated Cash Flow Statement and Parent Company's Cash Flow Statement, Consolidated Statement of Change in Owners' Equity and Parent Company's Statement of Change in Owners' Equity for the year of 2021 and relevant Notes to Financial Statements.

In our opinion, the accompanying financial statements are prepared in all major aspects in accordance with the Accounting Standards for Business Enterprises and give a true and fair view of consolidated and parent company financial position of LB Group as of December 31, 2021 as well as consolidated and parent company business performance and cash flows for the year of 2021.

2. Basis for the Formation of Auditor's Opinions

We conducted our audit in accordance with Auditing Standards for the Chinese Certified Public Accountants. The "Auditor's Responsibility" section in the auditor's report further describes our responsibilities under these Standards. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of Billions and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

3. Key Matters for Audit

The key audit items are the items we think based on our professional judgement as the most critical to the current financial statements. These items should be based on the overall audit of the financial statements and the formation of audit opinions. We do not comment on these items separately. Key audit matters identified in our audit are summarized as follows:

(I) Recognition of income

(II) Goodwill impairment

Key matters for audit	How the matters is dealt with in auditing
(I) Recognition of income	
For the accounting policy for revenue recognition, please refer to Note III(26); for revenue classification and disclosure of revenue amount incurred this year, please refer to Note V(46). In 2021, LB Group's consolidated main business income reached RMB19.912 billion, an increase of RMB6.080 billion than the previous year's main business income of RMB13.832 billion. The income mainly came from domestic and foreign sales of titanium dioxide. In general, the Company shall recognize revenues when it has fulfilled its performance obligations under contracts, i.e. when customers have acquired the control over related goods or services. Specific principles of the Company's revenue recognition: for revenue from domestic sales, the Company recognizes revenue according to the order and outbound delivery order (ODO) and after the customer confirms receipt of the goods; for revenue from export sales, the Company recognizes revenue according to the order and outbound delivery order and after handling export customs declaration and shipping the goods. Since revenue is deemed as a key performance indicator, there is inherent risk that the management will control the timing of revenue recognition to achieve specific goals or expectations. Therefore, we consider revenue recognition as a key audit matter.	Our audit procedures for the recognition of income mainly include: 1. Learning about and evaluating the management's design and operation effectiveness of key internal control related to revenue recognition; 2. Selecting sample, inspecting sales contract, interviewing with the management, conducting "five-step" contract analysis, determining the time-points for constitution of obligation performance and for transfer of control, and evaluating whether LB Group's revenue recognition policy and recognition schedule meet the new revenue recognition criteria; 3. Following the accounts receivable confirmation procedures and selecting samples of revenue transactions recorded in the current year to verify the current sales revenue from major customers; For revenue from domestic sales, checking the supporting documents related to revenue recognition by sampling, including checking invoices, sales contracts, ODOs, acceptance forms and other documents; for revenue from export sales, checking the supporting documents such as the sales contracts, export declaration forms and shipping bills of lading by sampling to verify the authenticity of sales revenue; 4. Implementing analytical procedures for income and costs, including procedures concerning analyzing income, cost and gross profit margin fluctuations of each month of the current period and analyzing income, cost and gross profit margin of major products during the period by comparing with the previous period, and checking accuracy of the confirmed income; 5. Checking business information of important customers, asking relevant personnel and comparing sales volume and amount of important customers in the same period to confirm whether there is any abnormal transaction; 6. Selecting samples, checking out outbound delivery orders and other supporting documents for the income transactions recorded before and after balance sheet date to assess whether the income is recorded in the appropriate accounting period.
(II) Goodwill impairment	
For accounting policies on goodwill, please refer to Note III(5)/(20); for disclosure of goodwill, please refer to	Our main audit procedures for the impairment test of goodwill are:

Note V(20). As of December 31, 2021, book value of goodwill in the consolidated financial statements of LB Group was RMB6.148 billion with RMB28,000,000 accrued as provision for impairment of goodwill. The book value of goodwill was RMB6.120 billion. The above goodwill was mainly formed as a result of LB Group's acquisition of Sichuan Lomon Titanium Industry Co., Ltd. (now renamed as Longbai Sichuan Titanium Industry Co., Ltd.) in 2016, Panzhihua Ruierxin Industry and Trade Co., Ltd. in 2017, Yunnan Metallurgical Xinli Titanium Co., Ltd. in 2019, Henan Zhongtan New Materials Technology Co., Ltd. and Jiaozuo Weina Technology Co., Ltd. in 2021, as well as holding and combination of Guangdong Orient Zirconic Industry Science and Technology Co., Ltd. in 2020. The management of the Company conducted impairment test on goodwill at the end of each year and adjusted book value of goodwill based on results of the impairment test. Impairment test is carried out based on recoverable amount of the asset group including goodwill which is determined by the higher of present value of the estimated future cash flows of the asset group and net amount of the fair value of the assets after deducting disposal expenses. Forecasting future cash flows involves key assumptions about forecasted revenue, growth rate and profit margin and determination of appropriate discount rate. Since these key assumptions are inherently uncertain and may be affected by bias of the management, we identify the impairment of goodwill in the consolidated financial statements as a key audit matter.	1. Learning about control procedures of the goodwill impairment test of LB Group, including the asset groups divided by the Company and the Company's judgment on the value of the asset groups; 2. Evaluating competency, professionalism and objectivity of external valuation experts appointed by the management; 3. Evaluating the methods and assumptions used in estimating the present value of future cash flows based on the requirements of accounting standards; 4. Assessing the appropriateness of parameters such as discount rate and growth rate in the discounted cash flow model used by external experts. Such parameters include the estimated production, future sales price, growth rate, estimated gross profit margin and related expenses of the asset group, which may be compared with historical data and industry levels of relevant asset groups; 5. Evaluating whether the disclosure of goodwill impairment in the financial statements meets the requirements of the Accounting Standards for Business Enterprises.

4. Other Information

The Management of LB Group (hereinafter referred to as "the Management") is responsible for other information. Other information includes the information contained in the 2021 annual report of LB Group, but excludes that in the financial statements and our Audit Report.

Our audit opinions on the financial statements do not contain other information, nor do we issue any form of authentication conclusion on other information.

Based on our audit of the financial statements, our responsibility is to read other information, and in the process, consider whether other information is in major disagreement with the financial statements or what we know in the process of auditing, or if there seems to be any major misstatement in other information.

Based on the work we have done, if we ascertain that there are material misstatements in other information, we

should report this fact. In this regard, we have nothing to report.

5. Responsibilities of the Management or Governance for Financial Statements

The management shall prepare financial statement in accordance with the Accounting Standards for Enterprises, rendering it with fair reflections; and design, implement and maintain internal control relating to the preparation of financial statements so as to avoid any major misstatement caused by malpractices or mistakes.

In preparing financial statements, the management is responsible for assessing going-concern ability of LB Group, disclosing matters relating to going concern (if applicable) and applying assumptions of going concern, unless there is a plan to liquidate or terminate operations, or there are no other realistic options.

The governance shall be responsible for overseeing preparation of LB Group's financial reports.

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) 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.

(II) Understand the internal controls related to audit so as to design appropriate audit procedures.

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

(IV) Draw a conclusion on the appropriateness of management's use of the going-concern assumptions. At the same time, we draw a conclusion on whether there are significant uncertainties in the matters or circumstances possible to result in significant doubts about going-concern ability of LB Group based on the audit evidences obtained. If we conclude that a material uncertainty exists, we are required by the auditing standards 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 available up to the date of our auditor's report. However, future events or circumstances may result in failure of LB Group to be going-concern.

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

(VI) Obtain sufficient and appropriate audit evidence on financial information of entities in or business activities of LB Group to provide audit opinions on consolidated financial statements. We are responsible for guiding, supervising and implementing group audit, and undertake the full responsibility for our audit opinions.

We communicate with the 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 have also made a statement to the governance on our compliance with the professional ethics requirements related to independence, and communicate with the governance with regard to all relationships and other matters that may be reasonably considered to affect our independence, as well as related precautions (if applicable).

Among the matters that we have communicated with the governance, we decide which matters are most critical to the audit of the current financial statements and form key audit items. We describe these matters in the audit report, unless the laws and regulations prohibit the public disclosure of these matters, or in very few cases, the negative consequences of communication of a matter in the audit report are reasonably expected to exceed the benefits from

the public interest, in which case, we should not communicate the matter in the audit report.

BDO China Shu Lun Pan CPAs
(Special General Partnership)

Chinese Certified Public Accountant: XU Peimei
(Engagement Partner)

Chinese Certified Public Accountant: LONG Yong

Shanghai, China

April 11, 2021

II. Financial Statements

Unit used in the statements mentioned in the financial notes is: RMB

1. Consolidated Balance Sheet

Prepared by: LB Group Co., Ltd.

December 31, 2021

Monetary Unit: Yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	6,287,035,428.91	5,127,451,501.02
Provision of settlement fund		
Funds lent		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	282,507,652.26	
Accounts receivable	1,967,428,387.16	2,014,982,342.77
Financing of receivables	835,101,190.08	440,624,177.60
Advance payment	598,243,068.22	670,555,303.56
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	38,415,501.91	31,585,769.03
Thereinto: Interests receivable		
Dividends receivable		
Recoursable financial assets acquired		
Inventories	4,515,997,872.49	3,126,606,102.78
Contract assets	1,814,084.97	1,807,922.72
Assets held for sale		
Non-current assets maturing within one year	496,410,335.21	
Other current assets	754,480,167.54	581,551,944.24
Total current assets	15,777,433,688.75	11,995,165,063.72
Non-current assets:		
Loans and advances	2,955,000.00	505,215,384.56
Investments on bonds		
Other investments on bonds		
Long-term receivables	44,667,401.31	191,479,797.87
Long-term equity investments	2,316,524,293.64	210,793,463.17
Other equity instrument investments	771,145.40	797,169.20
Other non-current financial assets		
Investment real properties	98,656,373.91	55,409,155.55
Fixed assets	11,053,183,363.86	8,816,858,567.75
Construction in progress	5,436,430,950.24	3,300,883,380.83
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	79,180,941.53	
Intangible assets	2,770,205,959.95	2,543,783,621.57
Development costs		
Goodwill	6,120,076,331.84	6,072,271,066.23
Long-term unamortized expenses	39,318,989.60	115,375,596.56
Deferred tax assets	401,454,452.53	250,368,171.36
Other non-current assets	1,190,317,573.53	713,028,516.05
Total current assets	29,553,742,777.34	22,776,263,890.70
TOTAL ASSETS	45,331,176,466.09	34,771,428,954.42
Current liabilities:		
Short-term borrowings	4,624,085,750.29	4,096,580,112.52

Borrowings from central bank		
Borrowing funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	6,535,600,545.53	5,022,859,793.35
Accounts payable	3,550,917,196.95	2,706,881,905.09
Advances from customers		
Contract liabilities	210,656,468.73	257,955,802.67
Financial assets sold for repurchase		
Deposits from customers and interbank		
Payment for trading securities by agency		
Payment for underwriting securities by agency		
Employee benefits payable	288,277,210.02	225,792,320.70
Taxes and surcharges payable	334,468,684.61	272,952,093.72
Other payables	2,955,154,909.45	411,265,027.98
Thereinto: Interests payable	264,896.50	652,626.49
Dividends payable	35,465,000.00	
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	1,418,674,519.98	1,486,379,981.00
Other current liabilities	24,980,036.54	201,277,201.20
TOTAL CURRENT LIABILITIES	19,942,815,322.10	14,681,944,238.23
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	3,798,977,644.10	3,469,282,193.84
Bonds payable		
Including: Preferred stock		
Perpetual bond		
Lease liabilities	18,156,917.33	
Long-term payables	81,805,847.16	129,262,697.16
Long-term employee benefits payable		
Accrued liabilities	102,945,212.21	51,991,070.88
Deferred income	250,895,719.85	268,720,903.23
Deferred income tax liabilities	346,605,810.29	332,639,362.58
Other non-current liabilities		
Total non-current liabilities	4,599,387,150.94	4,251,896,227.69
Total liabilities	24,542,202,473.04	18,933,840,465.92
Owner's equity:		
Capital stock	2,381,470,256.00	2,032,020,889.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital surplus	14,083,755,409.03	9,578,653,824.61
Less: Treasury shares	2,218,690,400.00	
Other comprehensive income	-26,403,532.44	-14,667,371.03
Special reserve	81,189,537.82	47,539,985.11
Surplus reserve	1,176,055,750.22	879,993,898.50
General risk reserve	12,932,748.73	9,421,958.57
Undistributed profits	3,427,470,861.92	1,661,631,233.88
Total owners' equity attributable to parent company	18,917,780,631.28	14,194,594,418.64
Minority interests	1,871,193,361.77	1,642,994,069.86
Total owners' equity	20,788,973,993.05	15,837,588,488.50
Total liabilities and owners' equity	45,331,176,466.09	34,771,428,954.42

Legal representative: XU Gang

Principal in charge of
accounting: SHEN
QingfeiHead of accounting
department: GUO
Liangpo

2. Balance Sheet of Parent Company

Monetary Unit: Yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	3,308,890,634.02	2,846,966,448.08
Financial assets held for trading		
Derivative financial assets		
Notes receivable	92,344,527.76	
Accounts receivable	1,196,927,459.36	357,478,732.07
Financing of receivables	188,391,459.44	77,640,890.16
Advance payment	182,139,717.10	489,632,035.52
Other receivables	3,961,834,874.33	1,292,581,025.11
Thereinto: Interests receivable		
Dividends receivable		
Inventories	486,154,752.05	469,822,621.33
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	2,314,907.87	4,517,190.25
Total current assets	9,418,998,331.93	5,538,638,942.52
Non-current assets:		
Investments on bonds		
Other investments on bonds		
Long-term receivables		
Long-term equity investments	17,575,690,510.80	15,777,420,830.75
Other equity instrument investments		
Other non-current financial assets		
Investment real properties	83,500,082.44	47,887,142.07
Fixed assets	2,411,728,008.89	1,572,522,285.38
Construction in progress	532,644,325.74	1,004,210,413.32
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	5,322,030.80	
Intangible assets	177,793,609.61	188,313,025.78
Development costs		
Goodwill		
Long-term unamortized expenses	1,896,933.58	
Deferred tax assets	37,944,051.29	20,062,295.85
Other non-current assets	82,307,155.11	52,686,968.59
Total current assets	20,908,826,708.26	18,663,102,961.74
TOTAL ASSETS	30,327,825,040.19	24,201,741,904.26
Current liabilities:		
Short-term borrowings	2,370,851,110.50	1,784,948,400.00
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	2,504,514,889.24	2,892,140,609.36
Accounts payable	1,025,561,928.09	486,534,555.84
Advances from customers		
Contract liabilities	35,938,953.59	90,731,504.14
Employee benefits payable	43,140,894.01	38,793,025.46
Taxes and surcharges payable	79,084,708.81	25,810,242.78
Other payables	5,702,121,179.17	3,042,211,786.57
Thereinto: Interests payable		
Dividends payable	35,465,000.00	
Liabilities held for sale		
Non-current liabilities maturing within one year	1,002,584,439.57	826,111,248.00
Other current liabilities	4,672,063.97	11,795,095.54

TOTAL CURRENT LIABILITIES	12,768,470,166.95	9,199,076,467.69
Non-current liabilities:		
Long-term borrowings	1,989,285,305.00	2,425,181,596.58
Bonds payable		
Including: Preferred stock		
Perpetual bond		
Lease liabilities	4,421,053.38	
Long-term payables		
Long-term employee benefits payable		
Accrued liabilities		
Deferred income	750,000.00	1,691,666.85
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,994,456,358.38	2,426,873,263.43
Total liabilities	14,762,926,525.33	11,625,949,731.12
Owner's equity:		
Capital stock	2,381,470,256.00	2,032,020,889.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital surplus	14,084,140,413.81	9,575,394,761.86
Less: Treasury shares	2,218,690,400.00	
Other comprehensive income	453,270.16	453,270.16
Special reserve		
Surplus reserve	1,176,055,750.22	879,993,898.50
Undistributed profits	141,469,224.67	87,929,353.62
Total owners' equity	15,564,898,514.86	12,575,792,173.14
Total liabilities and owners' equity	30,327,825,040.19	24,201,741,904.26

3. Consolidated Income Statement

Monetary Unit: Yuan

Item	2021	2020
I. Total Operating income	20,617,052,351.18	14,164,015,870.48
Including: Operating revenue	20,565,780,950.46	14,108,161,179.83
Interest income	50,685,217.08	52,189,497.37
Earned premium		
Handling charges and commission income	586,183.64	3,665,193.28
II. Total operating costs	14,983,871,831.22	10,885,436,293.10
Including: Cost of sales	11,943,194,972.20	9,121,313,997.93
Interest expense		34,679.25
Handling charges and commission expenditure	27,713.86	21,557.70
Refund of insurance premiums		
Net payments for insurance claims		
Net reserves accrued of insurance liability contracts		
Commissions on insurance policies		
Reinsurance expenses		
Sales tax and additions	272,462,611.67	157,737,631.61
Sales expenses	467,768,465.79	319,440,743.39
General and administrative expenses	1,113,622,806.42	585,375,565.50
R&D costs	1,010,306,886.97	538,757,312.64
Financial expenses	176,488,374.31	162,754,805.08
Thereinto: Interest expense	299,600,490.57	254,545,680.14
Interest income	157,784,551.58	117,712,109.25
Add: Other income	113,919,334.45	141,879,178.86
Income from investments (Fill in with "-" for loss)	-103,876,732.50	-513,612,976.14
Including: Share of profit of associates and joint ventures	13,708,857.89	-27,203,548.64

Derecognized earnings of financial assets measured at amortized cost		
Exchange gains (Fill in with "-" for loss)		
Net exposure hedging revenue (Fill in with "-" for loss)		
Income from change in fair value (Fill in with "-" for loss)		
Credit impairment loss (Fill in with "-" for loss)	-31,270,390.80	-51,802,776.14
Asset impairment loss (Fill in with "-" for loss)	-51,054,608.66	-4,596,007.95
Income from asset disposal (indicate loss with "-")	-7,247,208.51	-19,236,805.48
III. Operating profit (Fill in with "-" for loss)	5,553,650,913.94	2,831,210,190.53
Add: Non-operating income	10,884,765.77	19,652,584.05
Less: Non-operating expenses	45,625,790.29	30,783,090.66
IV. Total profits (Fill in with "-" for total loss)	5,518,909,889.42	2,820,079,683.92
Less: Income tax expenses	783,496,768.30	492,151,054.03
V. Net profits (Fill in with "-" for net loss)	4,735,413,121.12	2,327,928,629.89
(I) Classification by business continuity		
1. Net profit from continuing operations (Fill in with "-" for net loss)	4,735,427,701.98	2,327,928,629.89
2. Net profit from terminating operations (Fill in with "-" for net loss)	-14,580.86	
(II) Classification by ownership		
1. Net profit attributable to shareholders of the Parent Company	4,676,429,064.32	2,288,686,615.79
2. Gains and losses of minority shareholders	58,984,056.80	39,242,014.10
VI. Net after-tax other comprehensive income	-21,467,924.62	-20,052,431.93
Net of tax from other comprehensive income attributable to owners of the parent company	-11,736,161.41	-20,052,431.93
(I) Other comprehensive income that can not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss through the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of corporate credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-11,736,161.41	-20,052,431.93
1. Other comprehensive income that can be transferred to profit or loss through the equity method		453,270.16
2. Changes in fair value of other investments on bonds		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other investments on bonds		
5. Cash flow hedging reserves		
6. Conversion difference of foreign currency financial statements	-11,736,161.41	-20,505,702.09
7. Other		
Net after-tax other comprehensive income attributable to minority shareholders	-9,731,763.21	
VII. Total comprehensive income	4,713,945,196.50	2,307,876,197.96
Total comprehensive income attributable to owners of parent company	4,664,692,902.91	2,268,634,183.86
Total comprehensive income attributable to minority shareholders	49,252,293.59	39,242,014.10
VIII. Earnings per share:		
(I) Basic earnings per share	2.12	1.13
(II) Diluted earnings per share	2.06	1.13

In the current period of business combination under the same control, the net profit realized by the merged party before the merger is RMB , and the net profit realized by the merged party in the previous period is RMB .

Legal representative: XU Gang

Principal in charge
of accounting:
SHEN Qingfei

Head of accounting
department: GUO
Liangpo

4. Income Statement of Parent Company

Monetary Unit: Yuan

Item	2021	2020
I. Operating income	6,289,328,488.90	4,109,086,688.07
Less: Operating cost	4,972,935,608.36	3,223,541,090.30
Sales tax and additions	40,252,132.94	25,743,954.53
Sales expenses	104,382,863.36	74,449,188.31
General and administrative expenses	333,882,388.82	191,506,837.38
R&D costs	220,836,863.09	143,174,946.69
Financial expenses	-54,551,594.94	-13,394,857.07
Thereinto: Interest expense	170,978,923.78	162,930,976.25
Interest income	210,011,755.99	136,193,461.21
Add: Other income	14,004,015.81	10,263,220.53
Income from investments (Fill in with "-" for loss)	2,375,462,774.28	1,890,491,623.94
Including: Share of profit of associates and joint ventures	998,686.40	-24,283,311.86
Derecognized earnings of financial assets measured at amortized cost (Fill in with "-" for loss)		
Net exposure hedging revenue (Fill in with "-" for loss)		
Income from change in fair value (Fill in with "-" for loss)		
Credit impairment loss (Fill in with "-" for loss)	1,308,186.72	4,452,802.37
Asset impairment loss (Fill in with "-" for loss)		346,568.63
Income from asset disposal (indicate loss with "-")	-6,156,798.20	-11,179,890.08
II. Operating profit (Fill in with "-" for loss)	3,056,208,405.88	2,358,439,853.32
Add: Non-operating income	280,435.38	117,287.76
Less: Non-operating expenses	5,521,213.40	2,108,429.47
III. Total profits (Fill in with "-" for total loss)	3,050,967,627.86	2,356,448,711.61
Less: Income tax expenses	90,349,110.69	62,226,442.68
IV. Net profits (Fill in with "-" for net loss)	2,960,618,517.17	2,294,222,268.93
(I) Net profits from continuing operations (Fill in with "-" for net loss)	2,960,618,517.17	2,294,222,268.93
(II) Net profits from terminating operations (Fill in with "-" for net loss)		
V. Net after-tax other comprehensive income		453,270.16
(I) Other comprehensive income that can not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss through the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of corporate credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		453,270.16
1. Other comprehensive income that can be transferred to profit or loss through the equity method		453,270.16
2. Changes in fair value of other investments on bonds		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other investments on bonds		

5. Cash flow hedging reserves		
6. Conversion difference of foreign currency financial statements		
7. Other		
VI. Total comprehensive income	2,960,618,517.17	2,294,675,539.09
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Monetary Unit: Yuan

Item	2021	2020
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	16,643,910,617.63	12,841,881,257.68
Net increase in deposits from clients and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash premiums received on original insurance contracts		
Net cash received from reinsurance businesses		
Net increase in deposits and investments from insureds		
Cash received as interests, service charges and commissions	54,239,685.84	56,736,846.03
Net increase in loans from other financial institutions		
Net increase in repurchase business funds		
Net cash received from acting sales of securities		
Tax refund received	2,846,482.38	44,973,559.91
Cash received relating to other operating activities	999,238,207.19	622,727,794.54
Sub-total of cash inflows from operating activities	17,700,234,993.04	13,566,319,458.16
Cash paid for purchasing goods and receiving services	8,702,660,007.99	6,800,265,056.11
Net increase in customer loans and advances	-146,613,756.87	79,141,226.33
Net increase in deposits with central bank and other financial institutions		
Cash paid for original insurance contract claims		
Net increase in funds lent		
Cash paid as interests, service charges and commissions	15,599.18	8,776.42
Policyholder dividend paid		
Cash paid to and on behalf of employees	1,366,379,590.66	956,699,766.01
Various taxes paid	2,228,535,729.35	1,345,559,527.34
Cash paid relating to other operating activities	1,220,787,050.57	1,264,083,483.86
Sub-total of cash outflows from operating activities	13,371,764,220.88	10,445,757,836.07
Net cash flows from operating activities	4,328,470,772.16	3,120,561,622.09
II. Cash flows from investing activities:		
Cash received from disinvestment	78,241,700.00	148,600,000.00
Cash received from returns on investments	19,688,943.30	52,316.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,535,125.80	21,339,541.89
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investment activities		400,000.00
Sub-total of cash inflows from investment activities	107,465,769.10	170,391,858.88
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,758,085,203.15	955,929,236.26
Cash paid for investments	2,224,468,308.00	391,023,000.00
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units	369,523,658.64	476,393,968.25
Cash paid relating to other investment activities		
Sub-total of cash outflows from investment activities	5,352,077,169.79	1,823,346,204.51

Net cash flows from investment activities	-5,244,611,400.69	-1,652,954,345.63
III. Cash flows from financing activities		
Cash received by absorbing investment	4,865,097,743.97	90,000,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries	401,607,350.00	90,000,000.00
Cash received from borrowings	8,143,461,387.98	6,277,134,000.00
Cash received relating to other financing activities	4,097,116,599.30	2,859,142,566.74
Sub-total of cash inflows from financing activities	17,105,675,731.25	9,226,276,566.74
Cash paid for repayment of borrowings	7,450,458,388.30	4,049,167,226.00
Cash payments for distribution of dividends, profits or interest expenses	2,923,716,628.47	2,353,625,926.63
Including: Dividends and profits paid to minority shareholders by subsidiaries	20,450,000.00	17,600,000.00
Cash paid relating to other financing activities	5,440,274,656.75	3,807,807,490.12
Sub-total of cash outflows from financing activities	15,814,449,673.52	10,210,600,642.75
Net cash flows from financing activities	1,291,226,057.73	-984,324,076.01
IV. Impacts of foreign exchange rate changes on cash and cash equivalents	-19,588,393.01	-32,062,023.59
V. Net increase in cash and cash equivalents	355,497,036.19	451,221,176.86
Add: Opening balance of cash and cash equivalents	1,506,356,636.23	1,055,135,459.37
VI. Closing balance of cash and cash equivalents	1,861,853,672.42	1,506,356,636.23

6. Cash Flow Statement of Parent Company

Monetary Unit: Yuan

Item	2021	2020
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	3,859,633,481.38	2,776,773,992.74
Tax refund received		
Cash received relating to other operating activities	473,189,116.27	424,891,592.78
Sub-total of cash inflows from operating activities	4,332,822,597.65	3,201,665,585.52
Cash paid for purchasing goods and receiving services	3,922,159,947.62	2,541,714,904.92
Cash paid to and on behalf of employees	238,641,850.79	234,963,916.96
Various taxes paid	299,641,948.70	167,300,639.26
Cash paid relating to other operating activities	408,031,203.10	507,036,501.63
Sub-total of cash outflows from operating activities	4,868,474,950.21	3,451,015,962.77
Net cash flows from operating activities	-535,652,352.56	-249,350,377.25
II. Cash flows from investing activities:		
Cash received from disinvestment	148,326,000.00	130,600,000.00
Cash received from returns on investments	2,407,750,000.00	1,950,052,316.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investment activities		
Sub-total of cash inflows from investment activities	2,556,076,000.00	2,080,652,316.99
Cash paid to acquire fixed assets, intangible assets and other long-term assets	132,781,508.67	189,271,115.15
Cash paid for investments	1,731,198,615.20	2,027,367,714.94
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investment activities		
Sub-total of cash outflows from investment activities	1,863,980,123.87	2,216,638,830.09
Net cash flows from investment activities	692,095,876.13	-135,986,513.10
III. Cash flows from financing activities		
Cash received by absorbing investment	4,463,490,393.97	
Cash received from borrowings	4,275,325,300.00	3,752,997,200.00
Cash received relating to other financing activities	21,550,940,304.67	13,917,033,190.75

Sub-total of cash inflows from financing activities	30,289,755,998.64	17,670,030,390.75
Cash paid for repayment of borrowings	3,833,934,751.00	1,791,819,264.00
Cash payments for distribution of dividends, profits or interest expenses	2,750,351,211.61	2,221,052,029.98
Cash paid relating to other financing activities	23,516,213,346.89	13,270,138,946.86
Sub-total of cash outflows from financing activities	30,100,499,309.50	17,283,010,240.84
Net cash flows from financing activities	189,256,689.14	387,020,149.91
IV. Impacts of foreign exchange rate changes on cash and cash equivalents	-5,352,623.92	-2,666,831.44
V. Net increase in cash and cash equivalents	340,347,588.79	-983,571.88
Add: Opening balance of cash and cash equivalents	538,624,077.04	539,607,648.92
VI. Closing balance of cash and cash equivalents	878,971,665.83	538,624,077.04

7. Consolidated Statement of Changes in Owners' Equity

Accrual amount of the current period

Monetary Unit: Yuan

Item	2021														
	Capital stock	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other decreases	Subtotal	Minority interests	Total owners' equity
		Preferred shares	Perpetual bond	Other decreases											
I. Closing balance of the last year	2,032,020,889.00				9,578,653,824.61		-14,667,371.03	47,539,985.11	879,993,898.50	9,421,958.57	1,661,631,233.88		14,194,594,418.64	1,642,994,069.86	15,837,588,488.50
Add: Accounting policy changes															
Correction of prior errors															
Business merger under the common control															
Other decreases															
II. Opening balance of the current year	2,032,020,889.00				9,578,653,824.61		-14,667,371.03	47,539,985.11	879,993,898.50	9,421,958.57	1,661,631,233.88		14,194,594,418.64	1,642,994,069.86	15,837,588,488.50
III. Amount of increase or decrease in current period (Fill in with “-” for decrease)	349,449,367.00				4,505,101,584.42	2,218,690,400.00	-11,736,161.41	33,649,552.71	296,061,851.72	3,510,790.16	1,765,839,628.04		4,723,186,212.64	228,199,291.91	4,951,385,504.55
(I) Total comprehensive income							-11,736,161.41				4,676,429,064.32		4,664,692,902.91	49,252,293.59	4,713,945,196.50
(II) Capital paid in and reduced by owners	349,449,367.00				4,505,101,584.42	2,218,690,400.00							2,635,860,551.42	209,057,004.91	2,844,917,556.33
1. Common shares invested by owners	349,449,367.00				4,110,110,225.67								4,459,559,592.67	210,000,000.00	4,669,559,592.67
2. Capital invested by other equity instrument holders															
3. Amount of share-based payments recorded in owners' equity					398,635,426.28	2,218,690,400.00							-1,820,054,973.72		-1,820,054,973.72
4. Others					-3,644,067.53								-3,644,067.53	-942,995.09	-4,587,062.62
(III) Distribution of profits									296,061,851.72	3,510,790.16	-2,910,589,436.28		-2,611,016,794.40	-33,739,811.01	-2,644,756,605.41
1. Accrued surplus reserve									296,061,851.72		-296,061,851.72				
2. Accrued general risk reserve										3,510,790.16	-3,510,790.16			3,710,188.99	3,710,188.99
3. Distributions to owners (or shareholders)											-2,611,016,794.40		-2,611,016,794.40	-37,450,000.00	-2,648,466,794.40
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Capital (or stock) transferred from capital surplus															
2. Capital (or stock) transferred from surplus reserve															
3. Recovery of losses by surplus reserve															
4. Change in the defined benefit plan for															

carry-over retained earnings															
5. Other comprehensive earnings carried forward to retained earnings															
6. Others															
(V) Special reserves							33,649,552.71					33,649,552.71	3,629,804.42	37,279,357.13	
1. Appropriations in the current period							169,114,932.74					169,114,932.74	8,326,718.03	177,441,650.77	
2. Amount used in the current period							135,465,380.03					135,465,380.03	4,696,913.61	140,162,293.64	
(VI) Others															
IV. Closing balance of the current period	2,381,470,256.00				14,083,755,409.03	2,218,690,400.00	-26,403,532.44	81,189,537.82	1,176,055,750.22	12,932,748.73	3,427,470,861.92		18,917,780,631.28	1,871,193,361.77	20,788,973,993.05

Amount of the last period

Monetary Unit: Yuan															
Item	2020														
	attributable to the Parent Company in the current period													Minority interests	Total owners' equity
	Capital stock	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other decreases	Subtotal		
	Preferred shares	Perpetual bond	Other decreases												
I. Closing balance of the last year	2,032,020,889.00				9,484,824,798.92		5,385,060.90	34,002,890.35	650,571,671.61	6,113,341.37	1,658,016,560.07		13,870,935,212.22	201,005,143.18	14,071,940,355.40
Add: Accounting policy changes															
Correction of prior errors															
Business merger under the common control															
Other decreases															
II. Opening balance of the current year	2,032,020,889.00				9,484,824,798.92		5,385,060.90	34,002,890.35	650,571,671.61	6,113,341.37	1,658,016,560.07		13,870,935,212.22	201,005,143.18	14,071,940,355.40
III. Amount of increase or decrease in current period (Fill in with "+" for increase)					93,829,025.69		-20,052,431.93	13,537,094.76	229,422,226.89	3,308,617.20	3,614,673.81		323,659,206.42	1,441,988,926.68	1,765,648,133.10
(I) Total comprehensive income							-20,052,431.93				2,288,686,615.79		2,268,634,183.86	39,242,014.10	2,307,876,197.96
(II) Capital paid in and reduced by owners					93,829,025.69								93,829,025.69	1,401,083,498.42	1,494,912,524.11
1. Common shares invested by owners														90,000,000.00	90,000,000.00
2. Capital invested by other equity instrument holders															
3. Amount of share-based payments recorded in owners' equity					98,229,046.60								98,229,046.60		98,229,046.60
4. Others					-4,400,020.91								-4,400,020.91	1,311,083,498.42	1,306,683,477.51
(III) Distribution of profits									229,422,226.89	3,308,617.20	-2,285,071,941.98		-2,052,341,097.89	296,963.00	-2,052,044,134.89
1. Accrued surplus reserve									229,422,226.89		-229,422,226.89				
2. Accrued general risk reserve										3,308,617.20	-3,308,617.20			296,963.00	296,963.00
3. Distributions to owners (or shareholders)											-2,052,341,097.89		-2,052,341,097.89		-2,052,341,097.89
4. Others															
(IV) Internal															

carry-forward of owners' equity															
1. Capital (or stock) transferred from capital surplus															
2. Capital (or stock) transferred from surplus reserve															
3. Recovery of losses by surplus reserve															
4. Change in the defined benefit plan for carry-over retained earnings															
5. Other comprehensive earnings carried forward to retained earnings															
6. Others															
(V) Special reserves								13,537,094.76					13,537,094.76	1,366,451.16	14,903,545.92
1. Appropriations in the current period								119,216,835.67					119,216,835.67	6,553,178.58	125,770,014.25
2. Amount used in the current period								105,679,740.91					105,679,740.91	5,186,727.42	110,866,468.33
(VI) Others															
IV. Closing balance of the current period	2,032,020,889.00				9,578,653,824.61		-14,667,371.03	47,539,985.11	879,993,898.50	9,421,958.57	1,661,631,233.88		14,194,594,418.64	1,642,994,069.86	15,837,588,488.50

8. Statement of Changes in Owners' Equity of Parent Company

Accrual amount of the current period

Monetary Unit: Yuan

Item	Capital stock	Other equity instruments			Capital surplus	Less: Treasury shares	2021					Total owners' equity
		Preferred shares	Perpetual bond	Other decreases			Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other decreases	
I. Closing balance of the last year	2,032,020,889.00				9,575,394,761.86		453,270.16		879,993,898.50	87,929,353.62		12,575,792,173.14
Add: Accounting policy changes												
Correction of prior errors												
Other decreases												
II. Opening balance of the current year	2,032,020,889.00				9,575,394,761.86		453,270.16		879,993,898.50	87,929,353.62		12,575,792,173.14
III. Amount of increase or decrease in current period (Fill in with "+" for increase)	349,449,367.00				4,508,745,651.95	2,218,690,400.00			296,061,851.72	53,539,871.05		2,989,106,341.72
(I) Total comprehensive income										2,960,618,517.17		2,960,618,517.17
(II) Capital paid in and reduced by owners	349,449,367.00				4,508,745,651.95	2,218,690,400.00						2,639,504,618.95
1. Common shares invested by owners	349,449,367.00				4,110,110,225.67							4,459,559,592.67
2. Capital invested by other equity instrument holders												
3. Amount of share-based payments recorded in owners' equity					398,635,426.28	2,218,690,400.00						-1,820,054,973.72
4. Others												
(III) Distribution of profits									296,061,851.72	-2,907,078,646.12		-2,611,016,794.40
1. Accrued surplus reserve									296,061,851.72	-296,061,851.72		
2. Distributions to owners (or shareholders)										-2,611,016,794.40		-2,611,016,794.40
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital (or stock) transferred from capital surplus												
2. Capital (or stock) transferred from surplus reserve												
3. Recovery of losses by surplus reserve												
4. Change in the defined benefit plan for carry-over retained earnings												
5. Other comprehensive earnings carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriations in the current period								36,140,290.03				36,140,290.03
2. Amount used in the current period								36,140,290.03				36,140,290.03
(VI) Others												
IV. Closing balance of the current period	2,381,470,256.00				14,084,140,413.81	2,218,690,400.00	453,270.16		1,176,055,750.22	141,469,224.67		15,564,898,514.86

Amount of the last period

Monetary Unit: Yuan

Item	Capital stock	Other equity instruments			Capital surplus	Less: Treasury shares	2020					Total owners' equity
		Preferred shares	Perpetual bond	Other decreases			Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Other decreases	
I. Closing balance of the last year	2,032,020,889.00				9,477,165,715.26				650,571,671.61	75,470,409.47		12,235,228,685.34
Add: Accounting policy changes												
Correction of prior errors												
Other decreases												
II. Opening balance of the current year	2,032,020,889.00				9,477,165,715.26				650,571,671.61	75,470,409.47		12,235,228,685.34
III. Amount of increase or decrease in current period (Fill in with "+" for increase)					98,229,046.60		453,270.16		229,422,226.89	12,458,944.15		340,563,487.80
(I) Total comprehensive income							453,270.16			2,294,222,268.93		2,294,675,539.09
(II) Capital paid in and reduced by owners					98,229,046.60							98,229,046.60

1. Common shares invested by owners												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payments recorded in owners' equity					98,229,046.60							98,229,046.60
4. Others												
(III) Distribution of profits									229,422,226.89	-2,281,763,324.78		-2,052,341,097.89
1. Accrued surplus reserve									229,422,226.89	-229,422,226.89		
2. Distributions to owners (or shareholders)										-2,052,341,097.89		-2,052,341,097.89
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital (or stock) transferred from capital surplus												
2. Capital (or stock) transferred from surplus reserve												
3. Recovery of losses by surplus reserve												
4. Change in the defined benefit plan for carry-over retained earnings												
5. Other comprehensive earnings carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriations in the current period								15,599,173.30				15,599,173.30
2. Amount used in the current period								15,599,173.30				15,599,173.30
(VI) Others												
IV. Closing balance of the current period	2,032,020,889.00				9,575,394,761.86		453,270.16		879,993,898.50	87,929,353.62		12,575,792,173.14

III. Company Overview

LB Group Co., Ltd. (hereinafter referred to as "the Company") was formerly known as Jiaozuo Chemical General Factory. Jiaozuo Chemical General Factory, established in 1975, was restructured into a joint-stock cooperative enterprise by Union Committee of Jiaozuo Chemical General Factory, XU Gang and other 12 natural persons in 1998 upon approval by the Notice on Approving Restructuring Joint-stock Cooperative System of Jiaozuo Chemical General Factory issued by Jiaozuo City Economic and Trade Commission (J. J. M. Q. Z. (1998) No. 78); on Nov. 1, 2001, the board of shareholders of Jiaozuo Chemical General Factory reviewed and approved to restructure Jiaozuo Chemical General Factory into a limited liability company with a registered capital of RMB 18.5 million and changed its name to Jiaozuo Haoke Chemical Co., Ltd..

On Jul. 1, 2002, Jiaozuo Haoke Chemical Co., Ltd. changed its name registered with Henan Administration for Industry and Commerce to Henan Billions Chemicals Co., Ltd. with registered capital of RMB 52.1629 million according to the Reply on Change in Establishment of Henan Billions Chemicals Co., Ltd. (Y. G. P. Z. [2002] No. 07) issued by Henan Provincial People's Government. In 2007, two capital increases were made and registered capital was changed to RMB 70 million.

Upon review and approval of Reply on Approval of Initial Public Offering of Henan Billions Chemicals Co., Ltd. (Z. J. X. K. [2011] No. 1016) issued by China Securities Regulatory Commission, the Company was agreed to publicly issued 24 million RMB common share to the public. Registered capital after the change was RMB 94 million and the paid-up share capital was RMB 94 million. In 2012, the Company distributed 10 shares for every 10 shares to all shareholders in the form of capital reserve, as a result of which total share capital after such distribution increased to 188 million shares.

According to relevant provisions of the Proposal on Relevant Matters Concerning the Grant of Restricted Stock Incentive Plan reviewed and passed by the 21st meeting of the 4th board of directors on May 22, 2013, the Company issued 3.515 million restricted stocks to its incentive objects, as a result of which its total share capital after the issuance increased to 191.515 million shares. According to relevant provisions of the Proposal on Repurchasing and Cancelling Partially Restricted Stocks reviewed and approved at the 26th meeting of the 4th board of directors held on Feb. 28, 2014, the Company repurchased and cancelled some of the restricted stocks that were granted to incentive objects but not yet unlocked as the annual operating results in 2013 did not meet the unlocking conditions and did not meet the incentive conditions. After completion of the repurchase and cancellation on May 20, 2014,

total share capital of the Company was changed from 191,155,000 shares to 190,402,400 shares.

According to relevant provisions of the Proposal on Granting Reserved and Restricted Stocks to Incentive Objects reviewed and approved at the 27th meeting of the 4th board of directors of the Company held on Mar. 19, 2014, the Company issued 390,000 restricted stocks to incentive objects, as a result of which total share capital after the issuance increased from 190,402,400 shares to 190,792,400 shares.

According to relevant provisions of the Proposal on Granting Restricted Stocks to Incentive Objects reviewed and approved at the 11th meeting of the 5th board of directors of the Company held on Apr. 24, 2015, the Company issued 15.005 million restricted stocks to its incentive objects, as a result of which its total share capital after the issuance increased from 190,792,400 shares to 205,797,400 shares.

According to relevant provisions of the Proposal on Repurchasing and Cancelling Partially Restricted Stocks reviewed and approved at the 9th meeting of the 5th board of directors held on Mar. 13, 2015, the Company repurchased and cancelled 1,373,200 restricted stocks that were granted to incentive objects but not yet unlocked as the annual operating results in 2014 did not meet the unlocking conditions and did not meet the incentive conditions. After completion of the repurchase and cancellation on Jun. 19, 2015, total share capital of the Company was decreased from 205,797,400 shares to 204,424,200 shares.

According to relevant provisions of the Proposal on Repurchasing and Cancelling Partially Restricted Stocks reviewed and approved at the 19th meeting of the 5th board of directors and the 18th meeting of the 5th board of supervisors on Feb. 25, 2016, the Company repurchased and cancelled 421,000 restricted stocks that were granted to incentive objects but not yet unlocked as the annual operating results in 2015 did not meet the unlocking conditions and did not meet the incentive conditions.

According to the Proposal on Profit Distribution and Transfer of Capital Reserve into Share Capital in 2015 reviewed and approved at the 19th meeting of the 5th board of directors and the general meeting of 2015 held on Feb. 27, 2016 and Mar. 22, 2016 respectively, the Company allocated cash dividends of RMB3.50 (including tax) for every 10 shares to all shareholders based on the Company's total share capital of 204,424,200 shares at the end of 2015, and at the same time further allocated 25 shares for every 10 shares to all shareholders by means of transfer of capital reserve into share capital and based on the Company's total share capital of 204,424,200 shares at the end of

2015. The above-mentioned equity distribution plans were completely implemented on Apr. 27, 2016. After the implementation of this plan, the Company's total share capital increased from 204,424,200 shares to 715,484,700 shares.

As confirmed by China Securities Depository and Clearing Corporation Limited Shenzhen Branch, the restrictive stocks granted to incentive objects but not yet unlocked in the third-phase restricted stocks for the first phase, reserved second-phase stocks and restricted stocks in 2015 were completely repurchased and cancelled on Jul. 28, 2016, and after the Company's implementation of 2015 Equity Distribution Plan, number of shares repurchased and cancelled was 4,973,500.00 shares and total share capital of the Company was changed from 715,484,700 shares to 710,511,200 shares.

As reviewed and approved by the Reply on Approval of Non-public Issuance of Shares by Henan Billions Chemicals Co., Ltd. (Z. J. X. K. [2016] No. 899) issued by China Securities Regulatory Commission, the Company non-publicly issued 1,321,653,539 RMB ordinary shares (A shares) to 9 subscribers with a par value of RMB1.00 per share and an issue price of RMB7.62 per share. As at Sep. 2, 2016, the Company non-publicly issued 1,321,653,539 RMB ordinary shares (A shares) to specific targets and raised a total of RMB10,070,999,967.18. After deducting underwriting and sponsorship expenses of RMB106,000,000.00, the Company actually raised RMB9,964,999,967.18. After deducting other issuance expenses totaling RMB4,962,165.35, net amount of the funds actually raised by the Company was RMB9,960,037,801.83. The above-mentioned funds were verified by BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership) which issued the Capital Verification Report numbered X. K. S. B. Z. [2016] No. 711952. The Company's non-publicly issued shares were listed on Sep. 20, 2016, as a result of which the Company's total share capital changing from 710,511,200 shares to 2,032,164,739 shares.

The extraordinary general meeting held on Feb. 10, 2017 reviewed and approved to change company name and stock name of the Company by changing Chinese name of the Company from “Henan Billions Chemicals Co., Ltd.(河南佰利联化学股份有限公司)” to “Lomon Billions Group Co., Ltd.(龙蟒佰利联集团股份有限公司)”, changing English name of the Company from "Henan Billions Chemicals Co., Ltd." to "Lomon Billions Group Co., Ltd.", changing Chinese abbreviation of the Company from "Billions" to "Lomon Billions" and changing stock name from "Billions(佰利联)" to "Lomon Billions(龙蟒佰利)". On Feb. 16, 2017, Upon review and approval by Jiaozuo Administration for Industry and Commerce, the Company completed the formalities for industrial and

commercial alteration of company name, and obtained the Business License of Lomon Billions Group Co., Ltd. which was issued by Jiaozuo Administration for Industry and Commerce with unified social credit code of 91410800173472241R.

As confirmed by China Securities Depository and Clearing Corporation Limited Shenzhen Branch, 69,300 second-phase restrictive stocks granted to incentive objects but not yet unlocked in the restricted stocks of 2015 were completely repurchased and cancelled on Jun. 21, 2017, as a result of which total share capital of the Company was changed from 2,032,164,739 shares to 2,032,095,439 shares.

As confirmed by China Securities Depository and Clearing Corporation Limited Shenzhen Branch, 74,550 third-phase restrictive stocks granted to the third batch of incentive objects but not yet unlocked in the restricted stocks of 2015 were completely repurchased and cancelled on Jun. 22, 2018, as a result of which the Company's total share capital was changed from 2,032,095,439 shares to 2,032,020,889 shares.

On December 15, 2020, the Company received the *Approval for Private Placement of Shares by Lomon Billions Group Co., Ltd.* (Z. J. X. K. [2020] No. 3423) from China Securities Regulatory Commission which approved the Company to privately issue no more than 205,517,241 new shares. In the event of changes in total share capital due to conversion into share capital and other reasons, the number of shares to be issued as abovementioned might be adjusted accordingly. Because of the Company's implementation of equity distribution in the third quarter of 2020, issue price of non-public offering of shares was adjusted from RMB11.02 per share to RMB10.91 per share, offering number was adjusted from 205,517,241 shares to 207,589,367 shares, total amount of funds raised was RMB2,264,799,993.97, amount upon deduction of various offering expenses was RMB23,346,782.43 (excluding tax), and actual net amount of funds raised was RMB2,241,453,211.54, therein: newly increased share capital was RMB207,589,367.00; increased capital reserve was RMB2,033,863,844.54. BDO China Shu Lun Pan Certified Public Accountants LLP issued the *Capital Verification Report on the Non-public Offering of Shares of Lomon Billions Group Co., Ltd.* (X. K. S. B. Z. [2021] No. ZG10136) on February 9, 2021. Newly increased shares in this non-public offering were listed on the Shenzhen Stock Exchange on March 3, 2021. The Company's total share capital changed from 2,032,020,889 shares on December 31, 2020 to 2,239,610,256.00 shares.

According to the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and Its Summary* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle*

Matters Concerning Stock Ownership Incentives reviewed and approved at the Company's First Extraordinary General Meeting of 2021 held on May 17, 2021, as well as *Proposal on Adjusting the Price of the First Grant of Restricted Stock Incentive Plan in 2021* and *Proposal on First Grant of Restricted Stock to Part of Incentive Recipients* reviewed and approved at the 21st Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors held on May 28, 2021, the Company grants 139.20 million restricted shares to 5,001 stock ownership incentive plan participants at price of RMB15.64 per share on May 28, 2021 which was determined as the date of granting restricted shares. The restricted stock incentive plan actually granted 139,060,000.00 restricted shares to 4,859 incentive objects, increased the Company's registered capital and share capital by RMB139,060,000.00, and the Company's share capital changed from 2,239,610,256.00 shares to 2,378,670,256.00 shares. The above-mentioned funds were verified by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Capital Verification Report numbered X. K. S. B. Z. [2021] No. ZG11693.

In accordance with *Proposal on Granting Restricted Stock to Incentive Recipients Whose Grants Deferred* reviewed and approved at the Company's 27th Meeting of the 7th Board of Directors held on September 3, 2021, the Company agreed to grant 2,800,000 restricted shares to eligible incentive object with deferred grant – HE Benliu on September 3, 2021 which was determined as the date for granting restricted shares in the current incentive plan with deferred grant, and the Company's share capital changed from 2,239,610,256.00 shares to 2,378,670,256.00 shares. The above-mentioned funds were verified by BDO China Shu Lun Pan Certified Public Accountants LLP which issued the Capital Verification Report numbered X. K. S. B. Z. [2021] No. ZG10275.

At the Extraordinary General Meeting held on May 14, 2021, company name and stock name of the Company was approved to be changed: Chinese name of the Company changed from “龙麟佰利联集团股份有限公司” to “龙佰集团股份有限公司”, English name of the Company changed from “Lomon Billions Group Co., Ltd.” to “LB Group Co., Ltd.”, Chinese abbreviation of the Company changed from “龙麟佰利 (Lomon Billions)” to “龙佰集团 (LB Group)” and stock name changed from “Lomon Billions (龙麟佰利)” to “LB Group (龙佰集团)”. On July 5, 2021, upon approval by Jiaozuo Administration for Industry and Commerce, the Company completed the registration formalities for industrial and commercial change of company name, and obtained Uniform Social Credit Code issued by Jiaozuo Administration for Industry and Commerce.

Legal representative: XU Gang;

Registered capital: RMB two billion three hundred and seventy eight million six hundred and seventy thousand two

hundred and fifty six only (2,378,670,256);

Domicile of the Company: Fengfeng Office, Zhongzhan District, Jiaozuo City;

Business scope: Import and export of self-produced products and related technologies; production and sales of chemical products (excluding chemical dangerous goods and flammable and explosive materials); sales of iron and fertilizer; production (with production capacity of 600,000 tons/year (production site: in Billions Park in Zhongzhan District)) and sales of sulfuric acid (only sales of own sulfuric acid products within the scope of the factory); production of antimony oxide; lease of equipment, real estate and land, except for the goods and technologies that are restricted by state for sale or prohibited by the state for import and export. (Those business activities which cannot be carried out without approval according to law shall not be carried unless approval from relevant department is obtained).

These Financial Statements were disclosed after being approved by the Company's Board of Directors on April 11, 2022.

As at December 31, 2021, the subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Name of subsidiary
Jiaozuo Bailiyuan Reservoir Management Co., Ltd. (hereinafter referred to as "Bailiyuan Reservoir")
Jiaozuo City Zhongzhan District Yili Microfinance Co., Ltd. (hereinafter referred to as "Yili Microfinance")
Billions Hong Kong Corporation (hereinafter referred to as "Billions Hong Kong")
Billions Europe Ltd. (hereinafter referred to as "Billions Europe")
BILLIONS AMERICA CORPORATION (hereinafter referred to as "BILLIONS America")
Henan Rongjia Scandium Vanadium Technology Co., Ltd. (hereinafter referred to as "Rongjia Scandium and Vanadium")
Henan Longxiangshan Tourism Development Co., Ltd. (hereinafter referred to as "Longxiangshan Tourism")
Jiaozuo Billions United Pigment Co., Ltd. (hereinafter referred to as "United Pigment")
Henan Billions New Material Co., Ltd. (hereinafter referred to as "Billions New Material")
Longbai Sichuan Titanium Industry Co., Ltd. (hereinafter referred to as "Longbai Titanium Industry")
Sichuan Lomon Mining and Metallurgy Co., Ltd. (hereinafter referred to as "Lomon Mining and Metallurgy")
Panzhihua Dragon Python Mineral Products Co., Ltd. (hereinafter referred to as "Dragon Python Mineral Products")
Xiangyang Lomon Titanium Industry Co., Ltd. (hereinafter referred to as "Xiangyang Lomon")
Lomon US Ltd. (hereinafter referred to as "Lomon US")
Billions Finance Lease (Guangzhou) Co., Ltd. (hereinafter referred to as "Finance Lease")
Panzhihua Ruierxin Industry and Trade Co., Ltd. (hereinafter referred to as "Ruierxin")
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd. (hereinafter referred to as "Longbai Intelligent")
Yunnan Metallurgical Xinli Titanium Co., Ltd. (hereinafter referred to as "Xinli Titanium Industry")
Lufeng Xinli Titanium Industry Co., Ltd. (hereinafter referred to as "Lufeng Xinli")
Wuding Xinli Titanium Co., Ltd. (hereinafter referred to as "Wuding Xinli")
Shanghai Lomon Billions Technical Service Co., Ltd. (hereinafter referred to as "Shanghai Lomon")
Hunan Oriental Scandium Industry Co., Ltd. (hereinafter referred to as "Hunan Oriental Scandium")
Gansu Xingbai Titanium Industry Co., Ltd. (hereinafter referred to as "Xingbai Titanium Industry")

Yunnan National Titanium Metal Co., Ltd (hereinafter referred to as "Yunnan National Titanium")
Gansu Detong National Titanium Metal Co., Ltd (hereinafter referred to as "Gansu National Titanium")
Guangzhou Orient Zirconic Industry Co., Ltd. (hereinafter referred to as "Orient Zirconic Industry")
Shandong Longbai Titanium Industry Science and Technology Co., Ltd. (hereinafter referred to as "Shandong Longbai")
Henan Jiaoli Commodity Trade Co., Ltd (hereinafter referred to as "Jiaoli Commodity Trade")
Leiyang Donggao New Materials Co., Ltd. (hereinafter referred to as "Leiyang Donggao")
Chaoyang Donggao New Materials Co., Ltd. (hereinafter referred to as "Chaoyang Donggao")
Lechang Donggao New Materials Co., Ltd. (hereinafter referred to as "Lechang Donggao")
Australia Donggao Resources Co., Ltd. (hereinafter referred to as "Australia Donggao")
Mingrui Zirconium Industry Co., Ltd. (hereinafter referred to as "Mingrui Zirconium Industry")
Yunnan Donggao New Materials Co., Ltd. (hereinafter referred to as "Donggao New Materials")
Shantou Donggao Technical Service Co., Ltd. (hereinafter referred to as "Donggao Technical Service")
Jiaozuo Donggao New Materials Co., Ltd. (hereinafter referred to as "Jiaozuo Donggao")
Henan Billions New Energy Materials Co., Ltd. (hereinafter referred to as "New Energy Materials")
Henan Longbai New Material Technology Co., Ltd. (hereinafter referred to as "New Material Technology")
Henan Zhongtan New Materials Technology Co., Ltd. (hereinafter referred to as "Zhongtan New Materials")
Jiaozuo Weina Technology Co., Ltd. (hereinafter referred to as "Weina Technology")
Gansu Billions Chemicals Co., Ltd. (hereinafter referred to as "Billions Chemicals")
Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership) (hereinafter referred to as "Revitalization Vanadium and Titanium")

IV. Basis of Preparation for Financial Statements

1. Preparation basis

These financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* enacted by the Ministry of Finance and specific accounting standards, Application Guidelines for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises as well as other applicable provisions (hereinafter collectively referred to as "Accounting Standards for Business Enterprises").

2. Going concern

Besides, these financial statements are prepared by the Company on the basis of on-going business.

V. Significant Accounting Policies and Accounting Estimates

Tips for specific accounting policies and accounting estimates:

The information disclosed below has covered the specific accounting policies and accounting estimates formulated by the Company based on its actual production and operation characteristics.

1. Statement of compliance to Accounting Standards for Business Enterprises

These financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises enacted by the Ministry of Finance, and give a true and complete view of consolidated and parent

company financial position of the Company as of December 31, 2021 as well as consolidated and parent company business performance and cash flows for the year of 2021.

2. Accounting period

Every accounting period is from January 1 to December 31.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Recording Currency

Renminbi (RMB) is adopted by the Company as its recording currency.

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

Business combination under common control: The assets and liabilities acquired by the combined party in business combination shall be measured based on carrying amount of the merged party's assets and liabilities (including goodwill formed by the ultimate controlling party's acquisition of the merged party) in the ultimate controlling party's consolidated financial statements on the date of combination. The difference between book value of the net assets acquired in merger and book value of the merger consideration paid (or total par value of the shares issued) shall be taken into account in adjusting equity premium in capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted.

Business combination not under the same control: the combination cost is equivalent to fair value of the assets handed over, the liabilities incurred or assumed and the equity securities issued by the acquirer on the acquisition date to obtain control over the acquiree. The difference between merger cost and the share of fair value of the identifiable net assets of the acquiree acquired in the merger (if the former is higher than the latter) is recognized as goodwill; the difference between merger cost and fair value of the identifiable net assets of the acquiree obtained in the merger (if the former is lower than the latter) shall be included in the current profit and loss. The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in the merger that meet the recognition conditions shall be measured at their fair values on the acquisition date.

Direct related expenses incurred for business combination are included in the current profit or loss when incurred; the transaction costs of issuing equity securities or debt securities for business combination are included in the initial recognition amount of equity securities or debt securities.

6. Method for preparing consolidated financial statements

Scope of consolidation

The consolidation scope of the consolidated financial statements shall be determined on the basis of control, which includes the Company and all of its subsidiaries. The term “control” means the Company’s possession of the power in an investee to enjoy variable returns by getting involved in the investee’s relevant activities, as well as the Company’s possession of the ability to influence the investment return from the investee by exercising its power over the investee.

Consolidation procedures

The Company regards the entire group as an accounting entity and refers to the unified accounting policies when preparing the consolidated financial statements which reflect overall financial situation, operating results and cash flow of the Company. The impacts of internal transactions between the Company and its subsidiaries and between the Company’s subsidiaries shall be offset. If internal transactions show any impairment losses in relevant assets, such losses shall be fully recognized. If the accounting policy or accounting period adopted by subsidiaries is inconsistent with that adopted by the Company, necessary adjustments should be made according to the accounting policy or accounting period adopted by the Company when preparing consolidated financial statements.

Owners' equity, current net profit or loss and comprehensive income of the current period of subsidiaries shall be separately listed under the owners' equity item in consolidated balance sheet, under the net profit item in consolidated income statement and under the comprehensive income item. The current loss shared by minority shareholders of subsidiaries exceeds the balance of minority shareholders' share of owners' equity in subsidiaries at the beginning, which offsets minority shareholders' equity.

(1) Addition of subsidiaries or business

During the reporting period, if a subsidiary or business is added due to business combination under the same control, the operating results and cash flows of the subsidiary or business from the beginning of the combination period to the end of the reporting period shall be included in consolidated income statement, and the opening figures in

consolidated financial statements and related items in comparative statement shall be adjusted, as a result of which the combined reporting entity shall be considered to remain existing from the time when the ultimate controlling party begins to take control.

During the reporting period, if a subsidiary or business is added due to business combination not under the same control, the fair value of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date shall be included in the consolidated financial statements from the acquisition date.

(2) Disposal of subsidiaries

① General treatment method

If the control of the investee is lost due to disposal of part of the equity investment or other reasons, the Company shall re-measure the remaining equity investment after the disposal according to its fair value on the date of loss of control. The difference between the sum of the consideration obtained from equity disposal and fair value of remaining equity, and the sum of the share of net assets that shall be continuously calculated from the original subsidiary's acquisition date or merger date and goodwill calculated based on original shareholding ratio, shall be included in investment income of the current period when control is lost. Other comprehensive income that are related to original subsidiaries' equity investment and can be reclassified into profits and losses in the future, as well as other changes in owner's equity under the equity method shall be included in current investment income when control is lost.

② Disposal of subsidiaries by stages

If equity investment in a subsidiary is disposed of in stages through multiple transactions until loss of control, and the terms, conditions and economic impacts of each transaction in which equity investment in the subsidiary is disposed meet one or more of the following conditions, it is usually indicated that the multiple transactions shall be accounted for as a package transaction:

- i. These transactions are concluded at the same time or by taking into consideration of each other's impacts;
- ii. These transactions as a whole can achieve a complete business result;
- iii. The occurrence of one of the transactions depends on the occurrence of at least one other transaction;
- iv. One of the transactions is not economical on its own, but it is economical when considered together with other transactions.

If the transactions are deemed as a package deal, the Company shall treat each transaction as a transaction that disposes of the subsidiary and leads to loses control; however, the difference between each disposal price and the share in net assets of the subsidiary corresponding to the investment disposal before loss of control, shall be recognized as other comprehensive income in the consolidated financial statements, and shall also be included in profit and loss of the current period when the control is lost.

If the transactions are not deemed as a package deal, relevant policies based on which equity investment in the subsidiary is partially disposed of without losing control shall be followed for accounting treatment before loss of control; in the event of loss of control, accounting treatment shall be carried out in accordance with general accounting treatment methods of the subsidiary subject to the investment disposal.

(3) Purchase of minority equity in subsidiaries

The difference between long-term equity investment newly acquired by the Company as a result of purchase of minority equity and the share of the net assets of subsidiaries that are continuously calculated from the date of purchase (or the combination date) in accordance with new shareholding ratio, shall be taken into account in adjusting equity premium of capital reserve in the consolidated balance sheet; if capital premium of capital reserve is insufficient for offset, the retained earnings shall be adjusted.

(4) Partial disposal of equity investments in subsidiaries without loss of control

The difference between disposal price and the share of the net assets of subsidiaries that are continuously calculated from the date of purchase or the combination date as a result of disposing of long-term equity investment, shall be taken into account in adjusting equity premium of capital reserve in the consolidated balance sheet; if capital premium of capital reserve is insufficient for offset, the retained earnings shall be adjusted.

7. Classification of joint arrangement and accounting treatment methods for joint operation

Joint venture arrangements are divided into joint operation and joint venture.

The term “joint venture” means a joint venture arrangement in which the joint ventures shall be entitled to the assets related to the arrangement and bear the liabilities related to the arrangement.

The Company recognizes the following items related to the share of interests in joint venture:

- (1) Its assets, including its share of any assets held jointly;
- (2) Its liabilities, including its share of any liabilities incurred jointly;

- (3) Its revenue from the sale of its share of the output arising from the joint operation;
- (4) Its share of the revenue from the sale of the output by the joint operation; and
- (5) Its expenses, including its share of any expenses incurred jointly.

The Company's investment in joint ventures is accounted for using the equity method. For details, please refer to "V.(14) Long-term equity investment" in this Note.

8. Determination standards for cash and cash equivalents

The term "cash" means cash on hand and deposits available for payment at any time of the Company. Cash equivalents refers to short-term and highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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

Foreign currency transactions

Foreign currency transactions in foreign currencies shall be converted into amount in RMB for bookkeeping based on spot exchange rate on the transaction date.

On the balance sheet date, monetary items in foreign currencies shall be converted at spot exchange rate on the balance sheet date. The resulting exchange differences, except for exchange differences arising from special foreign currency borrowings related to acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs, shall be included in current loss and profit.

Translation of foreign currency financial statements

The asset and liability items in the balance sheets are translated at the spot exchange rate on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. Income and expense items in the income statement shall be converted at spot exchange rate on the transaction date (or: exchange rate that is determined in a systematic and reasonable manner and approximates to the spot exchange rate on the transaction date. Note: If this method is used, please clearly indicate which method and caliber are applied).

When an overseas operation is disposed of, the foreign currency financial statements related to the overseas operation shall be subject to conversion of difference and included in current profit and loss since owner's equity is transferred for disposal.

10. Financial instruments

A financial asset, financial liability or equity instrument shall be recognized when the Company becomes a party to a financial instrument contract.

Classification of financial instruments

In line with the Company's business mode for managing financial assets and the contract cash flow characteristics of financial assets, financial assets at initial recognition shall be classified into: (1) financial assets measured at amortized cost, (2) financial assets that are measured at fair value and whose changes are included in other comprehensive earnings, and (3) financial assets that are measured at fair value and whose changes are included in current gains and losses.

The Company shall classify the financial assets that meet the following conditions and that are not designated as financial assets measured at their fair value and with their changes included in the current profit and loss as financial assets measured at amortized cost:

- The business model applied is to collect contractual cash flows;
- Contractual cash flows are only payments of principal and interests based on the outstanding principal amount.

The Company shall classify the financial assets that meet the following conditions and that are not designated as financial assets measured at their fair value and with their changes included in the current profit and loss as financial assets (debt instruments) measured at their fair value and with their changes included in other comprehensive income:

- The business model applied is to collect contractual cash flows and sell those financial assets;
- Contractual cash flows are only payments of principal and interests based on the outstanding principal amount.

For the investments of non-trading equity instruments, the Company may determine, at initial recognition, to irrevocably designate those investments as financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive earnings. Such designation is made on the basis of a single investment, and related investment meets the definition of equity instrument from the issuer's perspective.

Except for the foregoing financial assets measured at amortized cost and at fair value and with their changes included in other comprehensive income, the Company shall classify all other financial assets as financial assets that are measured at fair value and whose changes are included in the current profit and loss. At initial recognition, the

Company may irrevocably designate financial assets that should be classified as those are measured at amortized cost or measured at fair value and whose changes are included in other comprehensive income, as those measured at fair value with changes included in the current profit and loss, if accounting mismatch can be eliminated or significantly reduced.

Financial liabilities, at initial recognition, shall be classified into (1) financial liabilities that are measured at fair value and whose changes are included in current gains and losses, and (2) financial liabilities measured at amortized cost.

Recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including, but not limited to, notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, shall be initially measured at fair value, and relevant transaction costs shall be included in the initially recognized amount; receivables containing no significant financing components and receivables that the Company decides not to consider financing components for no more than one year shall be initially measured at the contract transaction price.

The interests calculated by the effective-interest method during the holding period shall be included in the current gains and losses.

The difference between the price obtained and the book value of the financial assets shall be included in gains or losses for the current period at recovery or disposal.

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

Financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive earnings, including receivables financing and other investments on bonds, shall be measured at fair value with relevant transaction fees incurred included in the amount initially recognized. The financial assets shall be subsequently measured at fair value, and have the changes in their fair value to be included in other comprehensive earnings except for interest, impairment loss or gain and exchange gain or loss calculated by the

effective-interest method.

Upon derecognition, accumulated gains or losses previously included in other comprehensive income shall be transferred out from other comprehensive income and included in current profit and loss.

(3) Financial assets (equity instrument) measured at fair value and with its changes included in other comprehensive income

Financial assets (equity instrument) that measured at fair value with its changes included in other comprehensive income, including other equity instruments investments, shall be measured at fair value with relevant transaction fees incurred included in the amount initially recognized. Subsequent measurement of the financial asset shall be done based on fair value with changes in fair value included in other comprehensive income. Dividends gained shall be included in current profit and loss.

Upon derecognition, accumulated gains or losses previously included in other comprehensive income shall be transferred out from other comprehensive income and included in retained income.

(4) Financial assets measured at fair value with its changes included in profit or loss

The initial measurement of financial assets that are measured at fair value with its changes included in current profit and loss, including trading financial assets, derivative financial assets and other non-current financial assets, shall be done at fair value with relevant transaction fees incurred included in current profit and loss. Subsequent measurement of the financial asset shall be done at fair value with changes in fair value included in current profit and loss.

(5) Financial liabilities measured at fair value with its changes included in current profit or loss

The initial measurement of financial liabilities that are measured at fair value with its changes included in current profit and loss, including trading financial liabilities and derivative financial liabilities, shall be done at fair value with relevant transaction fees incurred included in current profit and loss. Subsequent measurement of the financial liabilities shall be done at fair value with changes in fair value included in current profit and loss.

Upon derecognition, the difference between book value and consideration paid shall be included in current profit and loss.

(6) Financial liabilities measured at amortized cost

The initial measurement of financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payable, long-term borrowings, bonds payable and long-term payables, shall be done at fair value with relevant transaction fees incurred included in the amount initially recognized.

The interests calculated by the effective-interest method during the holding period shall be included in the current gains and losses.

Upon derecognition, the difference between the consideration paid and the book value of financial liabilities shall be included in current profit and loss.

Derecognition of financial assets and transfer of financial assets

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

- Contractual right to collect the cash flow of such financial assets is terminated;
- The financial assets have been transferred, and almost all the risks and returns of the title of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, in which case the Company has retained no control over the financial assets even though it has neither transferred nor retained almost all the risks and returns of the title of the financial assets.

If almost all the risks and returns of the title of any financial assets are retained when the financial assets are transferred, the financial assets will not be derecognized.

Substance over form principle is adopted to determine whether the transfer of financial assets can satisfy the criteria as described above for derecognition.

The Company should classify the transfer of financial assets into entire transfer and partial transfer. If the transfer of entire financial assets satisfies the criteria for derecognition, differences between the amounts of the following two items should be recognized in profit or loss for the current period:

- (1) Carrying amount of the transferred financial assets;
- (2) The sum of the consideration received for transfer and the accumulated amount of changes in fair value directly

included into owner's equity originally (financial assets related to transfer are the financial assets (debt instruments) measured at fair value with their changes included in other comprehensive income).

If the partial transfer of financial assets satisfies the criteria for derecognition, the carrying amounts of the entire financial assets transferred shall be split into the derecognized and recognized portions according to their respective fair values and differences between the amounts of the following two items are charged to profit or loss for the current period:

- (1) Carrying amounts of the derecognized portions;
- (2) The sum of the consideration subject to derecognition and the amount of the corresponding derecognition part in the cumulative amounts of changes in fair value directly included into owners' equity originally (financial assets related to transfer are the financial assets (debt instruments) measured at fair value with their changes included in other comprehensive income).

If the transfer of financial assets does not satisfy requirements for derecognition, the financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

De-recognition of financial liabilities

Financial liabilities shall be entirely or partially derecognized if the present obligations derived from them are entirely or partially discharged. Where the Company enters into an agreement with a creditor so as to substitute the current financial liabilities with new ones, and the contract clauses of which are substantially different from those of the current ones, it shall recognize the new financial liabilities in place of the current ones.

Where substantial revisions are made to some or all of the contract clauses of the current financial liabilities, the Company shall recognize the new financial liabilities after revision of the contract clauses in place of the current ones entirely or partially.

Upon entire or partial derecognition of financial liabilities, differences between the carrying amounts of the derecognized financial liabilities and the consideration paid (including non-monetary assets surrendered or new financial liabilities assumed) are charged to profit or loss for the current period.

Where the Company redeems part of its financial liabilities, it shall allocate the book value of the entire financial

liabilities between the relative fair values of the parts that continue to be recognized and the derecognized parts on the redemption date. Differences between the carrying amounts allocated to the derecognized parts and the consideration paid (including non-monetary assets surrendered and the new financial liabilities assumed) are charged to profit or loss for the current period.

Measurement of fair values of financial assets and liabilities

Where there is an active market for financial instruments, the fair values are measured with direct reference to the quoted prices in the active market. If there is no active market, valuation techniques are used to determine the fair value. During valuation, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, selects inputs that are consistent with the characteristics of assets or liabilities considered by market participants in the trading of relevant assets or liabilities, and maximizes the use of relevant observable inputs. The Company minimizes the use of unobservable inputs only under the circumstances where such relevant observable inputs cannot be obtained or practicably obtained.

Testing method and accounting treatment method for the impairment of financial assets

The Company will, in a single or combined manner, estimate the expected credit loss of financial assets which are measured at amortized cost and financial assets (debt instruments) and financial guarantee contracts which are measured at fair value with their changes included in other comprehensive income.

The Company will calculate the probability-weighted present value amount of the difference between the cash flows receivable under contracts and the cash flows expected to be received under contracts, and recognize expected credit loss by considering reasonable and grounded information concerning past events, current conditions and forecasts of future financial situation and by taking the risk of default as the weight.

If the credit risk of the financial instrument has increased significantly after the initial recognition, the Company shall measure its loss reserve based on the amount equivalent to the expected credit loss of the financial instrument in its whole existence; if the credit risk of the financial instrument has experienced no significant increase after the initial recognition, the Company shall measure its loss reserve based on the amount equivalent to the expected credit loss of the financial instrument in the future 12 months. The increased or reversed amount of loss reserve resulted thereby shall be included in current profit and loss as impairment loss or gain.

The Company will determine relative changes in the risk of default of financial instruments during the expected lifetime and determine whether the credit risk of financial instruments has significantly increased since the initial recognition by comparing the risk of default of such financial instruments on the balance sheet date with that on the initial recognition date. Generally, in the event of more than 30 days overdue, the Company deems that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence showing that the credit risk of that financial instrument has not increased significantly after initial recognition.

If the financial instrument shows a lower credit loss risk on the balance sheet date, the Company deems that the credit risk of that financial instrument has not increased significantly after initial recognition.

If there is objective evidence showing that credit impairment has occurred to certain financial assets, the Company will set aside impairment reserve for the financial assets on a single item basis.

Regarding the accounts receivable and contractual assets formed from the transactions subject to *the Accounting Standards for Business Enterprises No. 14 – Revenues* (2017), whether or not any material financing is contained, the Company will always measure its loss reserve in accordance with the amount equivalent to expected credit loss in the whole existence.

Regarding rents receivable, the Company will choose to always measure its loss reserve in accordance with the amount equivalent to expected credit loss in the whole existence.

Financial assets involved in the Company's business operations are classified as follows:

As to notes receivable, accounts receivable, advance payment, other receivables, receivables financing, loans released and advances, long-term receivables and other payments for which there is objective evidence showing impairment and which are applicable to single-item assessment, impairment testing shall be conducted separately, expected credit loss shall be determined and single-item impairment reserve shall be set aside; as to notes receivable, accounts receivable, other receivables, receivables financing, loans released and advances, long-term receivables for which there is no objective evidence showing impairment or when the expected credit loss information of a single financial asset cannot be assessed at reasonable cost, the Company will divide notes receivable, accounts receivable, other receivables, receivables financing, loans released and advances, long-term receivables into several portfolios according to the features of credit risk and calculate expected credit loss based on these portfolios.

Methods for determining these portfolios and expected credit loss are as follows:

The basis for determining notes receivable portfolio and the method for calculating expected credit loss are as follows:

Item	Recognition basis of portfolio	Methods for measuring expected credit loss
Notes receivable	Bank acceptance bills	With the credit rating of the accepting bank in bank acceptance as a characteristic of credit risk
	Commercial acceptance bills	With the credit rating of the accepting company in commercial acceptance as a characteristic of credit risk

The basis for determining accounts receivable portfolio and the method for calculating expected credit loss are as follows:

Item	Recognition basis of portfolio	Methods for measuring expected credit loss
Accounts receivable portfolio 1 - Credit risk characteristic portfolio	Aging combination	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, develop comparison statement between the aging of accounts receivable and the overdue credit loss rate in the whole existence period, and calculate expected credit loss
Accounts receivable portfolio 2 - Related current items portfolio within the consolidation scope	Related parties portfolio within the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, and based on default risk exposure and the expected credit loss rate in the whole existence period, the expected credit loss rate of the portfolio is 0

The basis for determining receivables financing portfolio and the method for calculating expected credit loss are as follows:

Subject	Re-classified item	Recognition basis of portfolio	Methods for measuring expected credit loss
Financing of receivables	Notes receivable	Bank acceptance bills	With the credit rating of the accepting bank in bank acceptance as a characteristic of credit risk
		Commercial acceptance bills	With the credit rating of the accepting company in commercial acceptance as a characteristic of credit risk
	Accounts receivable portfolio	Aging combination	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, develop comparison statement between the aging of accounts receivable and the overdue credit loss rate in the whole existence period, and calculate expected credit loss
		Related parties portfolio within the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, and based on default risk exposure and the expected credit loss rate in the whole existence period, the expected credit loss rate of the portfolio is 0

The basis for determining other receivables portfolio and the method for calculating expected credit loss are as follows:

Item	Recognition basis of portfolio	Methods for measuring expected credit loss
Other receivables - Dividends receivable	Related parties within and beyond the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, develop comparison statement between the aging of dividends receivable and the overdue credit loss rate in the whole existence period, and calculate expected credit loss
	Related parties within the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, and based on default risk exposure and the expected credit loss rate in the whole existence period, the expected credit loss rate of the portfolio is 0
Other receivables	Aging combination	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, develop comparison statement between the aging of other receivables and the overdue credit loss rate in the whole existence period, and calculate expected credit loss
	Related parties portfolio within the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, and based on default risk exposure and the expected credit loss rate in the whole existence period, the expected credit loss rate of the portfolio is 0

The basis for determining loans released and advances portfolio and the method for calculating expected credit loss are as follows:

Item	Recognition basis of portfolio	Methods for measuring expected credit loss
Loan advanced and advances 1 - Credit risk characteristic portfolio	Five-level classification	Refer to historical credit loss experience, combine current condition with the forecast on the future economic trend, classify loans released and advances based on the five-level classification, and calculate expected credit loss
Loans released and advances 2 - Related current items portfolio within the consolidation scope	Related parties within the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, and based on default risk exposure and the expected credit loss rate in the whole existence period, the expected credit loss rate of the portfolio is 0

The basis for determining long-term receivables portfolio and the method for calculating expected credit loss are as follows:

Item	Recognition basis of portfolio	Methods for measuring expected credit loss
Long-term receivables 1 - Credit risk characteristics portfolio	Five-level classification	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, classify long-term receivables based on the five-level classification, and calculate expected credit loss
Long-term receivables 2 - Related current items portfolio within the consolidation scope	Related parties within the consolidation scope	Refer to historical credit loss experience, combine current condition with the forecasts on the future economic trend, and based on default risk exposure and the expected credit loss rate in the whole existence period, the expected credit loss rate of the portfolio is 0

Therein: As to account ages portfolio among the aforementioned portfolios, the comparison statement between the account ages of credit risk characteristics portfolio in the whole existence period and the expected credit loss rate is as follows:

Account age	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within one year	5.00	5.00
1-2 years	10.00	10.00
2-3 years	30.00	30.00
3-4 years	50.00	50.00
4-5 years	80.00	80.00
Over 5 years	100.00	100.00

Therein: As to account ages portfolio of the Company's subsidiary Orient Zirconic Industry, the comparison statement between the account ages of credit risk characteristics portfolio in the whole existence period and the expected credit loss rate is as follows:

Account age	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within one year	1.00	1.00
1-2 years	10.00	10.00
2-3 years	50.00	50.00
Over 3 years	90.00	90.00

As to the five-level classification portfolio among aforementioned portfolios, the basis for five-level classification is as follows:

The basis for determining five-level classification portfolios	
Normal characteristics	If it will be possible to perform contract or agreement, and there is no sufficient reason to suspect that debt principal and corresponding proceeds cannot be fully repaid, corresponding credit risk characteristics shall be deemed as normal characteristics.
Attention-needed characteristics	If it will be able to repay loan principal and interest, and if there are some factors that may adversely affect loan repayment and whose continuing existence will affect borrowers' ability to repay, corresponding credit risk characteristics shall be deemed as attention-needed characteristics.
Secondary characteristics	If there is a clear problem with repayment ability, it is completely unable to repay loan principal and interest in full by completely relying on normal operating income, and it is necessary to repay loan principal and interest by disposing of assets or external financing or even implementing mortgage guarantees, corresponding credit risk characteristics shall be deemed as secondary characteristics.
Doubtful characteristics	If there is a clear problem with repayment ability, it is completely unable to repay loan principal and proceeds in full by completely relying on normal operating income and any loss may be caused even though any guarantee is implemented, corresponding credit risk characteristics shall be deemed as doubtful characteristics.
Loss-related characteristics	If it is still impossible to recover or it is possible to recover only a very small portion of loan after taking all possible measures or all necessary legal procedures, corresponding credit risk characteristics shall be deemed as loss-related characteristics.

and the expected credit loss rate during the entire duration are compared as below:

Classification of loan risks	Expected credit loss rate (%)
Normal	1.50
Attention-needed	3.00
Secondary	30.00
Doubtful	60.00
Loss-related	100.00

11. Inventory

Classification and costs of inventories

Inventories may be classified as in-transit materials, raw materials, turnover materials, inventory goods, unfinished products, goods shipped in transit, materials processed upon entrustment, etc..

Inventories are initially measured at cost. Inventory costs include procurement costs, processing costs and other expenses incurred to bring inventories to the current premises and to the current state.

Valuation method for inventories sent out

Inventories, at the time of send-out, are valued by the weighted average method.

Basis for determining net realizable value of different types of inventories

On the balance sheet date, the inventories should be measured at their costs or net realizable values, whichever is lower. When inventory costs are higher than net realizable value of inventories, a depreciation provision for inventories shall be made. Net realizable value means the balance of estimated selling price of inventories in daily activities minus estimated costs, estimated sales expenses and relevant taxes and fees incurred at the time of completion.

Net realizable value of finished goods, stock goods and materials directly used for sale shall be determined based on estimated selling price of the inventories minus estimated selling expenses and related taxes during normal business operation or production; net realizable value of the inventories of materials that need to be processed shall be determined based on estimated costs of finished products produced minus estimated costs, estimated sales expenses and relevant taxes and fees incurred at the time of completion during normal business operation or production. Net realizable value of the inventories held for execution of a sales contract or a labor contract shall be calculated on the basis of contract price. If the quantity of inventories held is greater than the quantity ordered by the sales contract,

net realizable value of the excess inventories shall be calculated on the basis of general sales price.

If the influencing factors bringing about previous write-down of inventory value disappear after a depreciation provision for inventories is made, leading to net realizable value of inventories going higher than their book value, the difference shall be deducted from the depreciation provision made and then included in the current profit and loss.

Inventory system of inventories

Perpetual inventory system is adopted.

Amortization method for low-value consumables and packaging materials

- (1) One-off write-off method shall be adopted for low-value consumables;
- (2) One-off write-off method shall be adopted for packaging materials.

12. Contractual assets

The Company's contractual assets or contractual liabilities shall be presented in its balance sheet based on the relationship between performance of contractual obligations and payment by customers. The Company's right to receive consideration for goods transferred to or services provided to customers (such right depends on factors other than the passage of time) shall be presented as a contractual asset. Contractual assets and contractual liabilities under the same contract shall be presented in net amounts. The Company's unconditional right (only depending on the passage of time) to receive consideration from customers shall be presented as an individual receivable.

For the determination method and accounting treatment method of the expected credit loss of contractual assets, please see "V. 10. 6 Test method and accounting treatment method for impairment of financial assets" for details.

13. Assets held for sale

Assets whose book value is recovered mainly through sales (including the exchange of non-monetary assets that is in commercial nature) rather than continuous use of a non-current asset or disposal group shall be classified as assets held for sale.

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

- (1) Those non-current assets or disposal groups are available for immediate sale under current conditions, based on the practices of selling such assets or disposal groups in similar transactions;
- (2) Those assets or disposal groups are highly likely to be sold, that is to say, the Company has resolved a sale plan and obtained a defined purchase commitment, and the sale is expected to be completed within one year. An approvals has been obtained for assets or disposal groups that are allowed to be sold by relevant authorities or regulatory authorities of the Company according to requirements of relevant regulations.

If the book value of non-current assets or disposal groups held for sale is higher than the net value of fair value minus the selling expenses, the book value shall be written down to the net value of fair value minus the selling expenses, the written-down amount is shall be recognized as the asset impairment loss and included in the current profit and loss, and the provision for impairment of assets held for sale shall be made.

14. Long-term equity investment

Judgment criteria of joint control and significant impact

Common control refers to the common control over certain arrangement exercised according to the relevant provisions; and activities related to such arrangement shall be determined with the consent of all parties sharing the control. If the Company and other joint venture parties jointly exercise joint control over the investee and have rights to net assets of the investee, the investee shall be regarded as a joint venture of the Company.

Significant impact means that the possession of the power to participate in making financial and operating decisions of the investee but cannot control or jointly control the formulation of these policies with other parties. Where the Company is able to exert significant influences on the investee, the investee shall be regarded as a joint venture of the Company.

Determination of initial investment cost

(1) Long-term equity investment formed by business combination

For long-term equity investment in a subsidiary formed through business combination under the same control, the initial investment cost of the long-term equity investment shall be determined on the combination date based on the book value of the owner's equity acquired in the combined party that is presented in the ultimate controlling party's consolidated financial statements. Equity premium in capital reserve shall be adjusted based on the difference between the initial investment cost of long-term equity investments and the book value of consideration paid. If the equity premium in capital reserve is insufficient to cover the difference, retained earnings shall be adjusted

accordingly. If it is likely to exercise control over investees under the same control as a result of additional investment and other reasons, capital premium shall be adjusted based on the difference between initial investment cost of long-term equity investment determined according to the aforementioned principle and the sum of book value of long-term equity investment before merger and book value of new consideration paid on the merger date; and if capital premium is insufficient to offset, the retained earnings shall be offset.

Long-term equity investments in subsidiaries formed by reason of business combination not under the same control shall be deemed as initial investment cost of long-term equity investment based on the combination cost determined on acquisition date. If it is possible to control the investee under the same control due to additional investment and other reasons, the sum of book value of original equity investment and new investment cost shall be deemed as initial investment cost.

(2) Long-term equity investments obtained by the means other than business combination

Long-term equity investments obtained by way of cash payment shall be measured by taking their actual purchase price as initial investment cost.

For the long-term equity investment obtained by issuing equity securities, fair value of the issued equity securities shall be taken as initial investment cost.

Subsequent measurement and profit and loss recognition method

(1) Long-term equity investment measured by cost method

The Company's long-term equity investment in subsidiaries shall be accounted for by cost method, unless the investment meets the conditions for holding for sale. Except for actual payment made at the time of acquiring the investment or cash dividends or profits included in the consideration that have been announced but not yet paid, current investment income is recognized by the Company according to the cash dividends or profits declared to be distributed by the investee.

(2) Long-term equity investment measured by equity method

Long-term equity investments in associates and joint ventures shall be accounted for by equity method. In view of the difference between initial investment cost and fair value of identifiable net assets of the investee, initial investment cost of long-term equity investment is not adjusted; the difference between initial investment cost and fair value of identifiable net assets of the investee that shall be enjoyed at the time of investment is included in

current profit or loss, and at the same time the cost of long-term equity investment shall be adjusted.

The Company shall recognize investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realized by the investee that shall be enjoyed or shall be shared, and adjust book value of long-term equity investment; moreover, the Company shall calculate the portion to be enjoyed according to the profit or cash dividend declared by the investee, and reduce book value of long-term equity investment; for other changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee (referred to as "Other Changes in Owners' Equity"), book value of long-term equity investment shall be adjusted and included in the owner's equity.

When confirming the share of net profit or loss, other comprehensive income and Other Changes in Owners' Equity of the investee that shall be enjoyed, the Company shall adjust and recognize net profit and other comprehensive income of the investee based on fair value of identifiable net assets of the investee at the time of investment and in accordance with accounting policies and accounting period of the Company.

Gains and losses of unrealized internal transactions between the Company and its associates and joint ventures shall be offset against the portion attributable to the Company in proportion to the proportions to be enjoyed, on the basis of which investment gains shall be recognized, except that the investment or sale of assets constitutes business. Unrealized internal transaction loss incurred involving investees, if deemed as an asset impairment loss, shall be fully recognized.

Net losses incurred by joint ventures or associates, for which the Company shall be under the obligation to bear additional losses, shall be written down to zero based on the book value of long-term equity investment and other long-term equity that actually constitutes the net investment in joint ventures or associates. If joint ventures or associates realize net profits in the future, the Company shall resume the recognition of the shared profits after the shared profits are used to cover the unrecognized shared losses.

(3) Disposal of long-term equity investments

When disposing of a long-term equity investment, the difference between its book value and its actual purchase price shall be included in the current profit and loss.

If partial of long-term equity investment is disposed by the equity method, and the remaining equity is still accounted for by the equity method, other comprehensive income previously recognized by the equity method shall

be carried forward on the same basis as investees directly disposing of related assets or liabilities, and other changes in owner's equity shall be carried forward to the current profit and loss on a pro rata basis.

If the joint control over or significant influence on investees is lost due to disposal of equity investment and other reasons, other comprehensive income of the originally held equity investment that is recognized by the equity method shall be accounted for on the same basis as that used when investees directly dispose of relevant assets or liabilities when the equity method is no longer applied, and all other changes in owner's equity shall be carried forward to the current profit and loss when the equity method is no longer applied.

If the control over investees is lost due to disposal of part of the equity investment and other reason, and if the remaining equity after the disposal can exert joint control over or significant influence on investees, when preparing individual financial statements, the remaining equity shall be accounted for using the equity method and the remaining equity shall be adjusted as if the equity is accounted for using the equity method since its acquisition; other comprehensive income recognized before obtaining control over investees shall be carried forward on the same basis as that used when investees directly dispose of related assets or liabilities; other changes in owners' equity recognized by the equity method shall be carried forward to the current profit and loss on a pro rata basis. If the remaining equity after disposal is unlikely to exercise control over or have significant influence on investees, such remaining equity shall be recognized as financial assets, and the difference between the fair value and the book value on the day when the control is lost shall be included in the current profit and loss. All other comprehensive income and other changes in owner's equity that are recognized before the control over investees is obtained shall be carried forward.

If a series of transactions conducted to dispose of equity investment in a subsidiary until loss of control are taken as a package transaction, the Company shall treat each transaction as a transaction that disposes of the equity investment in the subsidiary and leads to loses control, and the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity before loss of control shall be recognized as other comprehensive income in the consolidated financial statements, and then be included in profit and loss of the current period when the control is lost. If those transactions are not taken as a packaging transaction, each transaction shall be accounted for separately.

(15). Investment real estate

Measurement model of investment real estate

Measurement by cost method

Depreciation or amortization method

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or for both two purposes, including land use rights that have been leased, land use rights that are held and are ready for transfer after appreciation, and buildings that have been leased (including buildings for lease after completion of self-construction or development activities and buildings for future rental under construction or development).

Subsequent expenditures related to investment real estate shall be included in the cost of investment real estate when relevant economic interests are likely to flow in and the corresponding costs can be reliably measured, or shall be included in the current profit and loss when incurred.

Cost method is adopted by the Company to measure its existing investment real estate. Investment real estate measured by cost model - Buildings constructed for lease are subject to the same depreciation policies as fixed assets of the Company, and land use rights for lease and are subject to the same amortization policies as intangible assets.

16. Fixed assets**(1) Conditions for recognition**

Fixed assets refer to tangible assets that are held for the purpose of producing goods, providing labor services, lease or operating management, and that have a useful life of more than one accounting year. Fixed assets are recognized when the following conditions are met:

- (1) Economic benefits associated with the fixed assets are likely to flow into the Company;
- (2) Cost of the fixed assets can be reliably measured.

Fixed assets shall be initially measured at cost (by considering the impacts of expected abandonment cost factors).

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when relevant economic interests are likely to flow in and their costs can be reliably measured; book value of the replaced assets shall be derecognized; all other subsequent expenditures shall be included in the current profit and loss when incurred.

(2) Depreciation method

Category	Depreciation Method	Depreciation period	Residual value rate	Yearly Depreciation Rate
Houses and buildings	Straight-line depreciation method	25-30	3-5	3.17-3.88
Machinery and equipment	Straight-line depreciation method	10-18	3-5	5.28-9.70
Electronic and office equipment	Straight-line depreciation method	5-8	3-5	11.88-19.40
Transportation equipment	Straight-line depreciation method	10-12	3-5	7.92-9.70

Depreciation of fixed assets shall be accrued using the straight-line method, and depreciation rate shall be determined based on type of fixed assets, expected service life and expected net residual value rate. Amount of depreciation of the fixed assets with impairment provision shall be determined in the future period based on its book value after deducting impairment provision and based on its remaining service life. If each component of fixed assets has different service life or generates economic interests for enterprises in different ways, different depreciation rates or depreciation methods shall be applied for depreciation accrual.

Depreciation of fixed assets of Orient Zirconic Industry, a subsidiary of the Company, is accrued using the straight-line method, with depreciation method, depreciation period, residual rate and annual depreciation rate of fixed assets as follows:

Category	Depreciation Method	Depreciation period	Residual value rate	Yearly Depreciation Rate
Houses and buildings	Average service life method	15-50	3	1.94-6.47
Machinery and equipment	Average service life method	8-20	3	4.85-12.13
Transportation equipment	Average service life method	5-10	3	9.7-19.4
Office equipment	Average service life method	5-10	3	9.7-19.4

Depreciation of fixed assets of Lomon Titanium Industry, a subsidiary of the Company, is accrued using the straight-line method and sum-of-the-years-digits method, with depreciation method, depreciation period, residual rate and annual depreciation rate of fixed assets as follows:

Category	Depreciation Method	Depreciation period	Residual value rate	Yearly Depreciation Rate
Houses and buildings	Average service life method	20-40	3	2.425-4.85
Machinery and equipment	Average service life method	10	3	9.70
Electronic and office equipment	Average service life method	5	3	19.40
Transportation equipment	Sum-of-the-years-digits method	5	3	19.40

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*

(3) Disposal of fixed assets

When a fixed asset is disposed of or it is expected that the fixed asset can no longer generate economic benefits

through use or disposal, the fixed asset should be derecognized. The proceed from the sales, transfer, retirement or destruction of the fixed assets minus its book value and relevant taxes should be charged to the profit and loss for the current period.

17. Construction in progress

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*

Construction in progress should be measured at the costs actually incurred. Actual costs include construction costs, installation costs, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended use status. Construction in progress shall be included in fixed assets when it reaches its intended use status, and be subject to depreciation from the month immediately after it reaches its intended use status.

18. Borrowing costs

Recognition principles of capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized when incurred as expenses, and shall be recorded into the current profit and loss.

Assets that meet the conditions for capitalization are those fixed assets, investment properties or inventories that take substantial periods of time to get ready for their intended use or sale.

Capitalization period of borrowing costs

Capitalization period means the the period from the beginning of capitalization to the end of capitalization, excluding the period when the capitalization of the borrowing costs is temporarily suspended.

Capitalization shall be made when borrowing costs meet the following conditions:

- (1) Asset expenditures have occurred, including expenditures for acquire, construction or production of assets eligible for capitalization to pay cash, transfer non-cash assets or assume overall debts;
- (2) Borrowing costs have occurred;
- (3) Acquisition, construction or production activities necessary to bring the assets to their intended usable or

saleable state have begun.

When the purchased, constructed or produced assets meeting the capitalization conditions have reached expected usable or available-for-sale condition, the capitalization of the borrowing costs shall be stopped.

Capitalization suspension period

If for the assets meeting capitalization conditions, the purchase and construction process or production process is interrupted abnormally and the interrupting period exceeds 3 months, the capitalization of borrowing costs shall be suspended; if the interruption is a procedure necessary for the purchased, constructed or produced assets meeting the capitalization condition are ready for their intended use or reach their available-for-sale state, the capitalization of the borrowing costs shall be continued. The borrowing costs incurred during the period of interruption is recognized as the current profit and loss, and the capitalization of the borrowing costs shall not be continued until the purchase and construction or the production of the assets is resumed.

Calculation method of capitalization rate and capitalization amount of borrowing costs

Where borrowing special borrowings for the acquisition, construction or production of assets meeting the capitalization conditions, capitalization amount of borrowing costs are determined according to the borrowing expenses actually incurred in the current special borrowings minus the interest income from the unused borrowing funds deposited in the bank or the investment income made through temporary investment.

Where a general borrowing is used for the acquisition and construction or production of qualifying assets, the Company shall calculate and determine the to-be-capitalized amount of borrowing costs on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate should be calculated and determined in light of the weighted average actual interest rate of the general borrowing.

During the capitalization period, all exchange differences arising from principal and interest of special foreign currency loans shall be capitalized and included in the cost of the assets that meet the capitalization conditions. All exchange differences arising from principal and interest of foreign currency loans other than special foreign currency loans shall be included in the current profit and loss.

19. Intangible assets**(1) Valuation method, service life, impairment test****Valuation method of intangible assets**

(1) Initial measurement shall be conducted based on cost when intangible assets are acquired by the Company;

Cost of purchased intangible assets includes purchase price, related taxes and fees, and other expenses directly attributable to making the assets reaching their intended use.

(2) Subsequent measurement

Useful life of intangible assets shall be analyzed and judged when such assets are acquired.

Intangible assets with a finite useful life shall be amortized over the period in which economic benefit is created for the Company; intangible assets that cannot predict whether they will bring economic benefits to the Company shall be regarded as intangible assets with uncertain useful life and shall not be amortized.

Estimated useful life of intangible assets with limited useful life

Item	Expected useful life	Basis for determination
Land use right	50 years	Period agreed upon in Land Use Certificate
Franchise right	25 years	Period expected in which economic benefits are created for the Company
Software	5-10 years	Period expected in which economic benefits are created for the Company
Mining right	20 years	Period agreed upon in Mining Right Certificate
Proprietary technology	5-10 years	Period expected in which economic benefits are created for the Company
Independently developed technology	5-20 years	Period expected in which economic benefits are created for the Company
Non-proprietary technology	5-10 years	Period expected in which economic benefits are created for the Company

Judgment basis for intangible assets with uncertain useful life and procedures for reviewing their useful life

As at the balance sheet date, the Company has no intangible assets with uncertain useful life.

(2) Accounting policies for internal research and development expenditure**Specific criteria for dividing research phase and development phase**

Expenditures on internal research and development projects of the Company include expenditures in research phase and expenditures in development phase.

Research phase: refers to a phase during which original and planned investigation and research activities are

conducted for acquiring and understanding new scientific or technical knowledge.

Development phase: refers to a phase during which research results or other knowledge are applied in a plan or design to produce new or substantially improved materials, devices, products, etc. prior to commercial production or use.

Specific conditions for capitalization of expenditures in the development phase

Expenditures in the research phase shall be included in the current profit and loss when incurred. Expenditures incurred in the development phase shall be recognized as intangible assets if the following conditions are met, or be included in the current profit and loss if the following conditions are not met:

- (1) It is technically feasible to complete the intangible assets to enable them to be used or sold;
- (2) There is an intent to complete the intangible assets and to use or sell the assets;
- (3) There is a way in which the intangible assets are able to generate economic benefits, including that it is possible to prove that the product produced using the intangible assets is marketable or the intangible assets are marketable, and that it is possible to prove usefulness of the intangible assets if the assets will be used internally;
- (4) There are sufficient technical, financial and other resources to support development of the intangible assets, and there is the ability to use or sell the intangible assets;
- (5) Expenditures attributable to development phase of the intangible assets can be reliably measured.

If it is impossible to distinguish the expenditures incurred in the research phase from the expenditures incurred in the development phase, all R&D expenditures incurred shall be included in the current profit and loss.

20. Impairment of long-term assets

If the long-term assets such as long-term equity investment, investment real estate measured by cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with limited useful life have signs of impairment on the balance sheet date, impairment test shall be conducted. If the results of impairment test indicate that recoverable amount of the asset is lower than their carrying amount, impairment loss shall be accrued and included in impairment loss based on the difference between the recoverable amount and carrying amount. The recoverable amount is determined based on the higher of the net amount of fair value of the assets after deducting disposal expenses, and present value of the estimated future cash flows of the assets. Assets impairment provision shall be calculated and confirmed on the basis of individual assets. If it is difficult to estimate recoverable amount of any individual assets, recoverable amount of the assets group shall be determined by the assets group to which the assets belong. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

Goodwill formed as a result of business combination, intangible assets with uncertain useful life and intangible assets that have not yet reached the usable state shall be subject to an impairment test at least at the end of each year, regardless of whether there are signs of impairment.

The Company shall conduct goodwill impairment test. Book value of the goodwill formed as a result of business combination shall be apportioned to relevant assets group on a reasonable basis from the date of acquisition; the book value that is difficult to be apportioned to relevant assets group shall be apportioned to relevant assets group combination. A relevant assets group or assets group combination refers to an assets group or assets group combination that can benefit from synergies of business combination.

When performing an impairment test on a relevant assets group or an assets group combination containing goodwill, if there is any sign of impairment of the assets group or assets group combination related to goodwill, the assets group or assets group combination that does not contain goodwill shall be tested for impairment and the recoverable amount shall be calculated. And the calculated recoverable amount shall be compared with relevant book value to confirm the corresponding impairment loss. An impairment test shall then be conducted on the asset group or combination of asset groups that contains goodwill, and a comparison shall be made between book value of the asset group or combination of asset groups and the recoverable amount. If the recoverable amount is lower than the book value, after deducting book value of the goodwill allocated to the assets group or assets group combination, the amount of impairment loss shall then be used to deduct book value of other assets proportionally according to the proportion of book value of each asset other than goodwill in the assets group or assets group combination. The above asset impairment loss shall not be reversed in a subsequent accounting period once it is confirmed.

21. Long-term unamortized expenses

Long-term unamortized expenses mean the expenses that have been incurred but shall be covered by current and future periods with amortization period of more than one year.

The Company's long-term unamortized expenses refer to the expenses that have already been paid with benefit period being more than one year (excluding one year), mainly including land compensation fees paid for the leased land. Long-term unamortized expenses shall be amortized in installments based on benefit period of the expenses. If long-term deferred expenses cannot benefit the future accounting periods, amortized value of the item that has not been amortized shall be fully included to the current profit and loss.

22. Contractual liabilities

The Company's contractual assets or contractual liabilities shall be presented in its balance sheet based on the relationship between performance of contractual obligations and payment by customers. The Company's obligation to transfer goods or offer services to customers for the consideration received or receivable from customers is presented as contractual liabilities. Contractual assets and contractual liabilities under the same contract shall be presented in net amounts.

23. Payroll**(1) Accounting treatment method of short-term compensation**

During the accounting period that the staff provides service, the Company determines the actual short-term benefits as liability which is counted into the current profits and losses or relevant asset cost.

For the social insurance premium and housing provident fund paid by the Company for its employees, as well as the labor union funds and employee education funds drawn according to applicable regulations, the corresponding employee compensation amount shall be calculated and determined according to the prescribed accrual basis and proportion during the accounting period in which employees provide services for the Company.

Employee welfare expenses incurred by the Company shall be included in the current profit and loss or related asset costs based on the actual amount when actually incurred. Non-monetary benefits shall be measured at fair value.

(2) Accounting treatment method of post-employment benefits**(1) Defined contribution plans**

The Company shall pay premiums of basic endowment insurance and unemployment insurance for its employees according to relevant regulations of the local government, calculate the amount payable according to the local payment base and proportion during the accounting period in which employees provide services for the Company, and recognize the amount as a liability and include it in the current profit and loss or relevant assets costs. In addition, the Company has also participated in the corporate pension scheme/supplementary pension insurance fund scheme approved by related state departments. The Company shall make payments to the pension scheme/local social insurance institutions according to a certain percentage to total wages of employees, in which case the corresponding expenses shall be included in the current profit and loss or relevant assets costs.

(2) Defined benefit plans

The benefit obligations arising from the defined benefit plan are determined by the Company to be attributable to the period during which employees provide services according to the formula determined by the expected accumulated

benefit unit method, and are included in the current profit and loss or related assets cost.

The deficit or surplus determined based on the difference between present value of the obligations under the defined benefit plan and fair value of the assets under the defined benefit plan is recognized as a net benefit or net asset of the defined benefit plan. If there is a surplus under the defined benefit plan, the Company shall measure the net assets under the benefit plan based on the surplus or the asset upper limit under the defined benefit plan (whichever is lower).

All obligations under the defined benefit plan, including the obligations to make payment as expected within twelve months after the end of the annual reporting period in which employees provide services, shall be discounted based on the market yield of the government bonds or high-quality corporate bonds in the active market that match the currency on the balance sheet date and during the period in which the obligations under the defined benefit plan exist.

The service cost generated by the defined benefit plan and the net interest of the net benefit or net assets under the defined benefit plan shall be included in the current profit and loss or related asset cost; changes in net liabilities or net assets resulted from re-measurement of the defined benefit plan shall be included in other comprehensive income and shall not be transferred back to profit or loss in subsequent accounting periods. When the original defined benefit plan is terminated, part or all of the income originally included in other comprehensive income shall be carried forward to undistributed profit within the scope of equity.

When defining settlement of the benefit plan, settlement gain or loss shall be confirmed based on the difference between present value of the obligations under the defined benefit plan and settlement price determined on the settlement date.

(3) Accounting treatment method of dismissal benefits

Where the Company offers employees termination benefits, the liabilities of employee benefit arising from the termination benefits shall be identified at the earlier one between the following two dates and included in the profit or loss of the current period: (1) when the Company is unable to unilaterally withdraw termination benefits due to termination of labor relationship or proposed reductions; and (2) when the Company identifies the costs or expenses related to the reorganization involving payment for termination benefits.

24. Estimated liabilities

Recognition criteria for estimated liabilities

The Company shall recognize the obligation related to litigation, debt guarantee, loss contract, reorganization and other contingent events and satisfying the following conditions as estimated liabilities:

- (1) The obligation is the current obligation assumed by the Company;
- (2) Fulfilling the obligation is likely to cause economic benefits to flow out from the Company;
- (3) Amount of the obligation can be reliably measured.

Measurement method of various estimated liabilities

The Company shall make initial valuation on the estimated liabilities in accordance with the best estimate number of the expenditure needed for fulfillment of relevant current obligation.

When determining the best estimate number, the Company takes into account the factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where there is a significant impact on the time value of money, the best estimate number is determined by discounting the related future cash outflow.

If all or part of the expenses required by the Company to repay its estimated liabilities are expected to be compensated by the third party, the compensation amount shall be separately recognized as assets when it is basically determined to be recoverable, and the confirmed compensation amount shall not exceed book value of the estimated liabilities.

25. Share-based payment

Share-based payment of the Company refers to a transaction in which the Company grants equity instruments or assumes liabilities determined on the basis of equity instruments in order to obtain services from its employees or other parties. Share-based payment of the Company can be divided into equity-settled share-based payment and cash-settled share-based payment.

Equity-settled share-based payment and equity instrument

In the case of an equity-settled share-based payment in exchange for service provided by an employee, it shall be measured at fair value of the equity instrument granted to the employee. Share-based payments that are vested immediately after granting shall be included in relevant costs or expenses based on the fair value of equity

instruments on the grant date, and the capital reserve shall be increased accordingly. With respect to any share-based payment that is only exercisable when the services within the waiting period are completed or the required performance conditions are met after granting, on each balance sheet date during the waiting period, the Company shall include the services obtained in the current period in related costs or expenses and increase the capital reserve accordingly according to the best estimate of the number of exercisable equity instruments and based on the fair value on the grant date.

If the terms and conditions concerning the equity-settled share-based payment are modified, the service obtained shall be confirmed at least in accordance with the unmodified terms. In addition, any modification that increases fair value of the equity instruments granted, or changes that are beneficial to employees on the modification date, shall be recognized as the increase in the services obtained.

If any granted equity instrument is cancelled during the waiting period, the Company shall deem such cancellation as accelerated exercise of the equity instrument, and immediately include the amount to be recognized during the remaining waiting period in the current profit and loss and recognize capital reserve. However, if a new equity instrument is granted and the new equity instrument granted on the grant date of the new equity instrument is used to replace the cancelled equity instrument, the alternative equity instrument granted shall be treated in the same manner as the original terms and conditions concerning modification of equity instrument.

Cash-settled share-based payment and equity instrument

Cash-settled share-based payment shall be measured in accordance with fair value of the liabilities determined by the Company on the basis of shares or other equity instruments. The Company shall include the share-based payments that are exercisable immediately after the grant in relevant costs or expenses at fair value of the liabilities borne on the grant date, and increase the liabilities accordingly. With respect to any share-based payment that is only exercisable when the services within the waiting period are completed or the required performance conditions are met after granting, on each balance sheet date during the waiting period, the Company shall include the services obtained in the current period in related costs or expenses and in the liabilities accordingly according to the best estimate on exercisability and based on the fair value of liabilities borne by the Company. The Company shall re-measure fair value of liabilities on each balance sheet date and settlement date before settlement of relevant liabilities, and include corresponding changes in current profit and loss.

26. Revenues

The Company must comply with the disclosure rules set forth in the *Guidelines No. 3 of the Shenzhen Stock Exchange on Self-regulation of Listed Companies - Industry Information Disclosure*

Accounting policy adopted to recognize and measure income

The Company shall recognize revenues when it has fulfilled its performance obligations under contracts, i.e. when customers have acquired the control over related goods or services. Acquisition of the control over related goods or services means the possession of the ability to direct the use of the goods or services and to obtain almost all of the economic benefits therefrom.

If there are two or more performance obligations under a contract, the Company shall, on the effective date of the contract, allocate the transaction price to each individual performance obligation according to the relative proportion of the selling price of the goods or services contemplated under each individual performance obligation. The Company shall measure revenues based on the transaction price allocated to each individual performance obligation.

Transaction price means the amount of consideration expected to be received by the Company by reason of the provision of goods or services to customers, excluding payments received on behalf of third parties and payments expected to be returned to customers. The Company shall determine transaction price according to contractual terms, and shall take into account of the impacts of variable consideration, major financing elements contained in contract, non-cash consideration, consideration payable by customers and other factors when determining transaction price. The Company shall determine the transaction price that includes variable consideration at an amount at which the aggregate recognized revenues are unlikely to be significantly reversed when relevant uncertainties are eliminated. In the case of major financing elements in contract, the Company shall determine transaction price based on the amount payable in cash when the control over goods or services is acquired by customers, and shall amortize the difference between transaction price and contractual consideration during the contract period through the effective interest method.

Performance obligations shall be deemed to be fulfilled within a certain period of time if any one of the following conditions is satisfied, or be deemed to be fulfilled at a certain time-point if not satisfied:

- Customers obtain and consume the economic benefits brought by the Company's fulfillment of its

performance obligations when the Company fulfills so.

- Customers take the control over the goods under construction when the Company fulfills its performance obligations.
- The goods produced during the Company's fulfillment of its performance obligations are irreplaceable, and the Company has the right to be paid for the performance obligations that have been fulfilled during the entire contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize revenues based on the performance progress during the period of time, except that the performance progress cannot be reasonably determined. The Company shall determine the performance progress based on the nature of goods or services and by using the output method or the input method. If the performance progress cannot be reasonably determined and the costs incurred are expected to be reimbursed, the Company shall recognize revenues based on the amount of costs that have occurred until the performance progress can be reasonably determined.

With regard to the performance obligations performed at a certain time-point, the Company shall recognize revenues at the time-point when customers acquire the control over related goods or services. When determining whether customers have acquired the control over goods or services, the Company shall take the following circumstances into consideration:

- The Company has the right to be promptly paid for the goods or services. That is to say, customers are under the obligation to promptly pay for the goods or services.
- The Company has transferred the legal title of the goods to customers, as a result of which customers have acquired the legal title of the goods.
- The Company has transferred the goods in kind to customers, as a result of which customers have taken possession of the goods in kind.
- The Company has transferred the main risks and interests attached to the title of the goods to customers, as a result of which customers have accepted the main risks and interests attached to the title of the goods.
- Customers have accepted the goods or services.

Specific principles for revenue recognition

The Company shall recognize revenues when it has fulfilled its performance obligations under contracts, i.e. when customers have acquired the control over related goods or services. Specific principles for revenue recognition:

(1) for revenue from domestic sales, the Company recognizes revenue according to the order and outbound delivery order (ODO) and after the customer confirms receipt of the goods.

(2) for revenue from export sales, the Company recognizes revenue according to the order and outbound delivery order and after handling export customs declaration and shipping the goods.

27. Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

Costs that are incurred by the Company in contract performance and do not fall within the scope of related standards and regulations applicable to inventory, fixed assets or intangible assets shall be deemed as contract performance costs and be recognized as an asset when the following conditions are met:

- The costs are directly related to a current or anticipated contract.
- The costs increase the resources to be used by the Company for fulfilling its performance obligations in the future.
- The costs are expected to be recovered.

The incremental costs that are incurred by the Company for obtaining a contract and are expected to be recovered shall be deemed as contract acquisition costs and be recognized as an asset.

Assets related to contract costs shall be amortized on the same basis as that used in recognizing the revenues from the goods or services related to the assets. However, if the amortization period of contract acquisition costs does not exceed one year, the Company shall include these assets in the current profit and loss when they occur.

If the book value of assets related to contract costs is higher than the difference between the following two amounts, the Company shall make a provision for impairment of the excess and recognize the excess as an asset impairment loss:

1. Remaining consideration expected to be obtained as a result of the transfer of goods or services related to the assets;
2. Costs estimated to be incurred for the transfer of related goods or services.

If the depreciation factors in the previous period have changed, as a result of which the foregoing difference is higher than the book value of the assets, the Company shall reverse the provision for impairment previously made and include such provision in the current profit and loss, provided, however, that the book value of the assets after the reversal shall not exceed the book value of the assets on the date of reversal if no impairment provision is made.

28. Government subsidies

Type

Government subsidies mean the monetary or non-monetary assets obtained by the Company from the government, which are mainly classified into asset-related government subsidies and revenue-related government subsidies.

Government subsidies related to assets refer to government subsidies acquired by the Company for the purpose of purchasing or constructing or otherwise forming long-term assets. Government subsidies related to income refer to government subsidies other than government subsidies related to assets.

Confirmation timepoint

Government subsidies shall be recognized when the Company can meet the conditions attached to the subsidies and can receive the subsidies.

Accounting treatment

Government subsidies related to assets shall be used to offset book value of related assets or be recognized as deferred income. Government subsidies recognized as deferred income shall be recognized in profit or loss in the current period in a reasonable and systematic manner within the useful lives of relevant assets (government subsidies related to daily activities of the Company shall be included in other income; and government subsidies not related to daily activities of the Company shall be included in non-operating income);

Government subsidies that are related to revenue and are used to compensate for related costs or losses of the Company in the subsequent period, shall be recognized as deferred income and shall be included in the current profit or loss (government subsidies related to daily activities of the Company shall be included in other income; and government subsidies not related to daily activities of the Company shall be included in non-operating income) or offset related costs or losses in the period in which related costs or losses are recognized; government subsidies used to compensate for related costs or losses incurred by the Company shall be directly recognized in the current profit or loss (government subsidies related to daily activities of the Company shall be included in other income; and government subsidies not related to daily activities of the Company shall be included in non-operating income) or offset related costs or losses.

The policy concessional loan discount acquired by the Company undergoes accounting treatment in either of the following ways:

(1) If financial department allocates the interest discount funds to loan bank and loan bank provides the loan to the Company at a policy-based preferential interest rate, the Company shall take the amount of the borrowed money actually received as book value of the loan, and shall calculate relevant borrowing costs based on loan principal and the policy-based preferential interest rate.

(2) If financial department directly allocates interest discount funds to the Company, the Company shall use corresponding interest discount funds to offset related borrowing costs.

29. Deferred income tax assets/liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combination and from transactions or events directly included in owner's equity (including other comprehensive income), the Company shall include current income tax and deferred income tax in the current profit and loss.

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized based on the difference between tax basis and book value of assets and liabilities (temporary difference).

Recognition of deferred income tax assets for deductible temporary differences is limited to the amount of taxable income that is likely to be available in the future to offset the deductible temporary differences. Deferred tax assets are only recognized for deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible losses and tax credits can be utilized.

Taxable temporary differences, except for special circumstances, shall be recognized as deferred income tax liabilities.

Special circumstances under which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transactions or events that do not involve business combination and do not affect accounting profits and taxable income (or deductible losses) when they occur.

Regarding taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liabilities shall be recognized, unless the Company can control the time when the temporary

differences are reversed and the temporary differences are unlikely to be reversed in the foreseeable future. Regarding deductible temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax assets shall be recognized when the temporary differences are likely to be reversed in the foreseeable future and it is likely to obtain taxable income that can be used to offset deductible temporary differences in the future.

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

Book value of deferred income tax assets shall be reviewed by the Company on the balance sheet date. If it is probable that sufficient taxable income will not be available in the future to offset the benefits of deferred tax assets, book value of deferred tax assets shall be written down. When it is likely to obtain sufficient taxable income, the amount written down shall be reversed.

When there is a statutory right to settle on a net basis and the intention is to settle the net amount or acquire the assets and pay off the liabilities simultaneously, the current income tax assets and current income tax liabilities shall be reported based on the net amount after offset.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be presented as the net amount after offset when the following conditions are satisfied:

- The taxpayer has the legal right to settle the current income tax assets and liabilities using net amounts;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection authority on the same taxpayer or related to different taxpayers, however, in the future period in which each of the important deferred income tax assets and liabilities are reversed, the taxpayer involved intends to settle current income tax assets and liabilities on a net basis or acquire assets and liquidate liabilities at the same time.

30. Lease

(1) Accounting treatment method of operating lease

(1) The lease fee paid by the Company for renting assets shall be apportioned based on straight-line method over the

entire lease term without deduction of the rent-free period and shall be included in current expenses. The initial direct expenses paid by the Company related to the leasing transaction shall be included in the current expenses.

If the lessor of assets bears the expenses related to the lease that shall be borne by the Company, the Company shall deduct the same from the total rent, apportion it based on the rent expenses during the lease term and included the same in current expenses.

With regard to operating leases that apply simplified method of COVID-19-related rent concessions, the Company continues to include the rent of original contract in cost or expense of the relevant assets in the same way as before the concession. In the event of rent concessions, the reduced rent is considered as contingent rent by the Company and included in profit or loss during the period of concession; where rent payment is delayed, the Company will recognize the rent payable as payables during the original payment period and offset the payables recognized in the previous period when the actual payment is made.

(2) The rental fee charged by the Company for leasing assets shall be apportioned on a straight-line basis and recognized as rental income over the entire lease term without deduction of the rent-free period. The initial direct expenses related to lease transaction paid by the Company shall be included in current expenses; if the amount is large, it shall be capitalized and included in current income by stages throughout the lease period according to the same principles based on which lease income is recognized.

When the Company assumes the lease related expenses payable by the lessee, the Company deducts such expenses from the total rent income, and allocates the balance of the rent after deduction within the lease term.

With regard to operating leases that apply simplified method of COVID-19-related rent concessions, the Company continues to recognize the rent of original contract as rental income in the same way as before the concession; in the event of rent concessions, the reduced rent is considered as contingent rent by the Company and offsets rental income during the period of concession; where rent collection is delayed, the Company recognizes the rent to be collected as receivables during the original collection period, and it offsets receivables recognized in the previous period when it is actually collected.

(2) Accounting treatment method of financing lease

(1) **Financing assets leased:** The Company shall, at start of the leasing period, make the lower between the fair value of leased assets and the current value of minimum payment for leasing as the account value of the rent-in assets, the minimum payment for leasing as the account value of long-term payables, and the difference as unrecognized financing charges. The Company amortizes the unrecognized financing expenses by the effective interest rate method during the asset leasing period and includes the amortized financing expenses in the financial expenses. The occurred initial direct expenses shall be attributed to rent-in assets value.

With regard to finance leases that apply simplified method of COVID-19-related rent concessions, the Company continues to recognize the unrecognized financing expenses as the current financing expenses at the same discount rate as before the concession, continues to accrue depreciation for the finance leased assets in the same way as before the concession; in the event of rent concessions, the reduced rent is considered as contingent rent by the Company and included in the current profit and loss when a concession agreement is concluded for release of the original rent payment obligations etc., the long-term payables are adjusted accordingly or it is included in the current profit and loss upon discounting according to the discount rate before the concession and the unrecognized financing expenses are adjusted; where rent payment is delayed, the Company will offset the long-term payables recognized in the previous period when the actual payment is made.

(2) **Financing assets rented out:** The Company shall recognize the difference between the sum of the finance lease receivables and the unguaranteed residual value and its present value as unrealized financing income on start date of lease, and shall recognize this difference as rental income. The initial direct expenses incurred by the Company related to the lease transaction are recorded in the initial measurement of the financing lease receivables and the amount of income recognized within the lease term reduced.

With regard to finance leases that apply simplified method of COVID-19-related rent concessions, the Company continues to recognize the unrealized financing income as the rental income at the same interest rate implicit in the lease as before the concession. In the event of rent concessions, the reduced rent is considered as contingent rent by the Company and offsets the originally recognized rental income when a concession agreement is concluded for waiver of original rent collection right etc., the part of insufficient offset will be included in investment income, the long-term receivables are adjusted accordingly, or it is included in the current profit and loss upon discounting according to the discount rate before the concession and the unrecognized financing income is adjusted; where rent

collection is delayed, the Company will offset the long-term receivables recognized in the previous period when it is actually collected.

(3) The Company as a lessee, the Company as a lessor, sale and leaseback transaction

The Company as a lessee

(1) Right-of-use assets

The Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets.

Right-of-use assets are initially measured at the actual costs. Such costs include:

Initial measurement amount of a lease liability;

Lease payments made on or before the commencement date of the lease, less any lease incentives;

Initial direct costs incurred by the Company;

Costs expected to be incurred by the Company for dismantling and removing the leased assets, restoring the site where the leased assets are situated, or restoring the leased assets to the state agreed upon in the lease terms, but excluding costs incurred for production of inventories.

In the future, the Company uses the straight-line method to accrue depreciation for right-of-use assets. Where it is reasonable to determine that ownership of leased assets can be acquired at the expiration of lease term, depreciation shall be made by the Company within the remaining useful life of the leased asset; otherwise, depreciation shall be made over lease term and the remaining useful life of the leased assets (whichever is shorter).

The Company determines whether a right-of-use asset is impaired and has accounting treatment on the identified impairment according to the principles described in "III. (20) Impairment of long-term assets" in this note.

(2) Lease liabilities

The Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets.

Lease liabilities are initially measured at the present value of outstanding lease payments. Lease payments include:

Fixed payments (including in-substance fixed payments), less any lease incentives;

Variable lease payments that depend on an index or rate;

Payments expected to be made based on guaranteed residual value delivered by the Company;

Exercise price of the purchase option, provided that the Company is reasonable to determine that the option will be exercised;

Payments for exercising an option to terminate the lease, provided that the lease term reflects that the Company will

exercise the option to terminate the lease.

The Company uses the interest rate implicit in the lease as discount rate. If that rate cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates interest cost on lease liabilities accrued during the lease term based on the fixed periodic interest rate, and includes the results in the current profit and loss or applicable asset cost.

Variable lease payments that are not included in measurement of lease liabilities are included in the current profit and loss or applicable asset cost when they are actually incurred.

After the commencement date, the Company remeasures the lease liability in the following situations, and recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the book value of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in the current profit or loss:

Where there is a change in the evaluation results of the purchase option, lease renewal option or termination option, or actual exercise of the aforementioned options is inconsistent with the original evaluation results, the Company remeasures the lease liabilities by discounting the revised lease payments using a revised discount rate;

Where there is a change in in-substance fixed payments, estimated payable amount of guaranteed residual value or an index or a rate used to determine lease payments, the Company remeasures the lease liabilities by discounting the revised lease payments using a former discount rate. However, where changes in lease payments result from changes in floating interest rates, a revised discount rate is used.

(3) Short-term lease and lease of low-value asset

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value asset, and includes the relevant lease payments in the current profit and loss or applicable asset cost on a straight-line basis in each period of lease term. A lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. A lease of low-value asset is a lease where the underlying asset has a low value when new. Where the Company subleases or expects to sublease the leased assets, original lease is not a lease of low-value asset.

(4) Modification in a lease

The Company conducts accounting treatment for a modification in a lease as a separate lease if the lease is modified and the following conditions are met:

the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification in a lease that is not accounted for as a separate lease, the Company re-allocates the consideration of modified contract, re-determines the lease term, and remeasures the lease liabilities by discounting the revised lease payments using a revised discount rate, on the effective date of modification.

If the modification in a lease causes decrease in scope or lease term, the Company will reduce the book value of the right-of-use asset, and wholly or partially derecognizes any gains or losses on the lease in the current profit or loss. The Company revises the book value of a right-of-use asset to reflect other modifications in the lease that lead to remeasurement of lease liabilities.

(5) COVID-19-related rent concessions

Where simplified method of COVID-19-related rent concessions is applied, the Company does not evaluate whether there is a modification in a lease, and continues to calculate interest expense of the lease liability at the same discount rate as before the concession and include it in the current profit and loss, as well as continues to accrue depreciation for right-of-use assets in the same way as before the concession. In the event of rent concessions, the reduced rent is considered as variable lease payments by the Company, the amount is discounted to offset the relevant asset cost or expense according to the undiscounted basis or pre-discount discount rate when a concession agreement is concluded for release of the original rent payment obligations etc., and the lease liabilities are adjusted accordingly; where rent payment is delayed, the Company will offset the lease liabilities recognized in the previous period when the actual payment is made.

With regard to short-term leases and leases of low-value assets, the Company continues to include the rent of original contract in cost or expense of the relevant assets in the same way as before the concession. In the event of rent concessions, the reduced rent is considered as variable lease payment by the Company and offsets relevant asset cost or expense during the period of concession; where rent payment is delayed, the Company will recognize the rent payable as payables during the original payment period and offset the payables recognized in the previous period when the actual payment is made.

The Company as the lessor

On the commencement date of lease, leases are classified into finance leases and operating leases by the Company. Finance leases mean leases that essentially transfers almost all the risks and returns in relation to the ownership of the leased asset, regardless of whether the ownership is ultimately transferred. Operating leases mean leases other than finance leases. When the Company acts as a sublease lessor, sublease is classified based on the right-of-use asset arising from the original lease.

(1) Accounting treatment of operating lease

Lease collections from operating leases are recognized as rental income on a straight-line basis in each period of lease term. The initial direct expenses incurred in relation to operating leases are capitalized by the Company, amortized and included in the current profit and loss on the same basis as rental income recognition during the lease term. Variable lease payments not included in lease collections are included in the current profit or loss when they are actually incurred. Where an operating lease is modified, the Company will conduct accounting treatment for it as a new lease from effective date of the modification, and lease collections collected in advance or receivable in relation to the lease before the modification will be considered as collections of the new lease.

(2) Accounting treatment of finance lease

On the commencement date of lease, the Company recognizes the finance lease receivables for the finance lease and derecognizes the finance lease assets. Where the Company initially measures the finance lease receivables, the net lease investment is regarded as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease collections not yet received on the commencement date of the lease term and discounted at the interest rate implicit in the lease.

Interest income in each period of the lease term is calculated and recognized by the Company according to the fixed periodic interest rate. Derecognition and impairment of finance lease receivables shall be accounted for in accordance with “III. (10) Financial instruments” in this note.

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

The Company accounts for a modification to a finance lease as a separate lease if the finance lease is modified and

the following conditions are met:

The modification increases the scope of the lease by adding the right to use one or more leased assets; the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Where the modification to a financial lease is not accounted for as a separate lease, the Company shall conduct accounting treatment for the modified lease under the following circumstances:

Where the modification takes effect on the commencement date of the lease and the lease will be classified as an operating lease, the Company will conduct accounting treatment for it as a new lease from the effective date of the lease modification and the net lease investment prior to the effective date of the lease modification shall be determined as book value of the leased asset;

Where the modification takes effect on the commencement date of the lease and the lease will be classified as a finance lease, the Company will conduct accounting treatment for it in accordance with the policy on revising or renegotiating contracts in “III. (10) Financial instruments” in this note.

(3) COVID-19-related rent concessions

With regard to operating leases that apply simplified method of COVID-19-related rent concessions, the Company continues to recognize the rent of original contract as rental income in the same way as before the concession; in the event of rent concessions, the reduced rent is considered as variable lease payments by the Company and offsets rental income during the period of concession; where rent collection is delayed, the Company recognizes the rent to be collected as receivables during the original collection period, and it offsets receivables recognized in the previous period when it is actually collected.

With regard to finance leases that apply simplified method of COVID-19-related rent concessions, the Company continues to calculate the interest at the same discount rate as before the concession and recognize it as rental income. In the event of rent concessions, the reduced rent is considered as variable lease payments by the Company, the amount is discounted to offset originally recognized rental income according to the undiscounted basis or

pre-discount discount rate when a concession agreement is concluded for waiver of original rent collection right etc., the part of insufficient offset will be included in investment income, and the finance lease receivables are adjusted accordingly; where rent collection is delayed, the Company will offset the finance lease receivables recognized in the previous period when it is actually collected.

Sale and leaseback transaction

The Company evaluates and determines whether asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in "III. (26) Income" in this note.

(1) As the lessee

Where the asset transfer in the sale and leaseback transaction is a sale, the Company (as the lessee) measures right-of-use asset formed by the sale and leaseback in accordance with portion of the original book value of the asset that is related to the right of use from leaseback, and recognizes applicable gains or losses only with respect to the rights assigned to the lessor; where the asset transfer in the sale and leaseback transaction is not a sale, the Company (as the lessee) continues to recognize the transferred asset and a financial liability equal to the transfer income. For accounting treatment of financial liabilities, please refer to "III. (10) Financial instruments" in this note.

(3) As the lessor

Where the asset transfer in the sale and leaseback transaction is a sale, the Company (as the lessor) shall conduct accounting treatment for purchase of the asset, and have accounting treatment for the asset lease in accordance with the aforementioned "2. The Company as the lessor" policy; where the asset transfer in the sale and leaseback transaction is not a sale, the Company (as the lessor) does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For accounting treatment of financial assets, please refer to "V. 10. Financial instruments" in this note.

31. Termination of business

Termination of business is a separately distinguishable component that satisfies one of the following conditions and that has been disposed of by the Company or classified by the Company as held for sale:

- (1) The component represents an independent primary business or a major business area;
- (2) This component is part of an associated plan to be disposed of for an independent primary business or a separate primary business area;
- (3) This component is a subsidiary that is acquired for resale.

Profits and losses from going concern / termination of business are presented separately in the income statement.

Impairment losses from termination of business, operating profits and losses such as recovered amount and profits

and losses from disposal shall be presented as profits and losses from termination of business. For the termination of business presented in the current period, the Company re-presents the information originally presented as profits and losses from going concern in the financial statements of the current period as the profits and losses from termination of business in a comparable accounting period.

32. Hedge accounting

1. Classification of hedging

(1) Fair value hedging means hedging of the risk of changes in fair value of recognized assets or liabilities and unrecognized firm commitments (except foreign exchange risk).

(2) Cash flow hedging means hedging of the risk of changes in cash flows arising from a specific type of risk in relation to recognized assets or liabilities, likely expected transactions, or the foreign exchange risk involved in an unrecognized firm commitment.

(3) Hedging of net investment in overseas operations means hedging of foreign exchange risks of net investment in overseas operations. Net investment in overseas operations means units of an enterprise in the net assets of overseas operations.

2. Designation of hedging relationship and determination of hedging effectiveness

At the beginning of hedging relationship, the Company has a formal designation of the hedging relationship and has prepared formal written documents concerning hedging relationship, risk management objectives and hedging strategies. These documents describe nature and quantity of the hedging instrument, nature and quantity of the hedged item, nature of the hedged risk, type of hedging, the Company's assessment of the effectiveness of the hedging instrument. Hedging effectiveness means the degree to which changes in the fair value or cash flow of the hedging instrument can offset changes in the fair value or cash flow of the hedged item arising out of the hedged risk.

The Company continuously evaluates hedging effectiveness to judge whether the hedging meets requirements for the effectiveness of the hedge accounting within specified accounting period of the hedging relationship. If not, the hedging relationship is terminated.

Use of hedge accounting shall meet the following requirements for hedging effectiveness:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) Impact of credit risk does not hold a leading post in value changes arising from the economic relationship

between the hedged item and the hedging instrument.

(3) An appropriate hedging ratio is used, and such ratio will not create an imbalance in the relative weights of the hedged item and the hedging instrument, resulting in accounting results inconsistent with the hedge accounting objective. Where the hedging ratio is no longer appropriate, but objective of hedging risk management remains unchanged, number of hedged items or hedging instruments should be adjusted so that the hedging ratio can meet effectiveness requirements again.

3. Treatment method of hedge accounting

(1) Fair value hedging

Changes in fair value of hedging derivatives are included in current profit or loss. Changes in fair value of the hedged item due to hedging risks are included in current profit and loss, and book value of the hedged item is adjusted accordingly.

With regard to fair value hedging in relation to financial instruments measured at amortized cost, adjustments made to book value of the hedged item are amortized over the remaining period between the adjustment date and the maturity date and included in current profit and loss. Amortization subject to the effective interest rate method may begin immediately after adjustment of the book value and shall not be later than adjustment for changes in fair value arising from hedged risk of hedged item's termination.

Where the hedged item is derecognized, unamortized fair value is recognized in current profit or loss.

Where the hedged item is an unrecognized firm commitment, fair value of the firm commitment is recognized as an asset or liability due to cumulative fair value changes arising out of the hedged risk, and the applicable gain or loss is included in current profit and loss. Changes in fair value of hedging instruments are also included in current profit or loss.

(2) Cash flow hedging

The part of gains or losses on the hedging instrument that belongs to the effective hedging is directly recognized as other comprehensive income, and the part that belongs to the ineffective hedging is included in current profit and loss.

Where the hedged transaction affects current profit and loss (such as when the hedged financial income or financial expense is recognized or expected sale occurs), amount recognized in other comprehensive income shall be transferred to current profit and loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, amount originally recognized in other comprehensive income is transferred out and included in the initially recognized amount of such non-financial asset or non-financial liability (or where it is recognized in other

comprehensive income, it shall be transferred out in the same period when the non-financial asset or non-financial liability affects profit or loss, and included in current profit and loss).

Where the expected transaction or firm commitment is not expected to occur, accumulated gains or losses of the hedging instrument previously included in other comprehensive income is transferred out and included in current profit and loss. Where the hedging instrument expires, is sold, the contract is terminated or exercised (but not replaced or renewed), or designation of the hedging relationship is withdrawn, the amount previously included in other comprehensive income is not transferred out until expected transaction or firm commitment affects current profit and loss.

(3) Hedging of net investment in overseas operations

Hedging of net investment in foreign operations (including monetary items that are part of the net investment), are treated similarly to cash flow hedging. The part of gains or losses on the hedging instrument that is determined as an effective hedging is included in other comprehensive income, and the part that is an ineffective hedging is recognized as current profit and loss. When disposing of overseas operations, any accumulated gains or losses included in other comprehensive income are transferred out and included in current profit and loss.

33. Segmental reporting

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segments and discloses the segment information based on the operating segments.

The operating segments refer to the components of the Company that meet the following conditions: (1) the component can generate income and expenses in daily activities; (2) the management of the Company can regularly evaluate the operating results of the component so as to decide the resources allocation and performance evaluation; (3) The Company can obtain relevant accounting information such as financial status, operating results and cash flow of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they may be combined into one operating segment.

34. Work safety expenses

In accordance with the relevant provisions in the *Notice on Printing and Issuing the Administrative Measures for Appropriation and Use of Expenses for Work Safety by Enterprises* (C. Q [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Company appropriated work safety expenses.

When being appropriated, work safety expenses were included into the cost of related products or current profit and

loss and also into "special reserve". When the work safety expenses appropriated are used in the specified scope, if they are paid out as charges, they should be directly offset against special reserves; if fixed assets are formed, expenditures should be collected under "construction in progress" and recognized as fixed assets when the safety project is completed and available. In addition, special reserves should be offset by the cost of the fixed assets formed and accumulated depreciation of the same amount should be recognized. No depreciation should be accrued for the fixed assets in subsequent periods.

35. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

√ Applicable ☐ Not applicable

Content of and reasons for changes in accounting policies	Approval procedures	Remarks
Adjustment to the operating leases existing prior to the first implementation date made by the Company as the lessee	Examination and approval by the Board of Directors	

(1) Implement the *Accounting Standards for Business Enterprises No. 21 - Lease* (revised in 2018)

The Accounting Standards for Business Enterprises No.21 - Lease was revised by the Ministry of Finance in 2018 (hereinafter referred to as the "New Lease Standards"). The Company implemented the New Lease Standards from January 1, 2021. In accordance with the New Lease Standards, the Company decided not to re-evaluate whether a contract entered into before the first implementation date is or contains a lease on the first implementation date.

The Company as a lessee

The Company chosen to adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year in which the New Lease Standards were first implemented according to the cumulative amount affected by the first implementation of the New Lease Standards and not to adjust the information during the comparable period.

For the operating leases existing before the first implementation date, the Company measures on the first implementation date the lease liabilities according to the remaining lease payments discounted to present value at the Company's incremental borrowing rate on such date and measures the right-of-use assets under each lease through any of the following methods:

Assume that the book value is subject to the New Lease Standards as of the commencement date of lease. The

Company's incremental borrowing rate on the first implementation date should be used as the discount rate.

The amount same as that of the lease liabilities should be used subject to necessary adjustments according to the prepaid rent.

For operating leases existing before the first implementation date, the Company selects one or more of the following simplified method in addition to the method stated above:

- 1) The leases completed within 12 months of the first implementation date are treated as short-term leases;
- 2) The same discount rate is used for the leases having similar characteristics when lease liabilities are measured;
- 3) Initial direct costs are excluded from measurement of right-of-use assets;
- 4) Where renewal or termination option is available, the lease term is determined according to the exercise of such option and other updates prior to the first implementation date;
- 5) As a substitute for the impairment test of right-of-use assets, whether a contract containing a lease is or is not unprofitable prior to the first implementation is evaluated according to "III. (24) Estimated liabilities" of this Note and the right-of-use assets are adjusted according to the provision for loss registered in the balance sheet before the first implementation date;
- 6) If the lease is modified before the first implementation date, no retroactive adjustment is conducted and accounting treatment is conducted according to the final arrangement for the modification in the lease and the New

Lease Standards.

When measuring lease liabilities, the Company discounted the lease payments at the incremental borrowing rate of the lessee on January 1, 2021, i.e. 4.75%.

Minimum lease payment under the significant operating lease disclosed in the combined financial statements that was outstanding on December 31, 2020	73,807,872.24
Current value discounted at the Company's incremental borrowing rate on January 1, 2021	65,402,996.86
Lease liability under the New Lease Standards on January 1, 2021	65,402,996.86
Difference between the discounted current value and the lease liability	

For the finance lease entered into before the first implementation date, the Company measures the right-of-use assets and lease liabilities on the first implementation date based on the original book value of the leased asset and accrued financial lease outlay.

The Company as the lessor

The Company re-evaluates the subleases classified as operating lease prior to and existing on the first

implementation date according to the remaining term and articles of the original lease and sublease contracts and reclassifies such subleases according to the New Lease Standards on the first implementation date. The Company conducts accounting for the sublease reclassified into finance lease as a new finance lease.

Except for subleases, the Company needs not to adjust the leases for which it acts as the lessor according to the New Lease Standards. The Company conducts the accounting process according to the New Lease Standards from the first implementation date.

Implementation of the New Lease Standards imposes the following main impacts on the Company's financial statements:

Monetary Unit: Yuan

Content of and reasons for changes in accounting policies	Approval procedures	Items affected in financial statements	Impacted amount in the balance on January 1, 2021		Content of and reasons for changes in accounting policies
			Consolidation	Parent company	
Adjustment to the operating leases existing prior to the first implementation date made by the Company as the lessee	Examination and approval by the Board of Directors	Right-of-use assets	132,008,639.37	6,209,035.88	Adjustment to the operating leases existing prior to the first implementation date made by the Company as the lessee
		Long-term unamortized expenses	-66,605,642.51		
		Non-current liabilities maturing within one year	18,000,129.19	1,022,013.00	
		Lease liabilities	47,402,867.67	5,187,022.88	

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

The Ministry of Finance issued the *No.14 Interpretation of the Accounting Standards for Business Enterprises* (C. K. [2021] No.1) (hereinafter referred to as "No.14 Interpretation") on February 2, 2021 which came into effect on the date of issuance. The new businesses from January 1, 2021 to the implementation date are adjusted according to No.14 Interpretation.

① Public-private partnership (PPP) project contract

No.14 Interpretation is applicable to the PPP project contracts that are "bicharacteristic" and "Double-controlled" as stated in the interpretation. In respect of the PPP project contracts stated to be performed before December 31, 2020 but not completely performed on the implementation date of the interpretation, retroactive adjustment should be conducted and if retroactive adjustment is unpractical, the interpretation should be applied as of the beginning of the period to which retroactive adjustment can be conducted. The retained earnings and other related items in the financial statements at the beginning of the year in which the interpretation is implemented according to the

cumulative amount affected and the information during the comparable period should not be adjusted. Implementation of the interpretation by the Company causes no influence on the financial statements;

② Reform of benchmark interest rate

No.14 Interpretation provides for a simplified accounting process for cases where the reform of benchmark interest rate results in a change in the basis for determining the cash flow related to financial instrument contracts and lease contracts.

As per the Interpretation, retroactive adjustment should be performed to the businesses related to the reform of benchmark interest rate prior to December 31, 2020 and if retroactive adjustment is impractical, the previous comparative financial statements need not to be adjusted. The balances between the original book values and the new book values of financial assets and financial liabilities on the implementation date of the Interpretation should be included into the opening retained earnings or other comprehensive income of the annual reporting period in which the Interpretation was implemented. Implementation of the Interpretation has not caused any significant impact on the Company's financial position and operating result.

(3) Implement the *Notice on Adjusting the Scope of Application of the Provisions on the Accounting Treatment of the COVID-19-related Rent Concessions*

On June 19, 2020, the Ministry of Finance issued the *Provisions on the Accounting Treatment of the COVID-19-related Rent Concessions* (C. K. [2020] No.10) which allow enterprises to simplify accounting treatment for rent reduction, rent exemption, delayed payment of rent and other rent concessions directly arising out of COVID-19.

On May 26, 2021, the Ministry of Finance issued the *Notice on Adjusting the Scope of Application of the Provisions on the Accounting Treatment of the COVID-19-related Rent Concessions* (C. K. [2021] No.9) which came into effect on May 26, 2021. In the notice, the scope of COVID-19-related rent concessions for which simplified accounting treatment is allowed is adjusted from "lease payments payment prior to June 30, 2021" to "lease payments payment prior to June 30, 2022" and other conditions remain unchanged.

The Company had conducted simplified accounting treatment to the lease contracts within the scope of application before adjustment of the scope of application and also to the lease contracts within the scope of application after

adjustment of the scope of application. The Company carried out retroactive adjustment to the lease contracts to which accounting treatment for change in lease was conducted prior to release of the notice without adjusting the previous comparative financial statements. The Company adjusted, in accordance with the notice, the rent concessions arising from January 1, 2021 to the implementation date of the notice that had not been subject accounting treatment in accordance with the notice.

(4) Implement presentation of centralized fund management stated in the *No.15 Interpretation of Accounting Standards for Business Enterprises*

The Ministry of Finance issued the *No.15 Interpretation of the Accounting Standards for Business Enterprises* (C. K. [2021] No.35) (hereinafter referred to as "No.15 Interpretation") on December 30, 2021 in which "presentation of centralized fund management" came into effect on the date of issuance and which requires the comparative financial statements to be accordingly adjusted.

No.15 Interpretation clearly states how to present and disclose in the balance sheet the balances involved in centralized management of the funds of parent company and members by the internal settlement center and finance companies. Implementation of the Interpretation has not caused any significant impact on the Company's financial position and operating result.

(2) Changes in important accounting estimates

☐ Applicable ☒ Not applicable

(3) Adjustments to the financial statements at the beginning of 2021 in which the New Lease Standards was first implemented

☒ Applicable ☐ Not applicable

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

☒ Yes ☐ No

Consolidated Balance Sheet

Monetary Unit: Yuan

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current assets:			
Monetary funds	5,127,451,501.02	5,127,451,501.02	
Provision of settlement fund			
Funds lent			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	2,014,982,342.77	2,014,982,342.77	
Financing of receivables	440,624,177.60	440,624,177.60	
Advance payment	670,555,303.56	670,555,303.56	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	31,585,769.03	31,585,769.03	
Thereinto: Interests receivable			
Dividends receivable			
Recoursable financial assets acquired			
Inventories	3,126,606,102.78	3,126,606,102.78	
Contract assets	1,807,922.72	1,807,922.72	
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	581,551,944.24	581,551,944.24	
Total current assets	11,995,165,063.72	11,995,165,063.72	
Non-current assets:			
Loans and advances	505,215,384.56	505,215,384.56	
Investments on bonds			
Other investments on bonds			
Long-term receivables	191,479,797.87	191,479,797.87	
Long-term equity investments	210,793,463.17	210,793,463.17	
Other equity instrument investments	797,169.20	797,169.20	
Other non-current financial assets			
Investment real properties	55,409,155.55	55,409,155.55	
Fixed assets	8,816,858,567.75	8,816,858,567.75	
Construction in progress	3,300,883,380.83	3,300,883,380.83	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		132,008,639.37	132,008,639.37
Intangible assets	2,543,783,621.57	2,543,783,621.57	
Development expense			
Goodwill	6,072,271,066.23	6,072,271,066.23	
Long-term unamortized expenses	115,375,596.56	48,769,954.05	-66,605,642.51
Deferred tax assets	250,368,171.36	250,368,171.36	
Other non-current assets	713,028,516.05	713,028,516.05	
Total current assets	22,776,263,890.70	22,841,666,887.56	65,402,996.86
TOTAL ASSETS	34,771,428,954.42	34,836,831,951.28	65,402,996.86
Current liabilities:			
Short-term borrowings	4,096,580,112.52	4,096,580,112.52	
Borrowings from central bank			
Deposit funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	5,022,859,793.35	5,022,859,793.35	
Accounts payable	2,706,881,905.09	2,706,881,905.09	

Advances from customers			
Contract liabilities	257,955,802.67	257,955,802.67	
Funds from sale of financial assets sold for repurchase			
Deposits from customers and interbank			
Payment for trading securities by agency			
Payment for underwriting securities by agency			
Employee benefits payable	225,792,320.70	225,792,320.70	
Taxes and surcharges payable	272,952,093.72	272,952,093.72	
Other payables	411,265,027.98	411,265,027.98	
Thereinto: Interests payable	652,626.49	652,626.49	
Dividends payable			
Service charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	1,486,379,981.00	1,504,380,110.19	18,000,129.19
Other current liabilities	201,277,201.20	201,277,201.20	
TOTAL CURRENT LIABILITIES	14,681,944,238.23	14,699,944,367.42	18,000,129.19
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	3,469,282,193.84	3,469,282,193.84	
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities		47,402,867.67	47,402,867.67
Long-term payables	129,262,697.16	129,262,697.16	
Long-term employee benefits payable			
Accrued liabilities	51,991,070.88	51,991,070.88	
Deferred income	268,720,903.23	268,720,903.23	
Deferred income tax liabilities	332,639,362.58	332,639,362.58	
Other non-current liabilities			
Total non-current liabilities	4,251,896,227.69	4,299,299,095.36	47,402,867.67
Total liabilities	18,933,840,465.92	18,999,243,462.78	65,402,996.86
Owner's equity:			
Capital stock	2,032,020,889.00	2,032,020,889.00	
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital surplus	9,578,653,824.61	9,578,653,824.61	
Less: Treasury shares			
Other comprehensive income	-14,667,371.03	-14,667,371.03	
Special reserve	47,539,985.11	47,539,985.11	
Surplus reserve	879,993,898.50	879,993,898.50	
General risk reserve	9,421,958.57	9,421,958.57	
Undistributed profits	1,661,631,233.88	1,661,631,233.88	
Total owners' equity attributable to parent company	14,194,594,418.64	14,194,594,418.64	
Minority interests	1,642,994,069.86	1,642,994,069.86	
Total owners' equity	15,837,588,488.50	15,837,588,488.50	
Total liabilities and owners' equity	34,771,428,954.42	34,836,831,951.28	65,402,996.86

Description of adjustment

(1) As the lessee, the Company re-measured the operating leases existing prior to the first implementation date and recognized "right-of-use assets" of RMB65,402,996.86, "non-current liabilities maturing within one year" of RMB18,000,129.19" and "lease liabilities" of RMB47,402,867.67.

(2) The Company reclassified land lease fee of RMB66,605,642.51 in "long-term unamortized expenses" into

"right-of-use assets".

Parent Company Balance Sheet

Monetary Unit: Yuan

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current assets:			
Monetary funds	2,846,966,448.08	2,846,966,448.08	
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	357,478,732.07	357,478,732.07	
Financing of receivables	77,640,890.16	77,640,890.16	
Advance payment	489,632,035.52	489,632,035.52	
Other receivables	1,292,581,025.11	1,292,581,025.11	
Thereinto: Interests receivable			
Dividends receivable			
Inventories	469,822,621.33	469,822,621.33	
Contract assets			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	4,517,190.25	4,517,190.25	
Total current assets	5,538,638,942.52	5,538,638,942.52	
Non-current assets:			
Investments on bonds			
Other investments on bonds			
Long-term receivables			
Long-term equity investments	15,777,420,830.75	15,777,420,830.75	
Other equity instrument investments			
Other non-current financial assets			
Investment real properties	47,887,142.07	47,887,142.07	
Fixed assets	1,572,522,285.38	1,572,522,285.38	
Construction in progress	1,004,210,413.32	1,004,210,413.32	
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		6,209,035.88	6,209,035.88
Intangible assets	188,313,025.78	188,313,025.78	
Development expense			
Goodwill			
Long-term unamortized expenses			
Deferred tax assets	20,062,295.85	20,062,295.85	
Other non-current assets	52,686,968.59	52,686,968.59	
Total current assets	18,663,102,961.74	18,669,311,997.62	6,209,035.88
TOTAL ASSETS	24,201,741,904.26	24,207,950,940.14	6,209,035.88
Current liabilities:			
Short-term borrowings	1,784,948,400.00	1,784,948,400.00	
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	2,892,140,609.36	2,892,140,609.36	
Accounts payable	486,534,555.84	486,534,555.84	
Advances from customers			
Contract liabilities	90,731,504.14	90,731,504.14	
Employee benefits payable	38,793,025.46	38,793,025.46	
Taxes and surcharges payable	25,810,242.78	25,810,242.78	
Other payables	3,042,211,786.57	3,042,211,786.57	
Thereinto: Interests payable			
Dividends payable			

Liabilities held for sale			
Non-current liabilities maturing within one year	826,111,248.00	827,133,261.00	1,022,013.00
Other current liabilities	11,795,095.54	11,795,095.54	
TOTAL CURRENT LIABILITIES	9,199,076,467.69	9,200,098,480.69	1,022,013.00
Non-current liabilities:			
Long-term borrowings	2,425,181,596.58	2,425,181,596.58	
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities		5,187,022.88	5,187,022.88
Long-term payables			
Long-term employee benefits payable			
Accrued liabilities			
Deferred income	1,691,666.85	1,691,666.85	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	2,426,873,263.43	2,432,060,286.31	5,187,022.88
Total liabilities	11,625,949,731.12	11,632,158,767.00	6,209,035.88
Owner's equity:			
Capital stock	2,032,020,889.00	2,032,020,889.00	
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital surplus	9,575,394,761.86	9,575,394,761.86	
Less: Treasury shares			
Other comprehensive income	453,270.16	453,270.16	
Special reserve			
Surplus reserve	879,993,898.50	879,993,898.50	
Undistributed profits	87,929,353.62	87,929,353.62	
Total owners' equity	12,575,792,173.14	12,575,792,173.14	
Total liabilities and owners' equity	24,201,741,904.26	24,207,950,940.14	6,209,035.88

Description of adjustment

As the lessee, the Company re-measured the operating leases existing prior to the first implementation date and recognized "right-of-use assets" of RMB6,209,035.88, "non-current liabilities maturing within one year" of RMB1,022,013.00" and "lease liabilities" of RMB5,187,022.88.

35. Other

VI. Taxes

1. Major taxes and tax rates

Tax category	Taxation basis	Tax rate
Value-added tax	Output tax is calculated on the basis of the sold goods and taxable income from labor services calculated according to the tax law. After deducting the input tax amount that is allowed to be deducted in the current period, the difference is included in the value-added tax payable.	13%、9%、6%、5%、3%
Urban maintenance and construction tax	Value-added tax and consumption tax are calculated and paid based on that actually paid	7%、5%、1%

Corporate income tax	Calculation and payment based on taxable income	30%、25%、20%、16.5%、15%、8.25%
Educational surtax	Value-added tax and consumption tax are levied based on that actually paid	3%
Local education surcharge	Value-added tax and consumption tax are levied based on that actually paid	2%

If the taxpaying entities apply to different enterprise income tax rates, details shall be disclosed

Name of taxpayer	Income tax rate
LB Group	15.00%
Billions New Material	15.00%
Rongjia Scandium Vanadium	15.00%
Longbai Titanium Industry	15.00%
Longbai Mining and Metallurgy	15.00%
Longbai Minerals	15.00%
Gansu National Titanium	15.00%
Longbai Xiangyang	15.00%
Orient Zirconic	15.00%
Yunnan National Titanium	15.00%
Longbai Lufeng	15.00%
Hunan Oriental Scandium	15.00%
Weina Technology	15.00%
Longbai Intelligent	15.00%
Billions (Hong Kong)	16.50%、8.25%
Billions Europe	20.00%
BILLIONS America	20.00%
Xinli Titanium	25.00%
Zhongtan New Material	25.00%
Donggao New Materials	25.00%
Donggao Technical Service	25.00%
Longbai Wuding	15.00%
Shanghai Lomon	25.00%
Wanrun, Hubei	25.00%
Bailiyuan Reservoir	25.00%
Yili Microfinance	25.00%
Longxiangshan Tourism	25.00%
United Pigment	25.00%
Billions Finance Lease (Guangzhou) Co., Ltd.	25.00%
Ruierxin	25.00%
Jiaoli Commodity Trade	25.00%
Shandong Lomon Billions	25.00%
Jiaozuo Donggao	25.00%
Leiyang Donggao	25.00%
Chaoyang Donggao	25.00%
Lechang Donggao	15.00%
Xingbai Titanium Industry	25.00%
Bilions Chemical	25.00%
New Energy Materials	25.00%
New Materials Technology	25.00%
Australia Donggao	30.00%
Mingrui Zirconium Industry	30.00%

2. Tax incentives

1. According to the High-tech Enterprise Certificate (No.: GR202041002349) issued to the Company by Henan Provincial Department of Science and Technology, Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration on December 4, 2020, the Company passed the high-tech enterprise certification in 2020 (with a certificate numbered GR201741000264) and accordingly enjoys national preferential policies for high-tech enterprises for three consecutive years from 2020 to 2022, and paid corporate income tax at a tax rate of 15% in this year.

2. On October 28, 2021, a High-tech Enterprise Certificate (No.: GR202141001938) was received by Billions New Material from Henan Provincial Department of Science and Technology, Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration. The Company passed the high-tech enterprise certification in 2021 and accordingly enjoys national preferential policies for high-tech enterprises for three consecutive years from 2021 to 2023, and paid corporate income tax at a tax rate of 15% in this year.

3. On October 28, 2021, A High-tech Enterprise Certificate (No.: GR202141001772) was received by Rongjia Scandium Vanadium from the Company by Henan Provincial Department of Science and Technology, Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration. The Company passed the high-tech enterprise certification in 2021 and accordingly enjoys national preferential policies for high-tech enterprises for three consecutive years from 2021 to 2023, and paid corporate income tax at a tax rate of 15% in this year.

4. In accordance with the Announcement No.23 of 2020 issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission, corporate income tax should be levied at a reduced rate of 15% on encouraged industrial enterprises in the western region from January 1, 2021 to December 31, 2030. The encouraged industrial enterprises above mean the enterprises that are mainly engaged in the industrial projects specified in the *Catalogue of Encouraged Industries in the Western Region*, and whose main business income accounts for more than 60% of their total income.

(1) As confirmed by the *Approval on Confirming Main Businesses of 6 Enterprises Including Sichuan Dongfang Bearing Manufacture Co., Ltd. As State-encouraged Industrial Projects* (C. J. X. C. Y. H. [2012] No. 402) issued by Sichuan Provincial Economic and Information Commission, main businesses of Longbai Sichuan Titanium Industry Co., Ltd. belong to encouraged industries set out in the *Guiding Catalogue for the Adjustment of Industrial Structure*

(Version in 2011) (No. 9 Order of National Development and Reform Commission) and thus Longbai Sichuan Titanium Industry Co., Ltd. paid corporate income tax in this year at the rate of 15%.

(2) As confirmed by the *Approval on Confirming Main Businesses of 27 Enterprises Including Escommuco (Sichuan) Fertilizer Co., Ltd. As State-encouraged Industrial Projects* (C. J. X. C. Y. H. [2012] No. 1212) issued by Sichuan Provincial Economic and Information Commission, main businesses of Longbai Mining and Metallurgy and Longbai Minerals belong to encouraged industries set out in the *Guiding Catalogue for the Adjustment of Industrial Structure (Version in 2011)* (No. 9 Order of National Development and Reform Commission) and thus Longbai Mining and Metallurgy and Longbai Minerals paid corporate income tax in this year at the rate of 15%.

(3) Main businesses of Gansu National Titanium and Yunnan National Titanium belong to encouraged industries set out in the *Guiding Catalogue for the Adjustment of Industrial Structure (Version in 2011)* (No. 9 Order of National Development and Reform Commission) and thus Gansu National Titanium and Yunnan National Titanium paid corporate income tax in this year at the rate of 15%.

Besides:

Longbai Titanium Industry passed the re-authentication for high-tech enterprises on Oct. 14, 2019, and obtained the high-tech enterprises certificate jointly issued by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department and Sichuan Provincial Tax Service, State Taxation Administration, with certificate number of GR201951000778 and a valid term of 3 years. According to Enterprise Income Tax Law and its relevant provisions, Longbai Titanium Industry, within three years (from 2019 to 2021) since its acquisition of high-tech enterprises authentication, shall be entitled to relevant preferential policies issued by the country for high-tech enterprises, and in this year, it shall be entitled to a preferential corporate income tax rate of 15%.

Longbai Mining and Metallurgy obtained the High-tech Enterprise Certificate (No.: GR202151003360) jointly issued by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department and Sichuan Provincial Tax Service, State Taxation Administration on December 15, 2021, with a valid term of 3 years. Longbai Mining and Metallurgy, within three years since its acquisition of high-tech enterprises authentication, shall be entitled to relevant preferential policies issued by the country for high-tech enterprises, and in this year, it shall be entitled to a preferential corporate income tax rate of 15%.

5. Longbai Xiangyang passed the re-authentication for high-tech enterprises on December 1, 2020, and obtained the high-tech enterprises certificate (No. GR202042001598) under which Longbai Xiangyang, within three years (from 2020 to 2022) since its acquisition of high-tech enterprises authentication, shall be entitled to relevant preferential policies issued by the country for high-tech enterprises. Thus, it enjoyed a preferential corporate income tax rate of

15% in this year.

6. Orient Zirconic Industry passed the re-authentication for high-tech enterprises on December 9, 2020, and obtained the high-tech enterprises certificate (No.GR202044006656) which is valid for three years. Thus, Orient Zirconic Industry shall be entitled to a preferential corporate income tax rate of 15% applicable to high-tech enterprises.

7. Longbai Wuding Titanium Industry Co., Ltd. obtained the High-tech Enterprise Certificate (No.: GR202153000374) jointly issued by Yunnan Province Science and Technology Department, Yunnan Provincial Department of Finance and Yunnan Provincial Tax Service, State Taxation Administration on December 3, 2021 and accordingly paid the corporate income tax at a rate of 15%.

8. Longbai Lufeng Titanium Industry Co., Ltd. obtained the High-tech Enterprise Certificate (No.: GR202153000129) jointly issued by Yunnan Province Science and Technology Department, Yunnan Provincial Department of Finance and Yunnan Provincial Tax Service, State Taxation Administration on December 3, 2021 and accordingly paid the corporate income tax at a rate of 15%.

9. Hunan Oriental Scandium obtained the High-tech Enterprise Certificate (No.: GR202043000894) jointly issued by Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration, and Hunan Provincial Local Taxation Bureau on September 11, 2020, with a valid term of 3 years during which Hunan Oriental Scandium paid corporate income tax at a preferential tax rate of 15%.

10. Weina Technology obtained the High-tech Enterprise Certificate (No.: GR2021410001171) jointly issued by Henan Provincial Science & Technology Department, Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration on October 28, 2021, with a valid term of 3 years during which Weina Technology paid corporate income tax at a preferential tax rate of 15%.

11. Longbai Intelligent obtained the High-tech Enterprise Certificate (No.: GR202141001205) jointly issued by Henan Provincial Science & Technology Department, Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration on October 28, 2021. The Company passed the high-tech

enterprise certification in 2021 and accordingly enjoys national preferential policies for high-tech enterprises for three consecutive years from 2021 to 2023, and paid corporate income tax at a tax rate of 15% in this year.

12. Lechang Donggao New Materials Co., Ltd. hereinafter referred to as "Lechang Donggao") obtained the High-tech Enterprise Certificate (No.: GR202144005743) jointly issued by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service, State Taxation Administration on December 20, 2021, with a valid term of 3 years during which Lechang Donggao New Materials Co., Ltd. shall be entitled to the corporate income tax benefit applicable to high-tech enterprises. In 2021, Lechang Donggao New Materials Co., Ltd. paid corporate income tax at a preferential tax rate of 15%.

13. Billions (Hong Kong) paid corporate income tax at a rate of 8.25% for its profits less than HKD 2 million and at a rate of 16.5% for its profits exceeding HKD 2 million according to the latest preferential tax policy promulgated in Hong Kong.

14. Billions Europe, BILLIONS America and Lomon US paid income tax at the statutory tax rate of 20% in the territory where they are located.

VII. Notes on Items in Consolidated Financial Statements

1. Monetary fund

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Cash on hand	105,309.48	82,914.56
Cash in bank	1,861,748,362.94	1,506,273,721.67
Other monetary funds	4,425,181,756.49	3,621,094,864.79
Total	6,287,035,428.91	5,127,451,501.02
Including: total amount of cash deposited overseas	103,637,688.59	192,734,647.50

Other instructions

The details of monetary funds that are subject to restrictions on the use of monetary funds due to mortgage, pledge or freeze, and that are deposited abroad and subject to restrictions on remittance-back are as follows:

Item	Closing balance	Balance at the end of the previous year
Bank acceptance bills, letters of credit and other deposits	1,562,278,948.69	925,037,014.48
Fixed deposits and interest for pledge	2,862,879,151.94	2,695,970,385.20
Money in escrow of the WIM150 project	23,655.86	87,465.11
Total	4,425,181,756.49	3,621,094,864.79

2. Notes receivable

(1) Breakdown of notes receivable

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Commercial acceptance bill	282,507,652.26	
Total	282,507,652.26	

(2) Notes receivables endorsed or discounted by the Company but not yet due as of the balance sheet date

Monetary Unit: Yuan

Item	Closing derecognized amount	Closing amount not derecognized
Commercial acceptance bill		130,328,202.00
Total		130,328,202.00

3. Accounts receivable

(1) Disclosure of classification of accounts receivable

Monetary Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Net book value	Book balance		Provision for bad debt		Net book value
	Amount	Percentage	Amount	Proportion of accrual		Amount	Percentage	Amount	Proportion of accrual	
Accounts receivable with bad debt reserve set aside individually	105,753,239.33	4.82%	105,753,239.33	100.00%		100,106,066.97	4.54%	63,732,997.77	63.67%	36,373,069.20
Therein:										
Account receivable for which bad debt provision is made by group	2,088,690,007.14	95.18%	121,261,619.98	5.81%	1,967,428,387.16	2,103,551,169.14	95.46%	124,941,895.57	5.94%	1,978,609,273.57
Therein:										
Aging combination	2,088,690,007.14	95.18%	121,261,619.98	5.81%	1,967,428,387.16	2,103,551,169.14	95.46%	124,941,895.57	5.94%	1,978,609,273.57
Total	2,194,443,246.47	100.00%	227,014,859.31		1,967,428,387.16	2,203,657,236.11	100.00%	188,674,893.34		2,014,982,342.77

Bad debt reserve set aside individually:

Monetary Unit: Yuan

Name	Closing balance			
	Book balance	Provision for bad debt	Proportion of accrual	Reasons for provision
Hebei Chenyang Industry and Trade Group Co., Ltd.	72,746,138.40	72,746,138.40	100.00%	Expected to be unrecoverable due to post - bankruptcy reorganization
Guangzhou Lianri Chemical Co., Ltd.	10,757,309.54	10,757,309.54	100.00%	Expected to be unrecoverable
Baoding Chuyu Trading Co., Ltd.	6,622,956.97	6,622,956.97	100.00%	Expected to be unrecoverable
Panzhuhua Yilong Economic and Trade Co. Ltd.	4,967,830.47	4,967,830.47	100.00%	Expected to be unrecoverable
Yilong Chemical Group Co., Ltd. (YILONG) Shanghai	1,352,550.24	1,352,550.24	100.00%	Expected to be unrecoverable
Chaozhou Fengxi District Shunhui District Ceramic Pigment Factory	1,193,850.00	1,193,850.00	100.00%	Expected to be unrecoverable
Chaozhou Fengxi Tongda Ceramic Pigment Co., Ltd.	977,050.00	977,050.00	100.00%	Expected to be unrecoverable
Henan Shengda Shichuang Industrial Co., Ltd.	820,469.92	820,469.92	100.00%	Expected to be unrecoverable
Hengyang Shanquan Chemical Co., Ltd.	818,113.00	818,113.00	100.00%	Expected to be unrecoverable
Hebi Zhongyi Profile Co., Ltd.	761,189.00	761,189.00	100.00%	Expected to be unrecoverable
Hengyang Zhengliang Industry and Trade Co. Ltd.	400,000.00	400,000.00	100.00%	Expected to be unrecoverable
Shantou Xinli Technology Co., Ltd.	370,168.90	370,168.90	100.00%	Expected to be unrecoverable
Yangjiang Yangdong Honghui Cutting Tools Manufacturing Co., Ltd.	360,370.00	360,370.00	100.00%	Expected to be unrecoverable
Zhengzhou Yuli Industrial Co., Ltd.	350,000.00	350,000.00	100.00%	Expected to be unrecoverable
Yangdong Naite Ceramic Knife and Scissors Co., Ltd.	325,150.40	325,150.40	100.00%	Expected to be unrecoverable
Yangjiang City Yangdong District Hongyun Hardware Products Co., Ltd.	294,790.10	294,790.10	100.00%	Expected to be unrecoverable
Ganzhou Jinghuan Rare Earth New Material Co., Ltd.	243,347.00	243,347.00	100.00%	Expected to be unrecoverable
Chaozhou Fengxi Shunhui Ceramic Pigment Factory	240,000.00	240,000.00	100.00%	Expected to be unrecoverable
Foshan Nanhai Zhongtai Glaze Factory	216,601.00	216,601.00	100.00%	Expected to be unrecoverable
Linhai Yaixin Trading Co., Ltd.	212,400.00	212,400.00	100.00%	Expected to be unrecoverable
Foshan Sanshui Jinying Inorganic Materials Co., Ltd.	208,553.80	208,553.80	100.00%	Expected to be unrecoverable
Jiaozuo Zhongchen Trading Co., Ltd.	202,357.53	202,357.53	100.00%	Expected to be unrecoverable
Foshan Nanhai Jingang New Material Co., Ltd.	200,000.00	200,000.00	100.00%	Expected to be unrecoverable
Zhengzhou Jingyu New Material Co., Ltd.	186,000.00	186,000.00	100.00%	Expected to be unrecoverable
Wuhan Baotelong Technology Co., Ltd.	173,250.00	173,250.00	100.00%	Pending litigation, expected to be unrecoverable

Zhejiang Jiabang Chemical Co., Ltd.	143,810.00	143,810.00	100.00%	Expected to be unrecoverable
Jiaozuo Hengxiang Special Ceramics Co., Ltd.	142,600.00	142,600.00	100.00%	Expected to be unrecoverable
Qianwei Xinxing Industrial Development Co., Ltd.	130,000.00	130,000.00	100.00%	Expected to be unrecoverable
Nanhai Xinjing Hehe Ceramic Raw Material Factory	100,000.00	100,000.00	100.00%	Expected to be unrecoverable
Zhengzhou Jinghua Refractory Material Co., Ltd.	94,371.00	94,371.00	100.00%	Expected to be unrecoverable
Yangdong County Leci Ceramic Tool Co., Ltd.	40,324.00	40,324.00	100.00%	Expected to be unrecoverable
Foshan Taoyan Ceramic Raw Material Co., Ltd.	27,516.06	27,516.06	100.00%	Expected to be unrecoverable
Gongyi Sanyuan Ceramics Co., Ltd.	26,000.00	26,000.00	100.00%	Expected to be unrecoverable
Linhai Weiyi Chemical Materials Co., Ltd.	17,350.00	17,350.00	100.00%	Expected to be unrecoverable
Longnan Xinkun Inorganic New Material Co., Ltd.	12,250.00	12,250.00	100.00%	Expected to be unrecoverable
Zibo Bohang Electronic Ceramics Co., Ltd.	7,592.00	7,592.00	100.00%	Expected to be unrecoverable
Zibo Zichuan Dongfang Furnace Charge Factory	6,100.00	6,100.00	100.00%	Expected to be unrecoverable
Guotai Xinke Industrial Technology (Yixing) Co., Ltd.	3,880.00	3,880.00	100.00%	Expected to be unrecoverable
Foshan Sanshui Sassuolo Inorganic Materials Co., Ltd.	1,000.00	1,000.00	100.00%	Expected to be unrecoverable
Total	105,753,239.33	105,753,239.33	--	--

Bad debt provision accrued by aging portfolio:

Monetary Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debt	Proportion of accrual
Within one year	2,030,246,259.56	101,512,312.96	5.00%
1-2 years	31,901,778.97	3,190,177.88	10.00%
2-3 years	7,986,452.67	2,395,935.79	30.00%
3-4 years	5,417,718.38	2,708,859.17	50.00%
4-5 years	8,417,316.81	6,733,853.43	80.00%
Over 5 years	4,720,480.75	4,720,480.75	100.00%
Total	2,088,690,007.14	121,261,619.98	--

Disclosure based on account age

Monetary Unit: Yuan

Account age	Book balance
Within 1 year (including 1 year)	2,030,268,259.56
1-2 years	112,018,698.34
2-3 years	8,506,635.71
Over 3 years	43,649,652.86
3-4 years	12,688,690.44
4-5 years	15,179,311.65
Over 5 years	15,781,650.77
Total	2,194,443,246.47

(2) Provision for bad debts withdrawn, recovered or reversed in the current period

Accrual of bad debt reserve of the current period:

Monetary Unit: Yuan

Category	Opening balance	Changes in amount of the current period				Closing balance
		Appropriation	Recovery or reversal	Write-off	Other decreases	
Receivables with combined appropriation of provisions for bad debts based on credit risk characteristics	124,941,895.57		4,491,431.70	34,673.22	845,829.33	121,261,619.98
Bad debt reserve set aside individually	63,732,997.77	42,777,021.07	656,779.51		-100,000.00	105,753,239.33
Total	188,674,893.34	42,777,021.07	5,148,211.21	34,673.22	745,829.33	227,014,859.31

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

Monetary Unit: Yuan

Item	Amount written off
Accounts receivable actually written off	34,673.22

(4) Top five accounts receivable by the closing balance of arrears

Monetary Unit: Yuan

Name	Ending balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
Entity 1	72,746,138.40	3.31%	72,746,138.40
Entity 2	62,235,477.45	2.84%	3,111,773.87
Entity 3	50,852,719.90	2.32%	2,542,636.00
Entity 4	48,084,126.68	2.19%	2,404,206.33
Entity 5	44,172,634.80	2.01%	2,208,631.74
Total	278,091,097.23	12.67%	

4. Financing of receivables**(1) Accounts receivable financing**

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Notes receivable	835,101,190.08	440,624,177.60
Total	835,101,190.08	440,624,177.60

(2) Increase and decrease in the current period of and changes in fair value of accounts receivable financing

√ Applicable □ Not applicable

Monetary Unit: Yuan

Item	Balance at the end of the previous year	Increase in the current period	Derecognition in the current period	Other changes	Closing balance	Accumulated loss reserve recognized in other comprehensive income
Notes receivable	440,624,177.60	11,471,581,498.94	11,032,108,972.94	-44,995,513.52	835,101,190.08	
Total	440,624,177.60	11,471,581,498.94	11,032,108,972.94	-44,995,513.52	835,101,190.08	

(3) Accounts receivable financing endorsed or discounted by the Company at the end of period but not yet due as of the balance sheet date

Monetary Unit: Yuan

Item	Closing derecognized amount	Closing amount not derecognized
Bank acceptance bills	8,623,632,454.32	
Total	8,623,632,454.32	

(4) Accounts receivable financing pledged by the Company at the end of period

Monetary Unit: Yuan

Item	Amount pledge at the end of the period
Bank acceptance bills	118,566,521.52
Total	118,566,521.52

5. Prepayment**(1) Prepayments listed by account age**

Monetary Unit: Yuan

Account age	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within one year	549,984,859.09	91.93%	651,319,179.39	97.13%
1-2 years	43,046,265.48	7.20%	17,461,074.03	2.60%
2-3 years	4,337,842.38	0.72%	1,455,876.47	0.22%
Over 3 years	874,101.27	0.15%	319,173.67	0.05%
Total	598,243,068.22	--	670,555,303.56	--

(2) Prepayments with the top five ending balances that are ranked by prepayment object

Monetary Unit: Yuan

Prepayment object	Closing balance	Proportion to the total balance of advance payment at the end of period (%)
Entity 10	47,690,304.29	7.97
Entity 6	44,504,293.68	7.44
Entity 7	43,910,424.82	7.34
Entity 8	41,143,328.48	6.88
Entity 9	33,695,541.63	5.63
Total	210,943,892.90	35.26

6. Other accounts receivable

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Other receivables	38,415,501.91	31,585,769.03
Total	38,415,501.91	31,585,769.03

(1) Other receivables**1) Accrual of bad debt provision**

Monetary Unit: Yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in future 12 months	Expected credit loss throughout the term of existence (without credit impairment)	Expected credit loss throughout the term of existence (with credit impairment)	
Balance on January 1, 2021	38,174,911.87		21,937,531.69	60,112,443.56
Balance as at January 1, 2021 in the current period	—	—	—	—
-- Amount reversed in stage 1	3,000,000.00		-3,000,000.00	
Amount accrued in the current period	337,476.66		623,590.33	961,066.99
Amount reversed in the current period			2,079,985.76	2,079,985.76
Write-off in the current period	18,500,000.00		211,000.00	18,711,000.00
Other changes	-7,459.76			-7,459.76
Balance on December 31, 2021	23,019,848.29		17,270,136.26	40,289,984.55

Book balance change with significant changes in the amount of loss reserve in the current period

☐ Applicable ☒ Not applicable**Disclosure based on account age**

Monetary Unit: Yuan

Account age	Book balance
Within 1 year (including 1 year)	29,068,948.15
1-2 years	8,678,268.45
2-3 years	5,768,466.59
Over 3 years	35,189,803.27
3-4 years	10,876,477.33
4-5 years	429,461.82
Over 5 years	23,883,864.12
Total	78,705,486.46

2) Bad debt provision accrued, recovered or reversed in the current period

Accrual of bad debt reserve of the current period:

Monetary Unit: Yuan

Category	Opening balance	Changes in amount of the current period				Closing balance
		Appropriation	Recovery or reversal	Write-off	Other decreases	

Other receivables with combined appropriation of provisions for bad debts based on credit risk characteristics	38,174,911.87	3,337,476.66		18,500,000.00	-7,459.76	23,019,848.29
Other accounts receivable for which the bad debt reserve is accrued on single item	21,937,531.69	-2,376,409.67	2,079,985.76	211,000.00		17,270,136.26
Total	60,112,443.56	961,066.99	2,079,985.76	18,711,000.00	-7,459.76	40,289,984.55

3) Other accounts receivable actually written off in the current period

Monetary Unit: Yuan

Item	Amount written off
Other accounts receivable actually written off	18,711,000.00

Thereinto: Important other receivables written off

Monetary Unit: Yuan

Name	Nature of other receivables	Amount written off	Causes for write-off	Write-off procedures performed	Whether the amount arises from related party transaction
Xichang Huayu Tiancheng Co., Ltd.	Investment fund	18,500,000.00	Cancellation of business license	Resolution of the Board of Directors	No
NETZSCH Grinding & Dispersing	Advance for equipment	100,000.00	Left-over problem, unable to verify	Internal review	No
Chongqing Pump Industry Co., Ltd.	Advance for equipment	111,000.00	Left-over problem, unable to verify	Internal review	No
Total	--	18,711,000.00	--	--	--

4) Other accounts receivable with top five closing balances as collected by arrears

Monetary Unit: Yuan

Name	Nature of payment	Closing balance	Account age	Proportion in total balance of other receivables at the end of period	Closing balance of provision for bad debts
Entity 11	Cash deposit	11,548,700.00	Within 1 year or above 5 years	14.67	1,052,435.00
Entity 12	Deposit for land purchase price	9,300,000.00	3-4 years	11.82	4,650,000.00
Entity 13	Left-over payments	6,912,797.16	Over 5 years	8.78	6,912,797.16
Entity 14	Notes receivable	6,292,200.00	1-2 years or 2-3 years	7.99	6,292,200.00
Entity 15	Petty cash	5,152,006.81	0-2 years	6.55	290,200.68
Total		39,205,703.97		49.81	19,197,632.84

7. Inventory

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Classification of inventories

Monetary Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory depreciation or impairment provision for contract performance cost	Net book value	Book balance	Provision for inventory depreciation or impairment provision for contract performance cost	Net book value
Raw materials	1,108,047,834.63	21,742,373.21	1,086,305,461.42	1,035,486,446.31	19,078,416.59	1,016,408,029.72
Work in progress	977,568,339.88	1,968,297.45	975,600,042.43	567,005,158.23	1,137,620.38	565,867,537.85
Goods in stock	2,157,504,160.00	70,999,569.75	2,086,504,590.25	1,239,497,281.27	42,780,471.36	1,196,716,809.91
Revolving materials	64,889,897.57		64,889,897.57	71,040,663.18		71,040,663.18
Materials in transit	251,264,905.36		251,264,905.36	276,535,183.73		276,535,183.73
Consigned processing material	51,432,975.46		51,432,975.46	37,878.39		37,878.39
Total	4,610,708,112.90	94,710,240.41	4,515,997,872.49	3,189,602,611.11	62,996,508.33	3,126,606,102.78

(2) Provision for inventory depreciation and impairment provision for contract performance cost

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Appropriation	Other decreases	Reversal or resale	Other decreases	
Raw materials	19,078,416.59	14,818,224.29			12,154,267.67	21,742,373.21
Work in progress	1,137,620.38	3,544,822.19		2,714,145.12		1,968,297.45
Goods in stock	42,780,471.36	49,164,399.36		13,748,845.49	7,196,455.48	70,999,569.75
Total	62,996,508.33	67,527,445.84		16,462,990.61	19,350,723.15	94,710,240.41

8. Contract assets

Monetary Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Completed unsettled assets formed based on construction contract	1,906,837.35	92,752.38	1,814,084.97	1,910,521.67	102,598.95	1,807,922.72
Total	1,906,837.35	92,752.38	1,814,084.97	1,910,521.67	102,598.95	1,807,922.72

(1) Classification and disclosure of contract assets according to accrual method of impairment provision

Monetary Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for impairment		Net book value	Book balance		Provision for impairment		Net book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
Impairment provision accrued individually										
Impairment provision accrued by portfolio	1,906,837.35	100.00	92,752.38	4.86	1,814,084.97	1,910,521.67	100.00	102,598.95	5.37	1,807,922.72
Therein										
Portfolio of credit risk	1,906,837.35	100.00	92,752.38	4.86	1,814,084.97	1,910,521.67	100.00	102,598.95	5.37	1,807,922.72
Total	1,906,837.35	100.00	92,752.38		1,814,084.97	1,910,521.67	100.00	102,598.95		1,807,922.72

Impairment provision accrued by portfolio:

Monetary Unit: Yuan

Name	Closing balance		
	Contract assets	Provision for impairment	Accrual ratio (%)
Intelligent construction project	1,906,837.35	92,752.38	4.86
Total	1,906,837.35	92,752.38	4.86

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

Monetary Unit: Yuan

Item	Amount accrued in the current period	Amount reversed in the current period	Amount written off/charged off in the current period	Cause
Intelligent project		9,846.57		
Total		9,846.57		--

9. Non-current assets maturing within one year

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Long-term receivables maturing within one year	196,410,819.65	
Loans and interests maturing within one year	299,999,515.56	
Total	496,410,335.21	

Other descriptions:

For long-term receivables maturing within one year, bad debt provision of RMB36,087,696.95 has been accrued.

For loans maturing within one year, bad debt provision of RMB11,599,485.02 has been accrued.

10. Other current assets

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Tax to be deducted	738,521,722.95	563,255,944.46
Prepaid tax	6,346,418.83	18,277,911.27
Profit and loss of current assets in suspense	18,017.82	18,088.51
Other	9,594,007.94	
Total	754,480,167.54	581,551,944.24

11. Loans issued and expenses reimbursed**Presented by categories as follows:**

Monetary Unit: Yuan

Item	Closing balance	Balance at the end of the previous year
Principal of loans and advances	2,955,000.00	503,781,789.01
Interests of loans and advances		1,433,595.55
Total	2,955,000.00	505,215,384.56

Loans are listed as below by category:

Monetary Unit: Yuan

Type of borrowings	Closing balance			
	Amount	Proportion (%)	Provisions for loan loss	Net amount
Normal	3,000,000.00	1.50	45,000.00	2,955,000.00
Special-mentioned		3.00		
Subordinate		30.00		
Suspicious		60.00		
Loss-causing	271,670,600.00	100.00	271,670,600.00	
Total	274,670,600.00		271,715,600.00	2,955,000.00

Continued

Monetary Unit: Yuan

Type of borrowings	Closing balance			
	Amount	Proportion (%)	Provisions for loan loss	Net amount
Normal	511,453,592.90	1.50	7,671,803.89	503,781,789.01
Special-mentioned		3.00		
Subordinate		30.00		
Suspicious		60.00		
Loss-causing	272,670,600.00	100.00	272,670,600.00	
Total	784,124,192.90		280,342,403.89	503,781,789.01

Loans are listed as below by account age:

Monetary Unit: Yuan

Account age structure	Closing balance			
	Amount	Proportion (%)	Provisions for loan loss	Net amount
Within one year	3,000,000.00	1.50	45,000.00	2,955,000.00
Within 1-2 years (1 year and 2 years)				

inclusive)				
Within 2-3 years (2 years and 3 years inclusive)				
Over 3 years	271,670,600.00	100.00	271,670,600.00	
Total	274,670,600.00		271,715,600.00	2,955,000.00

Continued

Monetary Unit: Yuan

Account age structure	Closing balance			
	Amount	Proportion (%)	Provisions for loan loss	Net amount
Within one year	499,466,957.74	1.50	7,492,004.37	491,974,953.37
Within 1-2 years (1 year and 2 years inclusive)	11,986,635.16	1.50	179,799.52	11,806,835.64
Within 2-3 years (2 years and 3 years inclusive)	266,500,000.00	100.00	266,500,000.00	
Over 3 years	6,170,600.00	100.00	6,170,600.00	
Total	784,124,192.90	35.75	280,342,403.89	503,781,789.01

Note: For the loans occurring during the year, the highest loan interest rate calculated annually was 15.40% and the lowest loan interest rate calculated annually was 6.10%.

Breakdown of overdue loans:

Monetary Unit: Yuan

Name	Closing balance				
	Book balance	Account age of overdue loan	Ratio to registered capital (%)	Ratio to working capital (%)	Ratio to loan balance (%)
Entity 16	266,500,000.00	Over 3 years	133.25	64.05	97.03
Entity 17	2,000,000.00	Over 3 years	1.00	0.48	0.73
Entity 18	1,830,600.00	Over 3 years	0.92	0.44	0.67
Entity 19	1,340,000.00	Over 3 years	0.67	0.32	0.49
Total	271,670,600.00		135.84	65.29	98.92

Top loans are listed as follows:

Monetary Unit: Yuan

Name	Closing balance			
	Book balance	Nature or content	Start date of loan	Proportion to total loan amount (%)
Entity 16	266,500,000.00	Guaranteed loan	2018/2/2	97.03
Entity 21	3,000,000.00	Factoring loan	2021/4/10	1.08
Entity 17	2,000,000.00	Guaranteed loan	2014/7/31	0.73
Entity 18	1,830,600.00	Mortgage loan	2015/5/18	0.67
Entity 19	1,340,000.00	Guaranteed loan	2017/1/25	0.49
Total	274,670,600.00			100.00

Changes in provision for loss

Monetary Unit: Yuan

Item	Balance at the beginning of year	Increase in the current period	Decrease in the current period		Closing balance
			Reversal	Other transfer-out	
Provisions for loan loss	280,342,403.89		8,626,803.89		271,715,600.00
Total	280,342,403.89		8,626,803.89		271,715,600.00

Interests of loans and advances

Monetary Unit: Yuan

Item	Closing balance	Balance at the beginning of year
Interests of loans released and advances	6,215,520.40	6,188,647.36
Less: Bad debt reserve	6,215,520.40	4,755,051.81
Total	0.00	1,433,595.55

12. Long-term receivables**(1) Description of long-term receivables**

Monetary Unit: Yuan

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debt	Net book value	Book balance	Provision for bad debt	Net book value	
Financing lease	43,478,307.83	652,174.62	42,826,133.21	231,016,966.76	46,388,667.78	184,628,298.98	
Including: unrealized financing income	3,214,005.56		3,214,005.56	21,065,452.76		21,065,452.76	
Interest on finance lease				59,352.69	23,853.80	35,498.89	
Lease deposit	1,841,268.10		1,841,268.10				
Reclamation deposit				6,816,000.00		6,816,000.00	
Total	45,319,575.93	652,174.62	44,667,401.31	237,892,319.45	46,412,521.58	191,479,797.87	--

Classification and disclosure of finance lease payments according to accrual method of bad debt reserve

Monetary Unit: Yuan

Type of borrowings	Closing balance			
	Amount	Proportion (%)	Provisions for loan loss	Net amount
Normal	43,478,307.83	1.50	652,174.62	42,826,133.21
Special-mentioned		3.00		
Subordinate		30.00		
Suspicious		60.00		
Loss-causing		100.00		
Total	43,478,307.83		652,174.62	42,826,133.21

Bad debt reserve for long-term receivables

Monetary Unit: Yuan

Category	Balance at the end of the previous year	Changes in amount of the current period			Closing balance
		Appropriation	Recovery or reversal	Charge-off and write-off	
Financing lease	46,388,667.78		45,736,493.16		652,174.62
Interest on finance lease	23,853.80		23,853.80		
Total	46,412,521.58		45,760,346.96		652,174.62

13. Long-term equity investment

Monetary Unit: Yuan

Monetary Unit: Yuan											
Investee	Opening balance (book value)	Increase and decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment profit and loss recognized through the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Appropriation of impairment provision	Other decreases		
I. Joint ventures											
II. Associates											
Jiaozuo Weina Technology Co., Ltd.	11,313,006.30			991,704.19					-12,304,710.49		
Chongqing Guocuang Light Alloy Research Institute Co. Ltd.		30,000,000.00		6,982.21						30,006,982.21	
Panzhihua Heju Polyvanadium Titanium Resources Development Co., Ltd.	5,003,194.37	5,000,000.00		215,023.06						10,218,217.43	
Kunming Wuxin Huali Mineral Industry Co., Ltd.	54,268,261.85			-1,900,392.47						52,367,869.38	
Dingsheng (Hong Kong) Resources Co., Ltd.	630,050.00									630,050.00	630,050.00
Image Resources NL	140,209,000.65			18,955,058.07			19,684,120.86		-10,989,196.07	128,490,741.79	
Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership)		2,100,000,000.00		-4,559,517.17						2,095,440,482.83	
Subtotal	211,423,513.17	2,135,000,000.00		13,708,857.89			19,684,120.86		-23,293,906.56	2,317,154,343.64	630,050.00
Total	211,423,513.17	2,135,000,000.00		13,708,857.89			19,684,120.86		-23,293,906.56	2,317,154,343.64	630,050.00

14. Other equity instrument investments

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Yunnan Jinji'an Construction and Consulting Supervision Co., Ltd.	73,819.36	73,819.36
Sichuan Tianhua Co., Ltd.	129,814.04	129,814.04
Fudian Bank Co., Ltd. Baitalu Sub-branch	262,460.00	262,460.00
Austpac Resources NL	305,052.00	331,075.80
Total	771,145.40	797,169.20

Disclosure of equity instrument investments held not for trading by items

Monetary Unit: Yuan

Item	Recognize d dividends income	Accumulate d gains	Accumulate d losses	Amount carried over to retained income from other comprehensive income	Reason for requiring to measure at fair value with changes included in other comprehensive income	Reason for carry-over of other comprehensive income to retained income
Yunnan Jinji'an Construction and Consulting Supervision Co., Ltd.					Plan to hold investments for long-term purposes and not for trading purposes	
Sichuan Tianhua Co., Ltd.					Plan to hold investments for long-term purposes and not for trading purposes	
Fudian Bank Co., Ltd. Baitalu Sub-branch					Plan to hold investments for long-term purposes and not for trading purposes	
Austpac Resources NL			26,023.80		Plan to hold investments for long-term purposes and not for trading purposes	

(15). Investment real estate**(1) Investment real estate measured based on cost measurement model**

√ Applicable □ Not applicable

Monetary Unit: Yuan

Item	Houses and buildings	Land use right	Total
1. Original book value			
(1) Balance at the end of the prior year	68,856,170.04		68,856,170.04
(2) Increase in the current period	125,651,271.30	49,723,015.24	175,374,286.54
— Transfer-in of inventory/fixed assets/construction in progress	46,917,644.42		46,917,644.42
— Increase by business combination	78,733,626.88	49,723,015.24	128,456,642.12
(3) Decrease in the current period	78,733,626.88	49,723,015.24	128,456,642.12
— Transfer-in of fixed assets / intangible assets	78,733,626.88	49,723,015.24	128,456,642.12
(4) Closing balance	115,773,814.46		115,773,814.46
2. Accumulated depreciation and accumulated amortization			
(1) Balance at the end of the prior year	12,386,553.04		12,386,553.04
(2) Increase in the current period	4,411,081.26	1,575,005.12	5,986,086.38
— Accrual or amortization	2,674,815.85		2,674,815.85
— Increase by business combination	1,093,769.57	1,575,005.12	2,668,774.69
— Transfer-in of fixed assets	642,495.84		642,495.84
(3) Decrease in the current period	1,478,570.86	1,575,005.12	3,053,575.98
— Transfer-in of fixed assets / intangible assets	1,478,570.86	1,575,005.12	3,053,575.98
(4) Closing balance	15,319,063.44		15,319,063.44
3. Provision for impairment			
(1) Balance at the end of the prior year	1,060,461.45		1,060,461.45
(2) Increase in the current period	737,915.66		737,915.66
— Transfer-in of fixed assets	737,915.66		737,915.66
(3) Decrease in the current period			
(4) Closing balance	1,798,377.11		1,798,377.11

4. Book value		
(1) Book value at the end of period	98,656,373.91	98,656,373.91
(2) Book value at the end of the prior year	55,409,155.55	55,409,155.55

16. Fixed assets

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Fixed assets	11,053,183,363.86	8,816,773,450.80
Disposal of fixed assets		85,116.95
Total	11,053,183,363.86	8,816,858,567.75

(1) Description of fixed assets

Monetary Unit: Yuan

Item	Houses and buildings	Machinery and equipment	Electronic and office equipment	Transportation equipment	Total
1. Original book value					
(1) Balance at the end of the prior year	6,464,450,881.85	9,592,020,169.33	1,165,709,884.37	215,644,185.45	17,437,825,121.00
(2) Increase in the current period	1,331,446,226.48	1,911,430,233.34	411,037,600.91	299,026,682.91	3,952,940,743.64
— Acquisition	37,505,658.42	217,340,814.43	34,147,968.06	29,146,190.29	318,140,631.20
— Transfer-in of construction in progress	1,195,604,502.15	1,660,347,193.76	376,260,004.14	268,807,004.79	3,501,018,704.84
— Increase by business combination	16,903,842.50	19,408,859.03	13,259,413.46	1,073,487.83	50,645,602.82
— Increase due to adjustment to final settlement	2,698,596.53	1,510,141.37			4,208,737.90
— Transfer-in of investment real estate	78,733,626.88				78,733,626.88
— Other		12,823,224.75	-12,629,784.75		193,440.00
(3) Decrease in the current period	288,189,571.72	363,454,694.32	17,119,862.78	28,939,951.45	697,704,080.27
— Disposition or scrap	67,408,282.93	238,876,004.89	14,097,760.99	28,334,018.08	348,716,066.89
— Decrease due to transfer to construction in progress	161,741,543.39	112,063,604.45	1,139,766.59	386,945.86	275,331,860.29
— Decrease due to transfer to investment real estate	44,748,691.82	567,587.01	1,601,365.59		46,917,644.42
— Decrease due to adjustment to final settlement	14,291,053.58		50,719.64		14,341,773.22
— Decrease due to exchange rate fluctuation		11,947,497.97	230,249.97	218,987.51	12,396,735.45
(4) Closing balance	7,507,707,536.61	11,139,995,708.35	1,559,627,622.50	485,730,916.91	20,693,061,784.37
2. Accumulated depreciation					
(1) Balance at the end of the prior year	1,372,690,314.63	4,553,688,041.95	820,662,504.93	126,820,186.92	6,873,861,048.43
(2) Increase in the current period	323,129,123.19	823,904,560.19	137,467,709.26	31,034,934.35	1,315,536,326.99
— Accrual	317,066,156.47	807,023,947.92	137,227,579.40	30,672,775.13	1,291,990,458.92
— Increase by business combination	4,400,449.89	12,012,723.86	4,089,334.00	352,844.36	20,855,352.11
— Increase due to transfer-in of investment real estate	1,478,570.86				1,478,570.86
— Other	183,945.97	4,867,888.41	-3,849,204.14	9,314.86	1,211,945.10
(3) Decrease in the current period	47,981,450.81	169,328,068.64	7,883,423.56	23,905,199.01	249,098,142.02
— Disposition or scrap	29,786,109.48	147,724,699.18	7,617,673.66	23,647,337.42	208,775,819.74
— Decrease due to transfer to investment real estate	552,950.79	13,480.17	76,064.88		642,495.84

Item	Houses and buildings	Machinery and equipment	Electronic and office equipment	Transportation equipment	Total
— Decrease due to transfer to construction in progress	17,642,390.54	20,251,047.58	15,264.96		37,908,703.08
— Decrease due to exchange rate fluctuation		1,338,841.71	174,420.06	257,861.59	1,771,123.36
(4) Closing balance	1,647,837,987.01	5,208,264,533.50	950,246,790.63	133,949,922.26	7,940,299,233.40
3. Provision for impairment					
(1) Balance at the end of the prior year	801,840,023.78	929,724,681.65	6,859,358.56	8,766,557.78	1,747,190,621.77
(2) Increase in the current period	1,409,240.87	401,836.92	6,127,527.17		7,938,604.96
— Transfer-in of provision for impairment of construction in progress	1,281,052.08	145,564.93	6,107,630.95		7,534,247.96
— Increase by business combination	127,358.92	267,543.94	9,454.14		404,357.00
— Other	829.87	-11,271.95	10,442.08		
(3) Decrease in the current period	11,300,240.47	44,240,113.68	9,685.47		55,550,039.62
— Disposition or scrap	10,103,213.06	33,540,314.06	9,685.47		43,653,212.59
— Decrease due to transfer to construction in progress	459,111.75	145,564.93			604,676.68
— Decrease due to transfer to investment real estate	737,915.66				737,915.66
— Decrease due to exchange rate fluctuation		10,554,234.69			10,554,234.69
(4) Closing balance	791,949,024.18	885,886,404.89	12,977,200.26	8,766,557.78	1,699,579,187.11
4. Book value					
(1) Book value at the end of period	5,067,920,525.42	5,045,844,769.96	596,403,631.61	343,014,436.87	11,053,183,363.86
(2) Book value at the end of the prior year	4,289,920,543.44	4,108,607,445.73	338,188,020.88	80,057,440.75	8,816,773,450.80

(2) Fixed assets without valid certificate of title

Monetary Unit: Yuan

Item	Net book value	Reasons for failure of being issued the ownership certificate
Houses and buildings	1,736,958,643.81	In progress

(3) Liquidation of fixed assets

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Machinery and equipment		85,116.95
Total		85,116.95

17. Construction in progress

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Construction in progress	5,263,758,407.06	2,884,163,732.68
Project materials	172,672,543.18	416,719,648.15
Total	5,436,430,950.24	3,300,883,380.83

(1) Description of construction in progress

Monetary Unit: Yuan

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Chlorinated titanium dioxide project an annual output of 200,000 tons	599,027,820.05		599,027,820.05	87,575,083.50		87,575,083.50
High-quality titanium sponge technology upgrading project with an annual output of 30,000 tons	518,730,895.80		518,730,895.80	664,529,268.33		664,529,268.33
Phase I of synthetic rutile project with a capacity of 400,000 tons	507,995,901.46		507,995,901.46			
Chlorinated titanium dioxide project production line project with an annual output of 100,000 tons	501,439,178.91		501,439,178.91			
Titanium sponge technology improvement project	339,455,749.30		339,455,749.30			
Lithium ferric phosphate project with an annual output of 200,000 tons (50,000 tons in phase I)	289,096,095.45		289,096,095.45			
Smart manufacturing technical improvement project for rotor-level titanium sponge with an annual output of 30,000 tons/year	214,558,303.81		214,558,303.81	116,766,018.72		116,766,018.72
Graphite electrode engineering project with an annual output of 50,000 tons	186,116,246.12		186,116,246.12			
Nuclear-grade sponge zirconium project with an annual output of 350 tons	178,989,535.91		178,989,535.91	174,104,827.43		174,104,827.43
Land leveling and comprehensive utilization project in Hekou Village	158,199,698.97		158,199,698.97	92,081,400.00		92,081,400.00
Innovation project of upgrading and transforming Panxi titanium concentrate into titanium dichloride dregs with an annual output of 500,000 tons/year	139,746,092.77		139,746,092.77	391,367,705.56	6,929,571.28	384,438,134.28
I. Second concentration plant technology upgrading project	127,370,853.23		127,370,853.23	8,129,249.93		8,129,249.93
2*50MW cogeneration distributed energy project of Billions	120,683,014.78		120,683,014.78	540,366,550.25		540,366,550.25
Technology upgrading project of 2020 for No.2 electric furnace used for titanium-rich materials	113,440,949.02		113,440,949.02	105,020.86		105,020.86
Second phase of chlorination project with an output of 200,000 tons	105,866,145.92		105,866,145.92	40,143,304.96		40,143,304.96
Hydrogen peroxide project with an annual output of 200,000 tons	93,825,719.11		93,825,719.11			
Titanium reduction project	77,713,700.49		77,713,700.49	37,707,982.84		37,707,982.84
High-end titanium alloy new material project with an annual output of 30,000 tons	70,305,488.90		70,305,488.90	15,814,845.29		15,814,845.29
Titanium dioxide production line expansion and transformation project	68,007,495.99		68,007,495.99			
Water-based internal and external wall latex paint project with an annual output of 200,000 tons	67,191,778.37		67,191,778.37	12,464,529.08		12,464,529.08
Industrial wastewater, gases and residues control project	66,482,858.19		66,482,858.19	7,752,360.91		7,752,360.91
Graphite cathode material project with an annual output of 100,000 tons (25,000 tons in phase I)	62,044,662.75		62,044,662.75			
Industrial Internet innovation and development project in 2019 - industrial Internet networked energy consumption management platform project	59,179,754.47		59,179,754.47	34,034,184.61		34,034,184.61
High titanium slag production line expansion project	58,718,534.43		58,718,534.43	9,034,825.40		9,034,825.40
Comprehensive utilization of synthetic rutile ferrous wastewater in Jiaozuo base	58,653,639.22		58,653,639.22	108,513.75		108,513.75
Technology transformation and production capacity expansion project of rutile titanium dioxide with an annual output increased from 100,000 tons to 150,000 tons	57,975,615.13		57,975,615.13	107,596,072.58		107,596,072.58
Caustic soda concentration project of high-salt water treatment branch company	52,088,555.17		52,088,555.17	33,620,970.79		33,620,970.79
Comprehensive management project of Liuzhuang stock dump	39,649,004.30		39,649,004.30	25,365,896.95		25,365,896.95
Halotypite processing project with an annual capacity of 600,000 tons	32,984,091.88		32,984,091.88			

Titanium white calcining energy conservation and transformation project (high-grade rutile titanium dioxide calcining kiln technology upgrading project)	29,943,306.87		29,943,306.87	2,426,518.00		2,426,518.00
Phase-II iron-based pigment technical transformation project with an annual output of 50,000 tons	27,152,200.40		27,152,200.40	6,705,795.37		6,705,795.37
RestartProject2021-22	25,716,017.13		25,716,017.13			
Vacation project of Longxiangshan Tourism	23,064,516.47		23,064,516.47	19,870,034.95		19,870,034.95
Sodium dihydrogen phosphate production line project with an annual output of 160,000 tons	18,996,385.60		18,996,385.60			
Battery material engineering technology center	16,265,974.46		16,265,974.46			
New washable paint plant construction project	14,410,530.07		14,410,530.07			
Installation and expansion of high-pressure filter press in wastewater treatment plant	12,993,789.34		12,993,789.34	3,143,630.41		3,143,630.41
Gushanhu reservoir project	11,709,298.37		11,709,298.37	11,398,855.89		11,398,855.89
Electric-melting zirconia industry base construction project with an annual output of 30,000 tons	11,457,791.34		11,457,791.34			
Natural gas pipeline (Dashihe – Billions) project	10,483,362.56		10,483,362.56	9,934,185.98		9,934,185.98
No. 7 kiln expansion project for reduced titanium	9,799,445.08		9,799,445.08	31,588,805.15		31,588,805.15
Land development engineering for Leiyang capacity expansion project	6,729,357.78		6,729,357.78			
Transformation of sulfonic acid melting sulfur production line with a capacity of 200,000 tons	5,664,164.83		5,664,164.83	14,690,940.28		14,690,940.28
Environmental improvement project in the western plant area	4,837,962.58		4,837,962.58	37,343,932.42		37,343,932.42
Project of comprehensive utilization and recovery of 20 tons of scandium oxide and 600 tons of sodium metavanadate using chlorinated titanium dioxide waste acid	4,131,309.18		4,131,309.18			
Phase I project of Chaoyang Donggao	3,726,376.83		3,726,376.83			
Sponge zirconium production line capacity expansion and transformation project (2021.6)	2,409,205.69		2,409,205.69			
Transformer capacity expansion project in a 220kv substation	2,359,325.44		2,359,325.44			
Iron phosphate project with an annual output of 200,000 tons (50,000 tons in phase I)	2,020,538.72		2,020,538.72			
Combination of operating rooms in the second and the third workshops	1,595,052.55		1,595,052.55			
Calcine tail gas system - Comprehensive process optimization and improvement project	258,780.20		258,780.20	27,809,602.80		27,809,602.80
Comprehensive fees of No. 2 barren rock crushing station				55,379,351.78		55,379,351.78
Optimization and upgrading project for expansion of the transportation system				4,172,431.02		4,172,431.02
Intelligent mining equipment and chemical equipment project with an annual output of 60,000 tons/year				19,247,634.29		19,247,634.29
Titanium-based raw material crushing system expansion project				24,317,986.49		24,317,986.49
Distributed energy gas supply optimization project				15,154,901.56		15,154,901.56
Water treatment and exhaust gas management project				7,715,638.03		7,715,638.03
Reconstruction of rain and sewage separation in Jiaozuo base				4,556,053.66		4,556,053.66
Fire protection improvement of No. 1 and No. 2 production lines in the third titanium workshop				2,467,763.05		2,467,763.05
Project concerning technical reform for deep treatment and recycling of high-salt wastewater				152,019,828.85		152,019,828.85
Glauber salt water purification and concentration project				9,561,171.07		9,561,171.07
Reduced titanium 2*6000 tons steel silo project				7,824,535.24		7,824,535.24
Phase-II high-salt wastewater advanced treatment project with an annual output of 1				6,533,666.38		6,533,666.38

million tons						
Environmental protection treatment project of the feeding and discharging system of the reduction titanium branch company				1,659,541.08		1,659,541.08
Other sporadic projects	61,348,572.52	8,852,236.85	52,496,335.67	25,754,125.32	8,852,236.85	16,901,888.47
Total	5,272,610,643.91	8,852,236.85	5,263,758,407.06	2,899,945,540.81	15,781,808.13	2,884,163,732.68

(2) Changes in major projects in construction in the current period

Monetary Unit: Yuan

Item	Budget	Balance at the end of the previous year	Increase in the current period	Transfer-in of fixed assets in the current period	Other decrease in the current period	Closing balance	Proportion of total project investment to the budget (%)	Project progress (%)	Accumulated amount of capitalized interest	Including: Amount of interest capitalized in the current period	Interest capitalization rate (%)	Capital source
Chlorinated titanium dioxide project an annual output of 200,000 tons	1,754,220,000.00	87,575,083.50	511,452,736.55	0.00	0.00	599,027,820.05	34.15	53.00				Self-raised
High-quality titanium sponge technology upgrading project with an annual output of 30,000 tons	1,800,000,000.00	664,529,268.33	328,535,070.65	457,028,969.45	17,304,473.73	518,730,895.80	54.21	55.00	300,875.00	300,875.00	4.35	Borrowings
Phase I of synthetic rutile project with a capacity of 400,000 tons	1,799,230,000.00	0.00	511,062,886.47	3,066,985.01	0.00	507,995,901.46	28.40	28.99				Self-raised
Chlorinated titanium dioxide project production line project with an annual output of 100,000 tons	430,000,000.00	0.00	501,439,178.91	0.00	0.00	501,439,178.91	116.61	70.00	1,168,420.89	1,168,420.89	3.31	Borrowings
Titanium sponge technology improvement project	850,000,000.00	0.00	667,093,432.88	320,866,071.84	6,771,611.74	339,455,749.30	78.00	77.00	8,950,718.08	7,077,754.87	4.35	Borrowings
Lithium ferric phosphate project with an annual output of 200,000 tons (50,000 tons in phase I)	450,000,000.00	0.00	289,096,095.45	0.00	0.00	289,096,095.45	64.24	70.00				Self-raised
Smart manufacturing technical improvement project for rotor-level titanium sponge with an annual output of 30,000 tons/year	1,856,000,000.00	116,766,018.72	97,792,285.09	0.00	0.00	214,558,303.81	11.56	12.00				Funds borrowed and raised by the Group
Graphite electrode engineering project with an annual output of 50,000 tons	600,000,000.00	0.00	375,500,192.58	189,383,946.46	0.00	186,116,246.12	62.58	80.00	7,906,401.44	7,906,401.44	4.05	Self-raised
Nuclear-grade sponge zirconium project with an annual output of 350 tons	288,400,000.00	174,104,827.43	4,884,708.48	0.00	0.00	178,989,535.91	62.06	63.00				Self-raised
Land leveling and comprehensive utilization project in Hekou Village	300,000,000.00	92,081,400.00	66,118,298.97	0.00	0.00	158,199,698.97	52.73	70.00	1,698,480.81	1,698,480.81	3.25	Borrowings
Innovation project of upgrading and transforming Panxi titanium concentrate into titanium dichloride dregs with an annual output of 500,000 tons/year	576,544,400.00	391,367,705.56	421,666,360.61	645,181,178.03	28,106,795.37	139,746,092.77	136.14	99.00				Self-raised
I. Second concentration plant technology upgrading project	207,200,000.00	8,129,249.93	139,443,974.41	19,387,291.38	815,079.73	127,370,853.23	70.83	85.00				Self-raised
2*50MW cogeneration distributed energy project of Billions	776,650,000.00	540,366,550.25	207,278,688.83	626,962,224.30	0.00	120,683,014.78	96.27	99.00	12,515,171.94	6,559,440.20	3.25	Borrowings
Technology upgrading project of 2020 for No.2 electric furnace used for titanium-rich materials	100,000,000.00	105,020.86	113,335,928.16	0.00		113,440,949.02	113.44	85.00	277,215.94	277,215.94	3.31	Borrowings
Second phase of chlorination project with an output of 200,000 tons	1,811,590,000.00	40,143,304.96	65,722,840.96	0.00	0.00	105,866,145.92	5.84	98.00	45,057,587.16	2,501,352.48	3.31	Borrowings
Hydrogen peroxide project with an annual output of 200,000 tons	245,000,000.00	0.00	93,825,719.11	0.00	0.00	93,825,719.11	38.30	40.00	0.00	0.00	0.00	Self-raised
Titanium reduction project	64,000,000.00	37,707,982.84	40,005,717.65		0.00	77,713,700.49	121.43	95.00	1,370,150.47	982,369.16	4.00	Borrowings
High-end titanium alloy new material project with an annual output of 30,000 tons	1,315,000,000.00	15,814,845.29	54,490,643.61	0.00	0.00	70,305,488.90	5.35	17.00	73,514.21	73,514.21	3.31	Borrowings
Titanium dioxide production line expansion and transformation project	71,600,000.00	0.00	68,007,495.99	0.00	0.00	68,007,495.99	94.98	95.00	177,146.27	177,146.27	3.25	Borrowings

Water-based internal and external wall latex paint project with an annual output of 200,000 tons	120,000,000.00	12,464,529.08	54,727,249.29	0.00	0.00	67,191,778.37	55.99	96.00	888,098.75	888,098.75	3.31	Borrowings
Industrial wastewater, gases and residues control project	161,000,000.00	7,752,360.91	102,930,982.74	44,200,485.46	0.00	66,482,858.19	68.75	70.00				Self-raised
Graphite cathode material project with an annual output of 100,000 tons (25,000 tons in phase I)	703,000,000.00	0.00	62,044,662.75	0.00	0.00	62,044,662.75	8.83	20.00	0.00	0.00	0.00	Self-raised
Industrial Internet innovation and development project in 2019 - industrial Internet networked energy consumption management platform project	160,500,000.00	34,034,184.61	41,007,152.60	15,861,582.74		59,179,754.47	46.75	48.00	687,834.47	687,834.47	3.31	Borrowings
High titanium slag production line expansion project	617,454,800.00	9,034,825.40	49,782,415.46	0.00	98,706.43	58,718,534.43	9.51	30.00				Self-raised
Comprehensive utilization of synthetic rutile ferrous wastewater in Jiaozuo base	93,280,000.00	108,513.75	58,545,125.47	0.00	0.00	58,653,639.22	62.88	92.00	3,642,683.44	3,534,169.70	3.25	Borrowings
Technical transformation and expansion project of rutile titanium dioxide with an annual output increased from 100,000 tons to 150,000 tons	387,962,300.00	107,596,072.58	71,090,776.09	120,711,233.54		57,975,615.13	46.06	93.41	0.00	0.00	0.00	Self-raised
Caustic soda concentration project of high-salt water treatment branch company	207,000,000.00	33,673,251.87	114,593,903.10	96,178,599.80	0.00	52,088,555.17	71.63	91.00	445,167.67	445,167.67	3.31	Borrowings
Comprehensive management project of Liuzhuang stock dump	33,500,000.00	25,365,896.95	14,283,107.35	0.00	0.00	39,649,004.30	118.36	99.00	1,359,504.63	1,002,754.59	3.25	Borrowings
Halotypite processing project with an annual capacity of 600,000 tons	200,000,000.00	0.00	32,984,091.88	0.00	0.00	32,984,091.88	16.49	17.00	66,337.50	66,337.50	4.35	Borrowings and self-raised funds
Titanium white calcining energy conservation and transformation project (high-grade rutile titanium dioxide calcining kiln technology upgrading project)	137,800,000.00	2,426,518.00	27,516,788.87			29,943,306.87	21.73	70.00	234,524.60	234,524.60	4.00	Borrowings
Phase-II iron-based pigment technical transformation project with an annual output of 50,000 tons	30,000,000.00	6,705,795.37	29,536,920.47	9,090,515.44	0.00	27,152,200.40	120.81	96.00				Self-raised
RestartProject2021-22	97,260,000.00-126,440,000.00		25,716,017.13	0.00		25,716,017.13	22.99	22.99				Self-raised
Sodium dihydrogen phosphate production line project with an annual output of 160,000 tons	70,000,000.00	0.00	18,996,385.60	0.00	0.00	18,996,385.60	27.14	27.00				Self-raised
Battery material engineering technology center	20,000,000.00	0.00	16,265,974.46	0.00		16,265,974.46	81.33	85.00	0.00	0.00	0.00	Self-raised
New washable paint plant construction project	14,200,000.00	0.00	14,410,530.07	0.00	0.00	14,410,530.07	101.48	90.00				Self-raised
Installation and expansion of high-pressure filter press in wastewater treatment plant	47,060,000.00	3,143,630.41	9,850,158.93			12,993,789.34	27.61	34.93				Self-raised
Gushanhu reservoir project - transferred to fixed asset	225,640,000.00	11,398,855.89	310,442.48	0.00	0.00	11,709,298.37	5.19	10.00	203,053.98			Self-raised
Electric-melting zirconia industry base construction project with an annual output of 30,000 tons	690,000,000.00	0.00	11,457,791.34	0.00	0.00	11,457,791.34	1.66	5.73				Self-raised
Natural gas pipeline (Dashihe – Billions) project	8,500,000.00	9,934,185.98	549,176.58	0.00	0.00	10,483,362.56	123.33	99.00				Self-raised
No. 7 kiln expansion project for reduced	140,000,000.00	31,588,805.15	164,601,154.72	186,390,514.79	0.00	9,799,445.08	140.14	95.00	1,585,975.27	1,585,975.27	3.31	Borrowings

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Land development engineering for Leiyang capacity expansion project	7,000,000.00		6,729,357.78			6,729,357.78	96.13	96.13				Self-raised
Transformation of sulfonic acid melting sulfur production line with a capacity of 200,000 tons	108,000,000.00	14,690,940.28	56,548,507.88	65,575,283.33		5,664,164.83	65.96	68.00				Self-raised
Environmental improvement project in the western plant area	100,000,000.00	37,343,932.42	71,714,434.77	102,052,904.61	2,167,500.00	4,837,962.58	106.89	96.00				Self-raised
Project of comprehensive utilization and recovery of 20 tons of scandium oxide and 600 tons of sodium metavanadate using chlorinated titanium dioxide waste acid	30,000,000.00		4,131,309.18	0.00	0.00	4,131,309.18	13.77	14.00	0.00	0.00	0.00	Self-raised
Transformer capacity expansion project in a 220kv substation	22,000,000.00	0.00	2,359,325.44	0.00	0.00	2,359,325.44	10.72	10.72	0.00	0.00	0.00	Self-raised
Iron phosphate project with an annual output of 200,000 tons (50,000 tons in phase I)	320,000,000.00		2,020,538.72			2,020,538.72	0.63	1.00				
R&D production base project	120,000,000.00	604,337.05	6,062,996.69	6,522,420.27	0.00	144,913.47	5.56	48.00				Self-raised
No. 2 barren rock crushing station	91,000,000.00	55,379,351.78	36,132,611.00	91,489,927.38	22,035.40		100.54	100.00				Self-raised
Optimization and upgrading project for expansion of the transportation system	35,000,000.00	4,172,431.02	31,554,435.46	35,726,866.48			102.08	100.00				Self-raised
Intelligent mining equipment and chemical equipment project with an annual output of 60,000 tons/year	150,000,000.00	19,247,634.29	3,667,206.25	22,914,840.54			88.00	100.00				Self-raised
Other decreases		288,806,422.22	242,378,543.06	442,426,863.99	5,352,747.35	83,405,353.94			6,043,961.11	454,475.92		
Total		2,884,163,732.68	5,941,252,328.97	3,501,018,704.84	60,638,949.75	5,263,758,407.06			94,652,823.63	37,622,309.74		

(3) Engineering materials

Monetary Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Special materials	108,625,236.20	5,501,800.58	103,123,435.62	118,463,510.01	5,536,760.19	112,926,749.82
Special equipment	47,713,020.78	101,680.75	47,611,340.03	268,459,677.18	525,867.03	267,933,810.15
Tools and appliances	21,937,767.53	0.00	21,937,767.53	35,859,088.18		35,859,088.18
Total	178,276,024.51	5,603,481.33	172,672,543.18	422,782,275.37	6,062,627.22	416,719,648.15

Other descriptions:

The provision for impairment of project materials was decreased by RMB459,145.89 in the current period. Project materials of RMB440,251.29 were transferred to construction in progress and project materials of RMB18,894.6 were transferred to fixed asset.

18. Right-of-use assets

Monetary Unit: Yuan

Item	Houses and buildings	Land rent	Total
I. Original carrying amount:			
1. Opening balance	59,193,960.98	72,814,678.39	132,008,639.37
2. Amount increased in the current period	6,142,947.20	483,071.50	6,626,018.70
(1) New lease	6,208,839.01	483,071.50	6,691,910.51
(2) Change in exchange rate	-65,891.81		-65,891.81
3. Amount reduced in the current period	38,194,960.18		38,194,960.18
(1) Decrease due to business combination	35,481,649.39		35,481,649.39
(2) Early termination	2,713,310.79		2,713,310.79
4. Closing balance	27,141,948.00	73,297,749.89	100,439,697.89
II. Accumulated Depreciation			
1. Opening balance			
2. Amount increased in the current period	12,121,543.81	14,538,674.65	26,660,218.46
(1) Set-aside	12,131,091.27	14,538,674.65	26,669,765.92
(2) Change in exchange rate	-9,547.46		-9,547.46
3. Amount reduced in the current period	5,401,462.10		5,401,462.10
(1) Disposal			
(2) Decrease due to business combination	4,924,969.09		4,924,969.09
(3) Early termination	476,493.01		476,493.01
4. Closing balance	6,720,081.71	14,538,674.65	21,258,756.36
III. Impairment Provision			
1. Opening balance			
2. Amount increased in the current period			
3. Amount reduced in the current period			
4. Closing balance			
IV. Carrying amount			
1. Carrying amount at the end of the period	20,421,866.29	58,759,075.24	79,180,941.53
2. Carrying amount at the beginning of the period	59,193,960.98	72,814,678.39	132,008,639.37

19. Intangible assets

(1) Intangible assets

Monetary Unit: Yuan

Item	Land use right	Patented technologies and trademarks	Mining right	Non-patented technology	Independently developed technology	Software	Total
1. Original book value							
(1) Balance at the end of the previous year	1,666,401,913.74	253,768,058.35	1,368,476,736.09	75,791,799.72	47,265,008.73	9,274,749.71	3,420,978,266.34
(2) Increased in the current period	351,135,341.59	12,009,847.66	53,656,061.22			128,318.58	416,929,569.05
— Acquisition	252,022,643.70	9,847.66	793,351.37			128,318.58	252,954,161.31
— Increase by business combination	49,389,682.65	12,000,000.00					61,389,682.65
— Increase due to transfer-in of investment real estate	49,723,015.24						49,723,015.24
— Adjustment due to mine restoration and government			52,862,709.85				52,862,709.85
(3) Decrease in the current period	3,410,329.76		12,752,948.14	3,884,830.19			20,048,108.09
— Disposition	3,360,817.74		21,103.54				3,381,921.28
— Decrease due to exchange rate fluctuation	49,512.02		12,731,844.60	3,884,830.19			16,666,186.81
(4) Closing balance	2,014,126,925.57	265,777,906.01	1,409,379,849.17	71,906,969.53	47,265,008.73	9,403,068.29	3,817,859,727.30
2. Accumulated amortization							
(1) Balance at the end of the previous year	218,095,119.31	154,490,643.53	376,696,596.78	12,879,132.95	15,203,393.69	3,506,011.88	780,870,898.14
(2) Increased in the current period	46,180,347.60	43,728,186.80	80,664,839.17	2,418,999.96	4,518,813.23	968,903.19	178,480,089.95
— Accrual	43,302,607.90	43,528,186.80	80,664,839.17	2,418,999.96	4,518,813.23	968,903.19	175,402,350.25
— Increase by business combination	1,302,734.58	200,000.00					1,502,734.58
— Increase due to transfer-in of investment real estate	1,575,005.12						1,575,005.12
(3) Decrease in the current period	117,266.77		1,150,967.26				1,268,234.03
— Disposition	117,266.77						117,266.77
— Decrease due to exchange rate fluctuation			1,150,967.26				1,150,967.26
(4) Closing balance	264,158,200.14	198,218,830.33	456,210,468.69	15,298,132.91	19,722,206.92	4,474,915.07	958,082,754.06
3. Provision for impairment							
(1) Balance at the end of the previous year	629,893.97		95,693,852.66				96,323,746.63
(2) Increased in the current period							
(3) Decrease in the current period	49,512.02		6,703,221.32				6,752,733.34
— Decrease due to exchange rate fluctuation	49,512.02		6,703,221.32				6,752,733.34
(4) Closing balance	580,381.95		88,990,631.34				89,571,013.29
4. Book value							
(1) Book value at the end of period	1,749,388,343.48	67,559,075.68	864,178,749.14	56,608,836.62	27,542,801.81	4,928,153.22	2,770,205,959.95
(2) Book value at the end of the prior year	1,447,676,900.46	99,277,414.82	896,086,286.65	62,912,666.77	32,061,615.04	5,768,737.83	2,543,783,621.57

(2) Land use right without certificate of title

Monetary Unit: Yuan

Item	Net book value	Reasons for failure of being issued the ownership certificate
Land use right	15,932,084.91	In progress

20. Goodwill

(1) Original book value of goodwill

Monetary Unit: Yuan

Investee name or item that has formed the goodwill	Opening balance	Increase in the current period	Decrease in the current period		Closing balance
		From business combination	Disposal	Other decreases	
Rongjia Scandium Vanadium	25,413.86				25,413.86
Longbai Titanium Industry	4,881,876,565.50				4,881,876,565.50
Ruierxin	132,171,117.34				132,171,117.34
Xinli Titanium	243,871,848.73				243,871,848.73
Yunnan National Titanium	407,224,654.99				407,224,654.99
Hunan Oriental Scandium	4,101,469.82				4,101,469.82
Orient Zirconic	431,184,331.26				431,184,331.26
Zhongtan New Material		24,830,069.62			24,830,069.62
Weina Technology		22,975,195.99			22,975,195.99
Total	6,100,455,401.50	47,805,265.61			6,148,260,667.11

(2) Provision for impairment of goodwill

Monetary Unit: Yuan

Investee name or item that has formed the goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Appropriation		Disposal		
Ruierxin	28,184,335.27					28,184,335.27
Total	28,184,335.27					28,184,335.27

Note:

1. Increase in goodwill of this year

① The Company's subsidiary New Energy Materials purchased 100% of the shares in Zhongtan New Materials with RMB291,556,400.00 in this year. On the merger date, the amount of goodwill calculated based on the fair value of the acquired assets was RMB24,830,069.62.

② The Company's subsidiary Orient Zirconic Industry purchased 100% of the shares in Weina Technology with RMB102,000,000.00 in this year. On the merger date, the amount of goodwill calculated based on the fair value of the acquired assets was RMB22,975,195.99.

2. Goodwill impairment test

The goodwill acquired by means of business combination was allocated to relevant asset group for goodwill impairment test. Recoverable amount of each asset group is calculated based on business plan determined by the management and adjusted discount rate. Cash flows after the forecast period are extrapolated based on stable growth rates and final values. The goodwill was found of no impairment in the impairment test.

(1) The manufacturing industry in which the Company's subsidiary Longbai Titanium Industry is will adopt a discount rate of 12.93% in the forecast period as well as in the following years and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The growth rate in forecast period ranges from -7.72% to 13.35% and that in stable period is 0%. The goodwill was found of no impairment in the year in the impairment test.

(2) The manufacturing industry in which the Company's subsidiary Ruiexin is will adopt a discount rate of 15.67% in the forecast period as well as in the following years and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The growth rate in forecast period ranges from -5.82% to 1.24% and that in stable period is 0%. The goodwill was found of no impairment in the year in the impairment test.

(3) The manufacturing industry in which the Company's subsidiary Xinli Titanium is will adopt a discount rate of 13.59%, 14.54%, 14.55%, 14.66% and 14.63% in 2022 and the forecast period and of 14.63% in the following years and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The revenue growth rate in forecast period ranges from -2.7% to 193.46% and that in stable period is 0%. The goodwill was found to have no impairment in the year in the impairment test.

(4) The manufacturing industry in which the Company's subsidiary Yunnan National Titanium is will adopt a discount rate of 13.41% in 2022 and the forecast period as well as in the following years and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The revenue growth rate in forecast period ranges from 8.72% to 79.17% and that in stable period is 0%. The goodwill was found to have no impairment in the year in the impairment test.

(5) The manufacturing industry in which the Company's subsidiary Hunan Oriental Scandium is will adopt a discount rate of 14.18% in 2022 and the forecast period as well as in the following years and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The revenue growth rate in forecast period ranges from

2.67% to 11.17% and that in stable period is 0%. The goodwill was found to have no impairment in the year in the impairment test.

(6) The manufacturing industry in which the Company's subsidiary Orient Zirconic Industry is will adopt a discount rate of 12.70% to 12.80% in the forecast period and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The revenue growth rate in forecast period ranges from 0.03% to 28.03% and that in stable period is 0%. The goodwill was found to have no impairment in the year in the impairment test.

(7) The manufacturing industry in which the Company's subsidiary Zhongtan New Material is will adopt a pre-tax discount rate of 12.36% in 2022 and the forecast period and a discount rate of 12.36% in the following years and stable period (forecast period from 2022 to 2026, and stable period as of 2027). The revenue growth rate in forecast period ranges from 0.21% to 234.17% and that in stable period is 0%. The goodwill was found to have no impairment in the year in the impairment test.

(8) The manufacturing industry in which the Company's subsidiary Weina Technology is will adopt a discount rate of 15.32% in 2021 as well as in the following years and stable period (forecast period from 2021 to 2026, and stable period as of 2027). The revenue growth rate in forecast period ranges from -1.62% to 131.48% and that in stable period is 0%. The goodwill was found to have no impairment in the year in the impairment test.

Key assumptions were taken when calculating present value of each company's estimated future cash flows as at December 31, 2021. The key assumptions made by the management in making forecasts on cash flow for the purpose of impairment testing of goodwill are detailed below:

- Growth rate – Determination basis is based on average growth rate of historical business results and expectations of market development.
- Discount rate – Discount rate adopted is the pre-tax discount rate that reflects specific risks of the industry.

The amount of key assumptions assigned to the above asset group is consistent with the Company's historical experience and external information.

After analyzing the recoverable amount of each asset group based on the above assumptions, the management believes that no provision for impairment of goodwill is required in the current year.

Currently, the forecasted cash flow exceeds book value of each relevant asset group or combination of asset groups, but subsequent cash flow projections may vary depending on future cash flows and assumption, making it possible to result in impairment.

21. Long-term unamortized expenses

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Amount amortized in the current period	Other decreases	Closing balance
Fees for technical services paid to Ti-Cons	24,629,326.88		9,071,405.98		15,557,920.90
Chlorinated titanium dioxide emission permit	1,159,028.66		295,922.16		863,106.50
Forest compensation payment	12,859,797.86		2,321,237.59		10,538,560.27
Expenditure on fixed assets improvement	9,097,748.62	5,525,063.70	3,014,874.79		11,607,937.53
Expenditure for improvement of mineral separation site	0.00	272,483.78	20,059.06		252,424.72
Sporadic rent	843,565.13	757,227.38	1,285,573.10		315,219.41
Rental fees for water source wells and pipelines	180,486.90	0.00	6,666.63		173,820.27
Other decreases	0.00	10,000.00	0.00		10,000.00
Total	48,769,954.05	6,564,774.86	16,015,739.31		39,318,989.60

Note: "Other" mainly includes expenses incurred due to reclassification of long-term prepaid expenses into right-of-use assets.

22. Deferred tax assets / deferred tax liabilities

(1) Deferred income tax assets without offset

Monetary Unit: Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairments	670,625,845.41	134,426,036.50	618,316,554.44	127,287,115.50
Profits not achieved from interior trade	1,043,672,373.90	170,540,241.00	517,196,092.63	79,999,681.42
Deductible losses	45,837,152.26	8,089,072.05	6,569,752.81	1,642,438.23
Equity incentives	315,791,355.81	49,346,056.65	46,615,833.91	7,232,457.98
Deferred income	127,220,087.24	19,193,950.60	103,945,639.85	15,721,533.48
Payrolls accrued but not paid	45,097,080.94	6,963,598.05	39,443,262.04	6,054,289.61
Accrued expenses	83,149,285.27	12,473,721.54	82,121,338.43	12,430,655.14
Depreciation of assets for which funds upgrading and transformation were appropriated	2,811,840.96	421,776.14		
Total	2,334,205,021.79	401,454,452.53	1,414,208,474.11	250,368,171.36

(2) Deferred income tax liabilities without offset

Monetary Unit: Yuan

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Value added after assets valuation of business combinations not under the same control	1,606,625,567.06	279,995,491.35	1,794,032,443.19	302,582,908.16
Depreciation of fixed assets	443,471,262.30	66,520,689.35	190,392,471.04	28,558,870.67
Other	448,147.95	89,629.59	9,527,496.67	1,497,583.75
Total	2,050,544,977.31	346,605,810.29	1,993,952,410.90	332,639,362.58

(3) Details of unrecognized deferred income tax assets

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Deductible temporary difference	4,019,951,152.46	3,270,623,939.37
Deductible losses	3,926,478,566.51	2,857,731,714.91
Total	7,946,429,718.97	6,128,355,654.28

(4) Deductible losses of unrecognized deferred income tax assets will expire in the following years

Monetary Unit: Yuan

Year	Ending amount	Opening amount	Remarks
2021		530,816,281.08	
2022	777,184,852.24	777,184,852.24	
2023	589,016,154.14	625,955,829.30	
2024	85,602,774.13	444,951,471.21	
2025	1,617,259,154.88	478,823,281.08	
2026 and subsequent years	857,415,631.12		
Total	3,926,478,566.51	2,857,731,714.91	--

23. Other non-current assets

Monetary Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Prepaid project payment	189,770,633.33		189,770,633.33	83,697,336.66		83,697,336.66
Advance for equipment	729,335,257.84		729,335,257.84	629,331,179.39		629,331,179.39
Advance payments for land or real properties	234,884,800.00		234,884,800.00			
Other	36,326,882.36		36,326,882.36			
Total	1,190,317,573.53		1,190,317,573.53	713,028,516.05		713,028,516.05

24. Short-term borrowings**(1) Classification of short-term borrowings**

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Pledged borrowings	108,300,000.00	19,574,700.00
Collateralized borrowings	185,000,000.00	135,000,000.00
Guaranteed borrowings	30,000,000.00	540,000,000.00
Credit borrowings	4,298,155,745.61	3,400,465,951.05
Interest of short-term borrowings	2,630,004.68	1,539,461.47
Total	4,624,085,750.29	4,096,580,112.52

Description of short-term borrowings classification:

1. Pledged borrowings

The Company pledged its fixed deposit of RMB 114 million to borrow RMB108.3 million from Shanghai Pudong Development Bank. The pledge of which RMB24 million is from December 25, 2019 to March 9, 2023.

2. Mortgage borrowings

① The Company's subsidiary Guangdong Orient Zirconic Industry Science and Technology Co., Ltd. mortgaged its land and real properties to borrow RMB90 million from Chengcheng Sub-branch of Guangdong Chenghai Rural Commercial Bank Co., Ltd. The mortgage term is from August 17, 2021 to August 16, 2024.

② The Company's subsidiary Guangdong Orient Zirconic Industry Science and Technology Co., Ltd. mortgaged its land to borrow RMB45 million from Chengcheng Sub-branch of Guangdong Chenghai Rural Commercial Bank Co., Ltd. The mortgage term is from March 3, 2020 to March 29, 2023.

③ The Company's subsidiary Guangdong Orient Zirconic Industry Science and Technology Co., Ltd. mortgaged its land to borrow RMB50 million from Zhengzhou Branch of China Zheshang Bank Co., Ltd. The mortgage term is from September 10, 2021 to September 10, 2024.

25. Notes payable

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Commercial acceptance bills	306,145,553.01	85,230,700.00
Bank acceptance bills	6,229,454,992.52	4,937,629,093.35
Total	6,535,600,545.53	5,022,859,793.35

Total amount of notes payable that has not been paid at the end of the period is RMB0.

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

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Within one year	3,156,230,890.85	2,345,353,004.20
1-2 years	233,022,599.83	178,219,087.64
2-3 years	71,382,639.65	92,041,960.96
Over 3 years	90,281,066.62	91,267,852.29
Total	3,550,917,196.95	2,706,881,905.09

(2) Important accounts payable aged over 1 year

Monetary Unit: Yuan

Item	Closing balance	Reason for not being repaid or carried forward
Entity 25	36,924,261.08	Not yet settled
Entity 26	26,710,194.48	Not yet settled
Entity 27	11,516,206.85	Not yet settled
Entity 28	10,953,777.25	Not yet settled
Entity 29	9,904,186.04	Not yet settled
Total	96,008,625.70	--

27. Contractual liabilities

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Advance from customers	210,542,035.58	257,862,181.15
Interest received in advance	114,433.15	93,621.52
Total	210,656,468.73	257,955,802.67

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

Monetary Unit: Yuan

Item	Change in amount	Reasons for changes
Payment for goods and interest received in advance	-257,955,802.67	Contractual liabilities at the beginning of the year recognized as revenue
Payment for goods and interest received in advance	210,656,468.73	Increase due to receipt of cash
Total	-47,299,333.94	—

28. Payroll payable**(i) Breakdown of employee benefits payable**

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term payroll	218,600,261.08	1,306,858,507.60	1,237,264,606.71	288,194,161.97
II. Post-employment benefit - defined contribution plan	6,671,144.55	120,856,972.69	127,445,069.19	83,048.05
III. Termination benefits	501,637.84	952,217.61	1,432,186.79	21,668.66
V. Differences arising from translation of foreign currency financial statements	19,277.23	-40,945.89		-21,668.66
Total	225,792,320.70	1,428,626,752.01	1,366,141,862.69	288,277,210.02

(ii) Breakdown of short-term compensation

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages and salaries, bonus, allowances and subsidies	172,622,616.04	1,105,477,946.75	1,047,010,235.67	231,090,327.12
II. Staff welfare	850.00	37,503,642.24	37,503,642.24	850.00
III. Social security contributions	1,050,671.65	73,996,778.03	74,202,590.35	844,859.33
Including: medical insurance premium	253,036.87	61,198,264.35	60,766,285.73	685,015.49
Work-related injury insurance contributions	686,867.84	11,944,854.97	12,471,878.97	159,843.84
Maternity insurance contributions	110,766.94	853,658.71	964,425.65	
IV. Housing funds	2,113,901.98	53,984,368.03	52,729,498.20	3,368,771.81
V. Labor union funds and employee education funds	42,799,785.02	35,428,965.95	25,818,640.25	52,410,110.72
VII. Short-term profit sharing plan		502,134.17		502,134.17
VIII. Differences arising from translation of foreign currency financial statements	12,436.39	-35,327.57		-22,891.18
Total	218,600,261.08	1,306,858,507.60	1,237,264,606.71	288,194,161.97

(iii) Breakdown of defined contribution plans

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic pension insurance	6,421,780.24	116,350,646.00	122,688,935.41	83,490.83
2. Unemployment insurance	249,401.80	4,458,148.44	4,707,495.45	54.79
3. Annuity premium		48,638.33	48,638.33	
4. Differences arising from translation of foreign currency financial statements	-37.49	-460.08		-497.57
Total	6,671,144.55	120,856,972.69	127,445,069.19	83,048.05

29. Taxes payable

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Value-added tax	92,283,032.35	84,093,168.08
Corporate income tax	195,421,465.48	140,385,725.51
Individual income tax	7,240,238.98	2,099,556.24
Urban maintenance and construction tax	3,773,928.80	2,112,606.32
Housing property tax	5,281,849.60	4,132,380.03
Educational surtax	2,216,927.19	1,711,424.41
Resource tax	15,487,736.75	30,579,224.18
Land use tax	6,026,715.62	3,873,036.71
Local education surcharge	1,477,951.51	1,073,666.24
Environmental protection tax	2,359,496.84	2,165,646.84
Stamp duty	2,810,261.11	711,916.22
Other taxes	89,080.38	13,742.94
Total	334,468,684.61	272,952,093.72

30. Other payables

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Interests payable	264,896.50	652,626.49
Dividends payable	35,465,000.00	
Other payables	2,919,425,012.95	410,612,401.49
Total	2,955,154,909.45	411,265,027.98

(1) Interests payable

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Interests payable to shareholders	264,896.50	264,896.50
Interest payable on loans from non-financial institutions		387,729.99
Total	264,896.50	652,626.49

(2) Dividend payable

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Common stock dividends	35,465,000.00	
Total	35,465,000.00	

(3) Other payables**1) Presentation of other payables by nature of account**

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Deposit and margin	231,772,366.22	157,360,889.79
Equity-based incentives/repurchase obligation	2,410,297,750.00	
Intercourse funds	119,938,259.06	115,790,976.18
Other decreases	157,416,637.67	137,460,535.52
Total	2,919,425,012.95	410,612,401.49

2) Important other payables aged over one year

Monetary Unit: Yuan

Item	Closing balance	Reason for not being repaid or carried forward
Entity 30	5,000,000.00	Deposit and margin
Entity 26	1,833,000.00	Deposit and margin
Entity 32	1,822,249.15	Deposit and margin
Entity 33	1,737,500.00	Deposit and margin
Entity 34	1,100,000.00	Deposit and margin
Entity 35	1,000,000.00	Deposit and margin
Total	12,492,749.15	--

31. Non-current liabilities maturing within one year

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Long-term borrowings maturing within one year	1,365,204,613.83	1,446,379,981.00

Long-term payables maturing within one year	40,000,000.00	40,000,000.00
Lease liabilities matured within 1 year	8,008,365.83	
Long-term borrowings maturing within one year and interests	5,461,540.32	
Total	1,418,674,519.98	1,486,379,981.00

Other descriptions:

Long-term borrowings maturing within one year:

1. The Company obtained a long-term loan of USD20 million from Jiaozuo Jiefang Road Sub-branch of China Everbright Bank in 2019. Therein, USD8.66 million should be repaid on March 20, 2022 which is equivalent to RMB55,213,562.00.

2. The Company obtained a long-term loan of EUR17 million from Jiefang Road Sub-branch of Jiaozuo Branch of China Construction Bank Corporation in 2019. Therein, EUR7 million should be repaid on January 4, 2022 and EUR10 million should be repaid on July 1, 2022. In total EUR17 million should be repaid in 2022 which is equivalent to RMB122,734,900.00.

3. The Company obtained a long-term loan of USD15 million from Jiaozuo Jiefang Road Sub-branch of Jiaozuo Branch of China Everbright Bank in 2019. Therein, USD1.5 million should be repaid on March 20, 2022 and USD6.47 million should be repaid on June, 20, 2022. In total USD7.97 million should be repaid in 2022 which is equivalent to RMB50,814,329.00.

4. The Company obtained a long-term loan of RMB548 million from Jiaozuo Branch of the Bank of Communications in 2019. Therein, 40 million should be repaid on July 1, 2022 and December 1, 2022 respectively. In total RMB80 million should be repaid in 2022.

5. The Company obtained a long-term loan of RMB100 million from Zhengzhou Jinshui East Road Sub-branch of Industrial Bank in 2020. Therein, RMB5 million should be repaid on January 15, 2022 and RMB85 million should be repaid on July 17, 2022. In total RMB90 million should be repaid in 2022.

6. The Company obtained a long-term loan of RMB170 million from the Business Department of Zhengzhou Branch of Shanghai Pudong Development Bank in 2020. Therein, RMB5.1 million should be repaid on June 1, 2022 and December 1, 2022 respectively. In total RMB10.2 million should be repaid in 2022.

7. The Company obtained a loan of RMB418 million from Henan Branch of Export-Import Bank of China in 2020 which should be fully repaid on September 29, 2022.

8. The Company obtained a loan of RMB418 million from Henan Branch of Export-Import Bank of China which should be fully repaid on September 29, 2022.

9. The Company obtained a long-term loan of RMB50 million from the Business Department of Zhengzhou Branch of Shanghai Pudong Development Bank in 2020. Therein, RMB1.5 million should be repaid on June 21, 2022 and December 21, 2022 respectively. In total RMB 3 million should be repaid in 2022.

10. The Company obtained a long-term loan of RMB200 million from Jiaozuo Branch of Bank of China Limited in 2021. Therein, RMB35 million should be repaid on June 21, 2022 and December 21, 2022 respectively. In total RMB70 million should be repaid in 2022.

11. The Company obtained a long-term loan of RMB200 million from the Business Department of Zhengzhou Branch of China Minsheng Banking Corp. Ltd. in 2021. Therein, RMB5 million should be repaid on February 21, 2022 and August 21, 2022 respectively. In total RMB10 million should be repaid in 2022.

12. The Company obtained a long-term loan of RMB310 million from the Jiaozuo Branch of Bank of Luoyang in 2021. Therein, RMB1.5 million should be repaid on June 21, 2022 and December 21, 2022 respectively. In total RMB3 million should be repaid in 2022.

13. The Company obtained a long-term loan of USD15 million from the Zhengzhou Shangding Road Sub-branch of Shanghai Pudong Development Bank Co. Ltd. in 2021. Therein, USD450,000 should be repaid on March 21 2022 and September 21, 2022 respectively. In total USD900,000 should be repaid in 2022 which is equivalent to RMB5,738,130.00.

14. The Company's subsidiary Henan Billions New Material obtained a loan of RMB165.5703 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2018. Therein, RMB6.64 million should be repaid on June 21, 2022 and RMB13.26 million should be repaid on December 21, 2022. In total RMB19.9 million should be repaid in 2022.

15. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB50 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2019. Therein, RMB2 million should be repaid on June 21, 2022 and RMB4 million should be repaid on December 21, 2022. In total RMB6 million should be repaid in 2022.

16. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB80,157,700 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2019. Therein, RMB3,206,300 should be repaid on June 21, 2022 and RMB6,412,600 should be repaid on December 21, 2022. In total RMB9,618,924.00 should be repaid in 2022.

17. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB50 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2020. Therein, RMB2 million should be repaid on June 21, 2022 and RMB4 million should be repaid on December 21, 2022. In total RMB6 million should be repaid in 2022.

18. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB30 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2020. Therein, RMB1.2 million should be repaid on June 21, 2022 and RMB2.4 million should be repaid on December 21, 2022. In total RMB3.6 million should be repaid in 2022.

19. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB60 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2020. Therein, RMB2.4 million should be repaid on June 21, 2022 and RMB4.8 million should be repaid on December 21, 2022. In total RMB7.2 million should be repaid in 2022.

20. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB50 million from Middle Minzhu Road Sub-branch of Jiaozuo Branch of Industrial and Commercial Bank of China in 2018. Therein, RMB2 million should be repaid on June 21, 2022 and RMB4 million should be repaid on December 21, 2022. In total RMB6 million should be repaid in 2022.

21. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB150 million from

Henan Branch of Export-Import Bank of China in 2019. Therein, RMB6 million should be repaid on June 21, 2022 and RMB12 million should be repaid on December 21, 2022. In total RMB18 million should be repaid in 2022.

22. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB100 million from Henan Branch of Export-Import Bank of China in 2019. Therein, RMB4 million should be repaid on June 21, 2022 and RMB8 million should be repaid on December 21, 2022. In total RMB12 million should be repaid in 2022.

23. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB60 million from Henan Branch of Export-Import Bank of China in 2020. Therein, RMB2.4 million should be repaid on June 21, 2022 and RMB4.8 million should be repaid on December 21, 2022. In total RMB7.2 million should be repaid in 2022.

24. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB20 million from Henan Branch of Export-Import Bank of China in 2020. Therein, RMB0.8 million should be repaid on June 21, 2022 and RMB1.6 million should be repaid on December 21, 2022. In total RMB2.4 million should be repaid in 2022.

25. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of USD30 million from Jiaozuo Jiefang Road Sub-branch of China Everbright Bank in 2021. Therein, USD500,000 should be repaid on March 20, 2022, USD500,000 should be repaid on June 20, 2022, USD500,000 should be repaid on September 20, 2022 and USD500,000 should be repaid on December 20, 2022. In total USD2 million should be repaid in 2022 which is equivalent to RMB12,751,400.00.

26. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB160 million from Zhengzhou Branch of Shanghai Pudong Development Bank in 2020. Therein, RMB4.8 million should be repaid on June 1, 2022 and RMB4.8 million should be repaid on December 1, 2022. In total RMB9.6 million should be repaid in 2022.

27. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB50 million from Zhengzhou Branch of Shanghai Pudong Development Bank in 2020. Therein, RMB1.5 million should be repaid on June 21, 2022 and RMB1.5 million should be repaid on December 21, 2022. In total RMB3 million should be repaid

in 2022.

28. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of USD15 million from Zhengzhou Branch of Shanghai Pudong Development Bank in 2021. Therein, USD450,000 should be repaid on March 21, 2022 and USD450,000 should be repaid on September 21, 2022. In total USD900,000 should be repaid in 2022 which is equivalent to RMB5,738,130.00.

29. The Company's subsidiary Henan Billions New Material Co., Ltd. obtained a loan of RMB100 million from Jiaozuo Branch of Bank of China in 2021. Therein, RMB12.5 million should be repaid on February 21, 2022 and RMB12.5 million should be repaid on August 21, 2022. In total RMB25 million should be repaid in 2022.

30. The Company's subsidiary Billions Europe Ltd obtained a long-term loan of EUR17,567,000 from HSBC UK PLC in 2019. Therein, EUR16,964,900 should be repaid on July 2, 2022 which is equivalent to RMB122,481,676.83.

31. The Company's subsidiary Longbai Xiangyang Titanium Industry Co., Ltd. obtained a loan of USD20 million from China Everbright Bank on April 29, 2019. Therein, USD8.66 million should be repaid on March 20, 2022 which is equivalent to RMB55,213,562.00.

32. The Company's subsidiary Longbai Sichuan Titanium Industry Co., Ltd. obtained a loan of RMB35 million from Mianzhu Sub-branch of Bank of China in 2021. Therein, RMB10 million should be repaid in 2022.

33. The Company's subsidiary Longbai Xiangyang Titanium Industry Co., Ltd. obtained a loan of RMB80 million from Xiangyang Branch of China Minsheng Banking Corp. Ltd. Therein, RMB8 million should be repaid in 2022.

34. The Company's subsidiary Longbai Xiangyang Titanium Industry Co., Ltd. obtained a loan of RMB100 million from Nanzhang Sub-branch of China Construction Bank. Therein, RMB10 million should be repaid in 2022.

In summary, long-term borrowings of the Company due within one year amount to RMB1,365,204,613.83 in total.

Long-term payables due within one year:

The Company's subsidiary Billions New Material received a capital contribution of RMB200,000,000 from

Agricultural Development Bank of China Key Construction Fund Co., Ltd. upon its establishment. According to Contribution Agreement, RMB40,000,000 shall be repaid to Agricultural Development Bank of China Key Construction Fund Co., Ltd. on June 2, 2022.

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. Other current liabilities

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Output tax to be transferred	24,980,036.54	30,166,230.47
Finance lease payments repaid within one year		171,110,970.73
Total	24,980,036.54	201,277,201.20

33. Long-term borrowings

1) Classification of long-term borrowings

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Pledged borrowings	433,000,000.00	513,000,000.00
Credit borrowings	3,365,977,644.10	2,954,953,471.44
Interests of long-term borrowings		1,328,722.40
Total	3,798,977,644.10	3,469,282,193.84

Description on classification of long-term borrowings:

The Company pledged the shares held in Xinli Titanium Industry to Bank of Communications Jiaozuo Branch and obtained a loan of RMB573 million with a pledge term from December 12, 2019 to October 28, 2026, of which RMB60 million has been repaid and RMB80 million was reclassified to non-current liabilities due within one year.

34. Lease liabilities

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Lease payments	20,161,526.06	55,807,743.05
Unrecognized financing charges	-2,004,608.73	-8,404,875.38
Total	18,156,917.33	47,402,867.67

35. Long-term payables

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Long-term payables	80,000,000.00	120,000,000.00
Special payables	1,805,847.16	9,262,697.16
Total	81,805,847.16	129,262,697.16

(1) Presentation of long-term payable by nature of payment

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Project construction fund	80,000,000.00	120,000,000.00

Other descriptions:

Project construction fund was invested by Agricultural Development Bank of China Key Construction Fund Co., Ltd. into the Company's subsidiary Billions New Material and was used in the Company's chlorinated titanium dioxide production line project with an annual output of 200,000 tons. In accordance with the investment agreement, the contribution of RMB40 million from Agricultural Development Bank of China Key Construction Fund Co., Ltd. was paid in this year.

(2) Special payables

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Special fund for "three provisions (provisions of water, electricity and heating) and one property management"	1,805,847.16			1,805,847.16	Government grants
Special funds for powerful province in terms of manufacturing	1,493,750.00		1,493,750.00		Government grants
Special funds for strategic innovation	3,000,000.00		3,000,000.00		Government grants
Land compensation fee from Changsha Economic and Technological Development Zone Management Committee	2,963,100.00		2,963,100.00		Government grants
Total	9,262,697.16		7,456,850.00	1,805,847.16	--

36. Estimated liabilities

Monetary Unit: Yuan

Item	Closing balance	Opening balance	Cause of formation
Product quality assurance	1,061,951.67		Product quality assurance
Land rehabilitation fees	62,210,783.65	11,440,847.35	Retirement obligation formed
Geological environment deposit	2,995,613.36	3,873,360.00	Retirement obligation formed
Slag dump closing fees	32,164,363.53	32,164,363.53	Retirement obligation formed
Estimated expenses for improvement of "three provisions (provisions of water, electricity and heating) and	4,512,500.00	4,512,500.00	Expenses for improvement of "three provisions (provisions of water, electricity and heating) and

electricity and heating) and one property management"			one property management"
Total	102,945,212.21	51,991,070.88	--

37. Deferred income

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government subsidies	268,720,903.23	41,111,794.00	58,936,977.38	250,895,719.85	Government grants
Total	268,720,903.23	41,111,794.00	58,936,977.38	250,895,719.85	--

Projects involving government grants:

Monetary Unit: Yuan

Liabilities	Opening balance	Amount of new subsidies in the current period	Amount included in non-operating income in the current period	Amount included in other incomes in the current period	Amount of the costs offset in the current period	Other changes	Closing balance	Related to assets/related to income
Subsidy for clean production demonstration project in 2013	791,666.85			791,666.85				Assets-related
Subsidy for the project concerning deep treatment of exhaust gas in titanium dioxide calcining kiln	900,000.00			150,000.00			750,000.00	Assets-related
Implementation plan for circular transformation of western industrial cluster in Jiaozuo	1,296,875.00			187,500.00			1,109,375.00	Assets-related
Special fund for provincial advanced manufacturing development projects in 2019	8,640,250.00			969,000.00			7,671,250.00	Assets-related
Special fund for innovation and development of industrial internet in 2019	10,050,000.00	4,950,00.00					15,000,000.00	Assets-related
Central infrastructure investment for technological transformation in 2019	18,833,333.33	10,000,000.00		2,250,000.01			26,583,333.32	Assets-related
Supporting fund for development of service industry (high-grade titanium dioxide project with an annual output of 60,000 tons related to increasing output "from 140,000 tons to 200,000 tons")	140,000.00			120,000.00			20,000.00	Assets-related
Project subsidy funds allocated by Economy and	466,666.99			399,999.96			66,667.03	Assets-related

Informatization Bureau - Technical reform project increasing output of rutile titanium dioxide "from 140,000 tons to 200,000 tons"								
Loan with discounted interest - Discounted interests of the loan for post-disaster recovery and reconstruction of the technical reform project improving output of titanium dioxide "from 80,000 tons to 140,000 tons"	1,241,824.68			1,241,824.68				Assets-related
Fund allocated by intellectual property office for the third batch of science and technology support plans under high-grade special titanium dioxide project with an annual output of 60,000 tons related to increasing output "from 140,000 tons to 200,000 tons"	35,000.00			30,000.00			5,000.00	Assets-related
Special subsidy for national and local joint laboratory of clean production technology and process of titanium dioxide	249,999.65			200,000.04			49,999.61	Assets-related
Project concerning industrialization of new process for clean production of titanium dioxide using the "sulfur-phosphorus-titanium" co-production method	314,918.47			157,459.08			157,459.39	Assets-related
Special subsidy allocated by Mianzhu City Finance Bureau for national and local joint laboratory of titanium dioxide cleaning production technology and process	5,187,500.00			750,000.00			4,437,500.00	Assets-related
Technology development and transformation project for low-carbon production process of "sulfur-phosphorus-titanium" circular economy	937,500.16			249,999.96			687,500.20	Assets-related
Funds for technology development and industrialization innovation development related to recovery and utilization of sulfuric acid titanium dioxide acid slag	680,000.16			159,999.96			520,000.20	Assets-related
Subsidy allocated by finance bureau for the project concerning optimization technology of titanium liquid quality in sulphur-phosphorus titanium industry chain	956,666.51			350,000.04			606,666.47	Assets-related
Central infrastructure investment made by Mianzhu City Finance Bureau for independent innovation and high-tech industrialization projects in 2013	1,166,666.83			399,999.96			766,666.87	Assets-related
Development fund allocated by	3,374,999.94			540,000.00			2,834,999.94	Assets-

Mianzhu City Development and Reform Bureau for developing special titanium dioxide for producing high-grade automotive electrophoresis paint								related
Low grade waste heat recovery for sulfur-phosphorus-titanium industry chain waste ferrous sulphate mixed with firing acid	824,000.00			96,000.00			728,000.00	Assets-related
Transformation project for water-saving technology in the production of titanium dioxide	1,950,000.00	490,000.00		244,000.00			2,196,000.00	Assets-related
Transformation of cleaning and deodorizing of calcination exhaust gas		1,000,000.00		8,333.33			991,666.67	Assets-related
Incentives for infrastructure of the titanium dioxide project with an output of 100,000 tons	10,330,254.00			3,737,619.00			6,592,635.00	Assets-related
Supporting fund for infrastructure of second-phase project	2,697,000.00			344,691.00			2,352,309.00	Assets-related
Fund allocated by Nanzhang County Finance Bureau for enterprise technology transformation	2,030,345.35			761,379.12			1,268,966.23	Assets-related
Research on coated technology of titanium dioxide under the chloride process	1,679,999.94			320,000.04			1,359,999.90	Assets-related
National subsidy for titanium dioxide project	50,662,499.94			9,650,000.04			41,012,499.90	Assets-related
Research and development of key technologies for the industrial chain of rutile titanium dioxide	2,283,750.00			435,000.00			1,848,750.00	Assets-related
Research and development of key technologies for the production of high-quality titanium sponge	3,300,000.00			600,000.00			2,700,000.00	Assets-related
Research and development of key technologies for chlorination titanium dioxide production	1,312,500.06			249,999.96			1,062,500.10	Assets-related
Integration and innovation of key technologies for the production of high-quality titanium sponge	1,375,000.06			249,999.96			1,125,000.10	Assets-related
Special development fund for strategic emerging industries	6,562,499.94			1,250,000.04			5,312,499.90	Assets-related
Special fund for technological improvement for titanium dioxide production	2,100,000.06			399,999.96			1,700,000.10	Assets-related
Construction of innovation platform for titanium metallurgy and chemicals	1,200,000.00						1,200,000.00	Assets-related
Cross-region special fund for provincial-level industries	8,462,500.06			849,999.96		-4,000,000.00	3,612,500.10	Assets-related
Off-line slag discharge by means of boiling chlorination	2,100,000.06			399,999.96			1,700,000.10	Assets-related
Fund for academician workstation	945,000.00			180,000.00			765,000.00	Assets-related

Cultivation fund for leading enterprises of emerging industries	4,199,999.94			800,000.04			3,399,999.90	Assets-related
Research and development of high-quality titanium chloride powder for coatings and plastics	1,799,999.96			200,000.04			1,599,999.92	Assets-related
Special fund for provincial industrial and information development		4,000,000.00				4,000,000.00	8,000,000.00	Assets-related
Project support fund	4,142,456.60			1,014,479.16			3,127,977.44	Assets-related
Key technology and industrial development for titanium slag smelting in large and direct current electric-arc furnace	598,888.91			146,666.64			452,222.27	Assets-related
Efficient beneficiation and smelting industrial development for fully enclosed electric arc furnace ilmenite	1,701,388.91			416,666.64			1,284,722.27	Assets-related
Longbai Intelligent Equipment Industrial Park project	1,537,825.14			40,710.36			1,497,114.78	Assets-related
Special funds for powerful province in terms of manufacturing		1,493,750.00		75,000.00			1,418,750.00	Assets-related
Special funds for strategic innovation		3,000,000.00					3,000,000.00	Assets-related
Land compensation fee from Changsha Economic and Technological Development Zone Management Committee		2,963,100.00					2,963,100.00	Assets-related
Comprehensive utilization project of scandium oxide with a recovery of 10 tons/year of titanium dioxide waste acid	1,319,444.43			166,666.68			1,152,777.75	Assets-related
Nuclear-grade sponge zirconium project with an annual output of 1,000 tons	6,750,000.00						6,750,000.00	Assets-related
High-tech industrialization demonstration project of high-performance A1-Y composite zirconia powder	132,499.97			132,499.97				Assets-related
Composite zirconia project with a capacity of 2,700 tons	109,999.97			66,666.72			43,333.25	Assets-related
Research and industrialization of extracting rare earth scandium from the waste mother liquor of zirconium oxychloride	19,800.02			14,666.64			5,133.38	Assets-related
Subsidies for loan with discounted interest for the site selection and technological transformation project (special subsidies for loan with discounted interest for the expansion project with an annual output of 3 million tons)	125,000.08			99,999.85			25,000.23	Assets-related
Notice on release of special fund for public rental housing in 2011	1,886,499.92			171,500.02			1,714,999.90	Assets-related
Subsidy for solar shower in public rental housing	46,120.80			4,192.80			41,928.00	Assets-related
Compensation for construction	1,625,000.00			150,000.00			1,475,000.00	Assets-

of roads from Mahuanggou to concentration plant								related
Notice from Yanbian County Finance Bureau on release of special fund for industrialization of industrial technological achievements in 2011 (special fund for the expenditure of demonstration project of industrialization of technologies used for efficient comprehensive use of polymetallic ore associated with vanadium-titanium magnetite)	100,000.03			100,000.03				Assets-related
Notice from Yanbian County Finance Bureau on release of provincial funds for the first batch technological transformation in 2011 (special fund for phase II vanadium-titanium magnetite separation project with an annual output of 3 million tons and for expenditure of the construction project for a production line capable of processing raw ore and 3 million ton iron ore concentrate)	150,000.00			120,000.00			30,000.00	Assets-related
Notice from Yanbian County Finance Bureau on release of special fund for the first batch of provincial industrial technology research and development in 2011 (special fund for the expenditure of demonstration project of efficient comprehensive utilization technology and industrialization of Hongge vanadium-titanium magnetite lean ore (extreme lean ore))	50,000.00			39,999.98			10,000.02	Assets-related
Notice from Provincial Department of Finance and the Provincial Department of Science and Technology on release of budgetary funds of Sichuan Province for the third batch of science and technology program projects (technical support program projects) in 2011	129,999.49			129,999.49				Assets-related
Letter from Sichuan Provincial Department of Finance and Sichuan Provincial Department of Land and Resources on predistribution of central government subsidy of 2011 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	5,062,500.00			4,050,000.00			1,012,500.00	Assets-related
Notice from Sichuan Development Holding Co., Ltd.	140,000.06			140,000.06				Assets-related

on allocation of funds of 2010 as an agency for the third batch of science and technology support program projects								
Notice from Provincial Department of Finance and Provincial Economic and Information Committee for release of fund of 2012 for provincial industrial technology research and development and project plan	100,000.00			50,001.07			49,998.93	Assets-related
Letter on transfer of central government subsidy of 2012 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	11,304,000.00			5,652,000.00			5,652,000.00	Assets-related
Notice on Issuing the First Batch of Project Plan for 2013 Provincial Strategic Emerging Industrial Development Special New Energy and Energy Saving and Environmental Protection Industry by Sichuan Provincial Development and Reform Commission	956,666.71			279,999.97			676,666.74	Assets-related
Letter from Sichuan Provincial Department of Finance and Sichuan Provincial Department of Land and Resources on distribution of central government subsidy of 2013 for construction of demonstration base for conservation and comprehensive use of vanadium-titanium magnetite resources in Panzhihua	5,100,750.00			1,700,250.00			3,400,500.00	Assets-related
Letter on transfer of central government subsidy of 2014 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	3,942,880.00			985,720.16			2,957,159.84	Assets-related
Letter on transfer of remaining central government subsidy of 2014 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	226,069.44			56,517.36			169,552.08	Assets-related
Government subsidy granted under the <i>Notice of on the Demonstration Project of Conservation and Comprehensive Utilization of Central Mineral Resources in 2010 and Reward Budget Therefor</i> issued by the Provincial Department of Finance	1,250,000.00			500,000.02			749,999.98	Assets-related
Document regarding allocation	2,611,350.00			522,270.00			2,089,080.00	Assets-

of funds of 2015 for demonstration bases								related
Remaining funds for Hongge vanadium-titanium magnetite tailings resource recycling technology development project	1,800,000.00			300,000.00			1,500,000.00	Assets-related
Subsidy for pavement renovation project from Wanbanqiao, Yanhong Road to Mahuanggou	8,449,197.76			641,711.27			7,807,486.49	Assets-related
Fund for new technology development and research project for enhancing the recycling of fine-grained ilmenite 2019.7284#	9,500,000.00						9,500,000.00	Assets-related
Subsidies for environmental improvement project of Niuwangtian tailing pond	13,500,000.00			1,500,000.00			12,000,000.00	Assets-related
Third batch of special fund received from the Bureau of Finance for the development of provincial industries in 2020		7,000,000.00		175,000.00			6,825,000.00	Assets-related
Special fund for upgrading of technologies in the chloride titanium slag project		6,214,944.00		155,373.60			6,059,570.40	Assets-related
Government subsidies for the purchase of excavators	33,333.45			33,333.45				Assets-related
Provincial special subsidies for transformation of key technologies	440,000.00			159,999.67			280,000.33	Assets-related
Government subsidy for comprehensive use of mineral resources	20,523,850.40			9,136,092.50			11,387,757.90	Assets-related
Road renovation project of the section from Yanhong Road in Xinjiu Mining Area to Lomons Mining Area	2,276,163.20			284,520.28			1,991,642.92	Assets-related

38. Share capital

Monetary Unit: Yuan

	Opening balance	Increase and decrease this time (+, -)					Closing balance
		Newly issued shares	Shares donated	Shares converted from provident fund	Other decreases	Subtotal	
Total number of shares	2,032,020,889.00	349,449,367.00				349,449,367.00	2,381,470,256.00

Other descriptions:

Note 1: In accordance with the *Approval of Non-public Issuance of Shares by Lomon Billions Group Co., Ltd.* (Z. J. X. K. [2020] No.3423) issued by China Securities Regulatory Commission, the Company non-publicly issued 207,589,367 ordinary shares (A shares) to XU Gang, resulting in increase in share capital of RMB 207,589,367.

2. In accordance with the *Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary* approved in the 1st Extraordinary General Meeting of 2021 held on May 17, 2021 and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Concerning Stock Ownership Incentives*, the Company granted 141,860,000.00 restricted stocks under the equity incentive plan in the current period, resulting in increase in share capital of RMB 141,860,000.00.

In summary, the share capital was increased by RMB349,449,367.00 in the year.

39. Capital reserve

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	9,542,382,659.67	4,222,663,365.22	11,993,324.12	13,753,052,700.77
Other capital reserves	36,271,164.94	406,195,414.65	111,763,871.33	330,702,708.26
Total	9,578,653,824.61	4,628,858,779.87	123,757,195.45	14,083,755,409.03

Other descriptions, including changes in other equity instruments in the current period, and reasons for such changes:

1. Capital reserve - equity premium

(1) Increase in the current period

- ① In the year, the additional non-public issuance of shares by the Company resulted in increase in capital reserve - stock premium of RMB2,033,279,825.67;
- ② The Company's restricted stock incentive plan of 2021 resulted in increase in capital reserve - stock premium of RMB2,076,830,400.00;
- ③ With the unlocking condition under the first and second employee stock ownership plans of the Company having been reached, the equity incentive cost of RMB111,763,871.33 previously included in capital reserve - other capital reserve was transferred into capital reserve - stock premium;
- ④ The original estimated account payable was adjusted due to final settlement in the year of the construction in progress when the Company's subsidiary Xinli Titanium invested in Yunnan National Titanium with physical assets. As a result, capital reserve - other capital reserve was increased by RMB345,630.03;
- ⑤ Non-proportional capital increase of the Company's subsidiary Gansu National Titanium led to increase in capital reserve - stock premium of RMB443,638.19.

(2) Decrease in the current period

- ① The shareholding of the Company in the subsidiary Orient Zirconic Industry was changed due to increase in the

subsidiary's share capital caused by employee stock ownership incentive plan. Different ratios of contribution resulted in decrease in capital reserve - stock premium of RMB7,879,648.47;

② The Company acquired the shares from the minority shareholders of Xinli Titanium, resulting in decrease in capital reserve - stock premium of RMB4,113,675.65.

2. Capital reserve - other capital reserve

(1) Increase in the current period

① RMB398,635,426.28 of the equity incentive cost under the Company's employee stock ownership plan was amortized in the current period, resulting in an increase in other capital reserve;

② The Company's shareholding in the subsidiary Orient Zirconic Industry was changed due to the subsidiary's implementation of employee stock ownership plan, resulting in increase in other capital reserve of RMB7,559,988.37.

(2) Decrease in the current period

With the unlocking condition under the first employee stock ownership plan of the Company having been reached, the equity incentive cost of RMB111,763,871.33 previously included in capital reserve - other capital reserve was transferred into capital reserve - stock premium.

40. Treasury stocks

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Employee stock ownership plan		2,218,690,400.00		2,218,690,400.00
Total		2,218,690,400.00		2,218,690,400.00

41. Other comprehensive income

Monetary Unit: Yuan

Item	Opening balance	Accrual in the current period						Closing amount Balance
		Pre-tax accrual amount for current period	Less: profits and losses transferred in for the current period that are previously included in other comprehensive income	Less: retained income transferred in for the current period that is included in other comprehensive income previously	Less: Income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority shareholders after tax	
II. Other comprehensive income	-14,667,371.03	-21,467,924.62				-11,736,161.41	-9,731,763.21	-26,403,532.44

items which will be reclassified as profit or loss								
Thereinto: Other comprehensive income that can be transferred to profit or loss under the equity method	453,270.16							453,270.16
Differences arising from translation of foreign currency financial statements	-15,120,641.19	-21,467,924.62				-11,736,161.41	-9,731,763.21	-26,856,802.60
Total other comprehensive income	-14,667,371.03	-21,467,924.62				-11,736,161.41	-9,731,763.21	-26,403,532.44

42. Special reserves

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Work safety fund	47,539,985.11	169,114,932.74	135,465,380.03	81,189,537.82
Total	47,539,985.11	169,114,932.74	135,465,380.03	81,189,537.82

43. Surplus reserve

Monetary Unit: Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	879,993,898.50	296,061,851.72		1,176,055,750.22
Total	879,993,898.50	296,061,851.72		1,176,055,750.22

44. General risk reserve

Monetary Unit: Yuan

Item	Balance at the beginning of year	Amount accrued in the current period	Accrual ratio (%)	Decrease in the current period	Closing balance
General risk reserve	9,421,958.57	3,510,790.16	10.00		12,932,748.73
Total	9,421,958.57	3,510,790.16	10.00		12,932,748.73

45. Undistributed profits

Monetary Unit: Yuan

Item	Current period	previous period
Undistributed profits at the end of the previous period before adjustment	1,661,631,233.88	1,658,016,560.07
Undistributed profit at beginning of the period after adjustment	1,661,631,233.88	1,658,016,560.07
Add: current net profit attributable to owners of parent company	4,676,429,064.32	2,288,686,615.79
Less: statutory surplus reserve drawn	296,061,851.72	229,422,226.89

General risk provision drawn	3,510,790.16	3,308,617.20
Common share dividends payable	2,611,016,794.40	2,052,341,097.89
Closing undistributed profits	3,427,470,861.92	1,661,631,233.88

46. Operating income and operating cost

Monetary Unit: Yuan

Item	Accrual in the current period		Accrual in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	19,911,723,600.35	11,488,270,557.42	13,832,322,689.74	8,924,716,734.05
Other business	654,057,350.11	454,924,414.78	275,838,490.09	196,597,263.88
Total	20,565,780,950.46	11,943,194,972.20	14,108,161,179.83	9,121,313,997.93

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

☐ Yes ☒ No

Revenue classification by products:

Monetary Unit: Yuan

Item	Accrual amount of the current period	Amount of the last period
Titanium dioxide	15,198,750,661.06	10,950,947,971.09
Iron products	2,109,914,947.75	1,905,564,009.05
Zirconium products	977,299,203.42	27,770,995.59
Titanium sponge and titanium tetrachloride	1,292,331,467.79	812,817,243.10
Other decreases	987,484,670.44	411,060,961.00
Total	20,565,780,950.46	14,108,161,179.83

47. Net interest income

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Interest income	50,685,217.08	52,189,497.37
Interbank deposit	224,681.67	156,752.07
Interest on finance lease	14,976,374.45	13,049,948.39
Loans and advances	35,484,160.96	38,982,796.91
Interest expenses		34,679.25
Borrowing funds		12,666.67
Expenses on finance lease		22,012.58
Net interests received	50,685,217.08	52,154,818.12

48. Taxes and surcharges

Monetary Unit: Yuan

Item	Accrual in current period	Accrual in previous period
Urban maintenance and construction tax	34,919,342.68	14,259,166.30
Educational surtax	28,232,247.63	17,253,184.41
Resource tax	108,126,806.09	59,709,331.64
Housing property tax	25,251,287.75	16,627,608.78
Land use tax	27,299,332.36	18,207,681.77
Vehicle and ship use tax	528,963.86	466,156.18
Stamp duty	19,431,059.92	10,839,276.90
Local education surcharge	18,840,603.47	11,188,496.54
Environmental protection tax	9,692,414.71	9,169,466.74
Tariff	95,211.67	
Other decreases	45,341.53	17,262.35
Total	272,462,611.67	157,737,631.61

49. Net income from service charges and commissions

Monetary Unit: Yuan

Item	Accrual in current period	Accrual in previous period
Handling charges and commission income	586,183.64	3,665,193.28
Income from commissions	586,183.64	3,665,193.28
Expenditure for service charges and commissions	27,713.86	21,557.70
Expenditure for service charges	27,713.86	21,557.70
Handling charges and net income from commissions	558,469.78	3,643,635.58

50. Selling expenses

Monetary Unit: Yuan

Item	Accrual in current period	Accrual in previous period
Freight and miscellaneous expenses	143,942,973.44	79,851,199.40
Sales service fee	157,508,022.81	115,046,290.11
Packaging fee	57,409,403.61	54,486,123.69
Payroll	61,861,702.55	26,988,280.62
Insurance expenses	13,436,879.29	7,701,109.26
Travel expense	1,539,101.48	2,121,562.20
Advertising and exhibition fees	989,409.76	1,159,457.56
Office expense	2,472,285.95	1,948,444.06
Business entertainment expenses	824,591.86	661,050.95
Warehousing fee	20,711,853.34	24,014,205.06
Other expenses	7,072,241.70	5,463,020.48
Total	467,768,465.79	319,440,743.39

51. Administrative expenses

Monetary Unit: Yuan

Item	Accrual in current period	Accrual in previous period
Payroll and stock ownership incentives	568,517,030.09	250,588,738.70
Material consumption and repair costs	208,239,915.37	98,167,821.95
Depreciation and amortization fees	133,733,778.49	95,274,648.22
Audit, agency and consulting fees	55,777,493.20	33,230,715.10
Office expense	17,522,980.35	14,467,649.17
Cleaning fee	3,057,350.73	5,731,143.12
Advertising fee	2,980,051.58	5,556,500.83
Business entertainment expenses	9,069,630.91	9,697,673.76
Rental fee	23,985,708.61	8,916,464.33
Travel expense	5,764,064.61	3,908,023.79
Transportation costs	5,516,583.34	3,465,028.67
Conference fee	2,378,759.31	1,862,053.98
Security costs	2,784,268.69	1,325,375.13
Insurance expenses	5,052,143.54	1,473,492.99
Other expenses	69,243,047.60	51,710,235.76
Total	1,113,622,806.42	585,375,565.50

52. R&D expenses

Monetary Unit: Yuan

Item	Accrual in current period	Accrual in previous period
Material and fueling fee	769,706,945.88	406,873,850.98
Payroll	179,843,211.85	92,555,455.01
Depreciation and amortization expenses	27,410,465.36	21,082,241.89
Other expenses	33,346,263.88	18,245,764.76
Total	1,010,306,886.97	538,757,312.64

53. Financial expenses

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Interest expenses	299,600,490.57	254,545,680.14
Including: Interest expense on lease liability	1,795,036.81	
Less: Interest income	157,784,551.58	117,712,109.25
Exchange gains and losses	15,322,116.06	7,696,757.94
Service charges and other expenses	19,350,319.26	18,224,476.25
Total	176,488,374.31	162,754,805.08

54. Other income

Monetary Unit: Yuan

Source of other revenues	Accrual in the current period	Accrual in the previous period
Government subsidies	111,336,506.47	119,080,349.23
Refund of service fees for withholding of individual income tax	1,922,592.86	985,385.82
Income from debt restructuring	660,235.12	21,813,443.81
Total	113,919,334.45	141,879,178.86

55. Investment return

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Income from long-term equity investment calculated based on the equity method	13,708,857.89	-27,203,548.64
Investment income from disposal of long-term equity investment	-11,458.72	
Bank financing income	4,822.44	52,316.99
Discount commission	-127,000,243.62	-108,702,075.35
Other	9,421,289.51	-377,759,669.14
Total	-103,876,732.50	-513,612,976.14

Note: In accordance with the *Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements*: If it is possible to control the investee under the same control due to additional investment or other reasons, the Company shall re-measure the equity of the acquired party held before the purchase date based on fair value of the equity on the purchase date, and the difference between fair value and book value of the equity shall be included in current investment return. RMB9,421,289.51 under the category of "Other" means the investment return generated by the Company's re-measurement of the fair value of its shareholding in Weina Technology on the date of combination.

56. Credit impairment loss

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Bad debt loss of other receivables	1,118,918.77	10,358,680.02
Bad debt loss of long-term receivables	45,760,346.96	1,640,000.42
Bad debt loss of accounts receivable	-37,628,809.86	-59,504,725.88
Impairment loss of loans and advances	7,166,335.30	-4,296,730.70
Impairment loss of non-current assets maturing within one year	-47,687,181.97	
Total	-31,270,390.80	-51,802,776.14

57. Impairment loss of assets

Monetary Unit: Yuan

Item	Accrual amount of the current period	Amount of the last period
Loss of inventory depreciation and impairment loss of contract performance cost	51,064,455.23	-642,928.35
Losses from impairment of contract assets	-9,846.57	102,598.95
Impairment loss of project materials		5,136,337.35
Total	51,054,608.66	4,596,007.95

58. Income from disposal of assets

Monetary Unit: Yuan

Sources of income from assets disposal	Accrual in the current period	Accrual in the previous period
Income from disposal of fixed assets	5,261,401.53	8,523,764.21
Loss of disposal of fixed assets	-12,508,610.04	-27,760,569.69
Total	-7,247,208.51	-19,236,805.48

59. Non-operating income

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period	Amount included in current non-recurring profit and loss
Government subsidies		64,240.00	
Gain on inventory taking		12,055.31	
Gains from retirement of non-current assets		1,700.00	
Confiscated gains	4,994,034.86	3,102,440.86	4,994,034.86
Other decreases	5,890,730.91	16,472,147.88	5,890,730.91
Total	10,884,765.77	19,652,584.05	10,884,765.77

"Other" mainly includes written-off payments that could not be paid and additional appropriation of compensation for work-related injury.

60. Non-operating expenses

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period	Amount included in current non-recurring profit and loss
External donations	9,881,213.84	7,212,254.72	9,881,213.84
Abnormal loss	1,711.40		1,711.40
Inventory losses	206,744.18		206,744.18
Loss on damage and retirement of non-current assets	29,825,583.74	18,463,634.62	29,825,583.74
Penalty expense	2,216,087.46	1,014,255.99	2,216,087.46

Other	3,494,449.67	4,092,945.33	3,494,449.67
Total	45,625,790.29	30,783,090.66	45,625,790.29

Note: "Other" mainly includes fine for tax overdue.

61. Income tax expenses

1) Table of income tax expenses

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Income tax expenses of the current period	920,705,918.18	528,851,567.36
Deferred income tax expenses	-137,209,149.88	-36,700,513.33
Total	783,496,768.30	492,151,054.03

2) Adjustment process of accounting profits and income tax expenses

Monetary Unit: Yuan

Item	Accrual in the current period
Total profits	5,518,909,889.42
Income tax expense calculated at the statutory/applicable tax rate	827,836,483.41
Impact of application of different tax rates to subsidiaries	11,451,234.99
Impact of income tax during the periods before adjustment	-2,396,603.59
Impact of non-taxable income	-4,155,133.69
Impact of non-deductible costs, expenses and losses	7,046,131.81
Impact of using deductible loss of deferred tax assets not recognized in the previous period	-45,869,329.48
Impact of deductible temporary difference or deductible loss of closing recognized deferred income tax assets	7,136,922.87
Other	-17,552,938.02
Income tax expenses	783,496,768.30

Note: "Other" mainly includes amount affected by extra tax deductions for research and development costs.

62. Earnings per share

Basic income per share

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

Monetary Unit: Yuan

Item	Accrual amount of the current period	Amount of the last period
Consolidated net profit attributable to common shareholders of the parent company	4,676,429,064.32	2,288,686,615.79
Weighted average number of outstanding common shares of the Company	2,205,012,028.17	2,032,020,889.00

Basic income per share	2.12	1.13
Thereinto: Basic earnings per share from continuing operations	2.12	1.13
Basic earnings per share from discontinued operations		

Diluted income per share

Diluted earnings per share is calculated by dividing the (diluted) consolidated net profit attributable to common shareholders of the parent company by the (diluted) weighted average number of outstanding common shares of the Company:

Monetary Unit: Yuan

Item	Accrual amount of the current period	Amount of the last period
(Diluted) Consolidated net profit attributable to common shareholders of the parent company	4,610,714,138.63	2,288,686,615.79
(Diluted) weighted average number of outstanding common shares of the Company	2,236,823,098.47	2,032,020,889.00
Diluted income per share	2.06	1.13
Thereinto: Diluted earnings per share from continuing operations	2.06	1.13
Diluted earnings per share from discontinued operations		

63. Items in cash flow statement

(1) Other cash received relating to operating activities

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Interest income received	86,107,048.13	46,716,380.09
Margin and deposit received	406,776,405.03	318,445,354.80
Government grants received	77,403,633.85	88,899,903.43
Intercourse funds and other payments received	415,901,120.18	168,666,156.22
Insurance claims received	13,050,000.00	
Total	999,238,207.19	622,727,794.54

(2) Other cash paid relating to operating activities

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Sales expenses and administrative expenses paid	612,187,442.05	552,093,696.05
Cash deposit for safety and bidding	321,436,341.58	336,780,522.50
Historical left-over amount paid on behalf of Xinli Titanium Industry	42,133,800.00	56,285,695.99

Current accounts and others	234,374,954.99	257,034,246.12
Compensation payment	773,298.11	61,889,323.20
Donations received	9,881,213.84	
Total	1,220,787,050.57	1,264,083,483.86

(3) Other cash received relating to investment activities

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Land refund received		400,000.00
Total		400,000.00

(4) Other cash received relating to financing activities

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Transfer payment under employee stock ownership plan	11,151,199.28	27,112,785.92
Acceptance and discount	3,343,300,000.00	2,742,029,780.82
Expiration of certificate of large deposits	185,403,400.00	50,000,000.00
Current accounts before merging Hunan Oriental Scandium		40,000,000.00
Guarantee of acceptance expired	439,262,000.02	
Borrowings from out of the Group	118,000,000.00	
Total	4,097,116,599.30	2,859,142,566.74

(5) Other cash paid relating to financing activities

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Financing costs	91,180,944.17	60,378,413.80
Guarantee deposit paid		4,635,657.45
Repayment of letter of credit		200,000,000.00
Purchase of certificate of large deposits		1,134,211,200.00
Deposit paid	1,113,760,000.00	359,100,287.58
Due acceptance balance paid	3,903,800,000.00	2,049,481,931.29
Refund due to decrease in contributions by shareholders	23,400,000.00	
Lease payments made	173,393,712.58	
External borrowings	134,740,000.00	
Total	5,440,274,656.75	3,807,807,490.12

64. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

Monetary Unit: Yuan

Supplementary information	Accrual amount of the current period	Amount of the last period
1. Reconciliation from net profit to cash flows from operating activities:	--	--
Net profit	4,735,413,121.12	2,327,928,629.89
Add: Provision for asset impairments	82,324,999.46	56,398,784.09
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	1,294,665,274.77	961,964,911.58
Depreciation of right-of-use assets	26,669,765.92	
Amortization of intangible assets	175,402,350.25	143,118,927.08
Amortization of long-term unamortized expenses	16,015,739.31	23,445,974.98
Loss of the disposal of fixed assets, intangible assets and other long-term assets (Fill in with "-" for income)	7,247,208.51	19,236,805.48
Loss of scrapped fixed assets (Fill in with "-" for income)	29,825,583.74	18,461,934.62
Losses on changes in fair value (Fill in with "-" for income)		
Financial expense (Fill in with "-" for income)	334,510,999.64	230,180,414.49
Investment loss (Fill in with "-" for income)	103,876,732.50	513,612,976.14
Decrease in deferred income tax assets (Fill in with "-" for increase)	-151,086,281.17	-20,315,041.62
Increase in deferred income tax liabilities (Fill in with "-" for increase)	13,877,131.29	-16,385,471.71
Decrease in inventories (Fill in with "-" for increase)	-1,421,105,501.79	-952,499,700.94
Decrease in operating receivables (Fill in with "-" for increase)	-654,777,948.97	-555,423,695.29
Increase in operating payables (Fill in with "-" for increase)	-264,388,402.42	370,836,173.30
Other decreases		
Net cash flows from operating activities	4,328,470,772.16	3,120,561,622.09
2. Significant investing and financing activities that do not involve cash receipts and payments:	--	--
Liabilities transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets leased by means of financing		
3. Net increase/decrease in cash and cash equivalents:	--	--
Closing cash balance	1,861,853,672.42	1,506,356,636.23
Less: Opening cash balance	1,506,356,636.23	1,055,135,459.37
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	355,497,036.19	451,221,176.86

(2) Net cash paid to acquire subsidiaries in the current period

Monetary Unit: Yuan

	Amount
Cash or cash equivalents paid in the current period for business combination of the current period	371,830,400.00
Therein:	--
Henan Zhongtan New Material Technology Co., Ltd.	291,556,400.00
Jiaozuo Weina Technology Co., Ltd.	80,274,000.00
Less: Cash and cash equivalents held by subsidiaries on purchase date	2,306,741.36
Therein:	--
Henan Zhongtan New Material Technology Co., Ltd.	285,610.81
Jiaozuo Weina Technology Co., Ltd.	2,021,130.55
Therein:	--
Net cash received from subsidiaries	369,523,658.64

(3) Composition of cash and cash equivalents

Monetary Unit: Yuan

Item	Closing balance	Opening balance
I. Cash	1,861,853,672.42	1,506,356,636.23
Thereinto: Cash on hand	105,309.48	82,914.56
Bank deposit available for payment at any time	1,861,748,362.94	1,506,273,721.67
III. Closing balance of cash and cash equivalents	1,861,853,672.42	1,506,356,636.23

65. Assets with restricted ownership or use rights

Monetary Unit: Yuan

Item	Closing book value	Cause of restriction
Monetary funds	4,425,181,756.49	Margin for banker's acceptance bills, fixed deposit, etc.
Fixed assets	35,901,229.72	Collateralized borrowings
Intangible assets	100,959,609.23	Collateralized borrowings
Financing of receivables	118,566,521.52	Bill pledge
Long-term equity investments	829,020,001.00	Pledged borrowings
Total	5,509,629,117.96	--

66. Foreign currency monetary items**(1) Foreign currency monetary items**

Monetary Unit: Yuan

Item	Closing balance in foreign currency	Exchange rate for translation	Ending balance in RMB after translation
Monetary funds	--	--	667,016,488.98
Thereinto: USD	83,957,669.86	6.3757	535,288,915.73

EUR	14,569,823.39	7.2197	105,189,753.93
HKD	246,188.06	0.8176	201,283.36
AUD	3,916,433.87	4.622	18,101,757.35
PLN	233.16	1.5718	366.48
JPY	134,217,102.00	0.0554	7,435,627.45
GBP	92,812.87	8.6064	798,784.68
Accounts receivable	--	--	
Thereinto: USD	222,371,911.57	6.3757	1,417,776,596.59
EUR	18,076,894.02	7.2197	130,509,751.76
HKD			
JPY	3,560,000.00	0.0554	197,224.00
GBP	440,865.93	8.6064	3,794,268.54
Long-term borrowings	--	--	409,957,510.00
Thereinto: USD	64,300,000.00	6.3757	409,957,510.00
EUR			
HKD			
Short-term borrowings			1,202,875,263.18
Thereinto: USD	188,665,599.57	6.3757	1,202,875,263.18
Accounts payable			327,436,378.63
AUD	504,230.15	4.622	2,330,551.75
HKD	180,000.00	0.8176	147,168.00
Canada	58,272.59	5.0046	291,631.00
USD	50,345,692.28	6.3757	320,989,030.27
EUR	440,983.13	7.2197	3,183,765.90
JPY	8,766.00	0.0554	485.64
GBP	57,369.64	8.6064	493,746.07
Employee benefits payable			235,772.34
Thereinto: USD	35,953.94	6.3757	229,231.54
HKD	8,000.00	0.8176	6,540.80
Other payables			165,817,814.71
AUD	1,396,023.50	4.622	6,452,420.62
HKD	41,723.40	0.8176	34,113.05
USD	24,990,398.08	6.3757	159,331,281.04
Non-current liabilities maturing within one year			435,853,809.58
Thereinto: USD	29,859,070.72	6.3757	190,372,477.19
EUR	34,001,597.35	7.2197	245,481,332.39
Lease liabilities			1,297,598.66
Thereinto: USD	203,522.54	6.3757	1,297,598.66

67. Government subsidies

(1) Assets-related government subsidies

Monetary Unit: Yuan

Class	Amount	Items set out in balance sheet	Amount that is included in current profit and loss or used to offset loss on relevant cost and expense		Items that are included in current profit and loss or used to offset loss on relevant cost and expense
			Accrual amount of the current period	Amount of the last period	
Land leveling fund allocated by Zhongzhan Finance Bureau for titanium-rich material project		Deferred income		441,826.43	Other income
Subsidy for clean production demonstration project in 2013		Deferred income	791,666.85	1,899,999.96	Other income
Subsidy for the project concerning deep treatment of exhaust gas in titanium dioxide calcining kiln	750,000.00	Deferred income	150,000.00		Other income
Implementation plan for circular transformation of western industrial cluster in Jiaozuo	1,109,375.00	Deferred income	187,500.00		Other income
Special fund for development of advanced manufacturing in 2019 (the chlorinated titanium dioxide project with an annual output of 200,000 tons)	7,671,250.00	Deferred income	969,000.00	969,000.00	Other income
Special fund for innovation and development of industrial internet in 2019	15,000,000.00	Deferred income			
Central infrastructure investment for technological transformation in 2019	26,583,333.32	Deferred income	2,250,000.01		Other income
Fund allocated by Sichuan Provincial Department of Finance and Sichuan Provincial Economic Commission for industrialization research and development of special new titanium white products for laminated paper used in the project concerning increasing output "from 80,000 tons to 140,000 tons"		Deferred income		150,000.00	Other income
Technical renovation fund allocated by Sichuan Provincial Department of Finance and Sichuan Provincial Economic Commission for increasing output of rutile titanium dioxide "from 80,000 tons to 140,000 tons"		Deferred income		300,000.00	Other income
Central post-disaster reconstruction subsidy provided by Mianzhu City Development and Reform Bureau for technical transformation the project concerning improving output of rutile titanium dioxide "from 80,000 tons to 140,000 tons"		Deferred income		2,850,000.00	Other income
Supporting fund for development of service industry (high-grade titanium dioxide project with an annual output	20,000.00	Deferred income	120,000.00	120,000.00	Other income

of 60,000 tons related to increasing output "from 140,000 tons to 200,000 tons")					
Fund for industrial technology research and development (rely on ink-specific titanium dioxide production line with an output of 5kt/a involved in the project concerning increasing output "from 80,000 tons to 140,000 tons)		Deferred income		79,999.72	Other income
Special fund for development of emerging industries (clean production laboratory)		Deferred income		120,000.00	Other income
Central on-budget investment fund allocated by Sichuan Provincial Development and Reform Commission and Sichuan Provincial Economic and Information Commission for revitalization and technological transformation of key industries		Deferred income		480,000.00	Other income
Subsidy allocated by Mianzhu Economic Development Zone Management Committee for natural gas and water intake projects		Deferred income		499,999.72	Other income
Subsidy allocated by economic and information bureau for technical transformation project concerning increasing output of rutile titanium dioxide "from 140,000 tons to 200,000 tons"	66,667.03	Deferred income	399,999.96	399,999.96	Other income
Interest subsidy for post-disaster recovery and reconstruction loan of the project concerning improving output of titanium dioxide "from 80,000 tons to 140,000 tons"		Deferred income	1,241,824.68	1,241,825.04	Other income
Fund allocated by intellectual property office for the third batch of science and technology support plans under high-grade special titanium dioxide project with an annual output of 60,000 tons related to increasing output "from 140,000 tons to 200,000 tons"	5,000.00	Deferred income	30,000.00	30,000.00	Other income
Special subsidy for national and local joint laboratory of clean production technology and process of titanium dioxide	49,999.61	Deferred income	200,000.04	200,000.04	Other income
Project concerning industrialization of new process for clean production of titanium dioxide using the "sulfur-phosphorus-titanium" co-production method	157,459.39	Deferred income	157,459.08		Other income
Special subsidy allocated by Mianzhu City Finance Bureau for national and local joint laboratory of titanium dioxide cleaning production technology and process	4,437,500.00	Deferred income	750,000.00	750,000.00	Other income
Technology development and transformation project for low-carbon production process of	687,500.20	Deferred income	249,999.96		Other income

“sulfur-phosphorus-titanium” circular economy					
Funds for technology development and industrialization innovation development related to recovery and utilization of sulfuric acid titanium dioxide acid slag	520,000.20	Deferred income	159,999.96	159,999.96	Other income
Subsidy allocated by finance bureau for the project concerning optimization technology of titanium liquid quality in sulfur-phosphorus titanium industry chain	606,666.47	Deferred income	350,000.04		Other income
Central infrastructure investment made by Mianzhu City Finance Bureau for independent innovation and high-tech industrialization projects in 2013	766,666.87	Deferred income	399,999.96	399,999.96	Other income
Development fund allocated by Mianzhu City Development and Reform Bureau for developing special titanium dioxide for producing high-grade automotive electrophoresis paint	2,834,999.94	Deferred income	540,000.00	1,640,000.04	Other income
Low grade waste heat recovery for sulfur-phosphorus-titanium industry chain waste ferrous sulphate mixed with firing acid	728,000.00	Deferred income	96,000.00		Other income
Transformation project for water-saving technology in the production of titanium dioxide	2,196,000.00	Deferred income	244,000.00		Other income
Transformation of cleaning and deodorizing of calcination exhaust gas	991,666.67	Deferred income	8,333.33		Other income
Subsidies for loan with discounted interest for the site selection and technological transformation project (special subsidies for loan with discounted interest for the expansion project with an annual output of 3 million tons)	25,000.23	Deferred income	99,999.85		Other income
Special subsidy for the project concerning improving capacity of independent innovation and development of high-tech industrialization		Deferred income		150,000.00	Other income
Notice on release of special fund for public rental housing in 2011	1,714,999.90	Deferred income	171,500.02		Other income
Compensation for construction of roads from Mahuanggou to concentration plant	1,475,000.00	Deferred income	150,000.00		Other income
Notice from Yanbian County Finance Bureau on release of special fund for industrialization of industrial technological achievements in 2011 (special fund for the expenditure of demonstration project of industrialization of technologies used for efficient comprehensive use of polymetallic ore associated with vanadium-titanium magnetite)		Deferred income	100,000.03		Other income
Notice from Yanbian County Finance Bureau on release of provincial funds for the first batch technological transformation in 2011 (special fund	30,000.00	Deferred income	120,000.00		Other income

for phase II vanadium-titanium magnetite separation project with an annual output of 3 million tons and for expenditure of the construction project for a production line capable of processing raw ore and 3 million ton iron ore concentrate)					
Notice from Yanbian County Finance Bureau on release of special fund for the first batch of provincial industrial technology research and development in 2011 (special fund for the expenditure of demonstration project of efficient comprehensive utilization technology and industrialization of Hongge vanadium-titanium magnetite lean ore (extreme lean ore))	10,000.02	Deferred income	39,999.98		Other income
Notice from Provincial Department of Finance and the Provincial Department of Science and Technology on release of budgetary funds of Sichuan Province for the third batch of science and technology program projects (technical support program projects) in 2011		Deferred income	129,999.49		Other income
Letter from Sichuan Provincial Department of Finance and Sichuan Provincial Department of Land and Resources on predistribution of central government subsidy of 2011 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	1,012,500.00	Deferred income	4,050,000.00		Other income
Notice from Sichuan Development Holding Co., Ltd. on allocation of funds of 2010 as an agency for the third batch of science and technology support program projects		Deferred income	140,000.06		Other income
Notice from Provincial Department of Finance and Provincial Economic and Information Committee for release of fund of 2012 for provincial industrial technology research and development and project plan	49,998.93	Deferred income	50,001.07		Other income
Letter on transfer of central government subsidy of 2012 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	5,652,000.00	Deferred income	5,652,000.00		Other income
Notice on Issuing the First Batch of Project Plan for 2013 Provincial Strategic Emerging Industrial Development Special New Energy and Energy Saving and Environmental Protection Industry by Sichuan Provincial Development and Reform Commission	676,666.74	Deferred income	279,999.97		Other income
Letter from Sichuan Provincial Department of Finance and Sichuan Provincial Department of Land and	3,400,500.00	Deferred income	1,700,250.00		Other income

Resources on distribution of central government subsidy of 2013 for construction of demonstration base for conservation and comprehensive use of vanadium-titanium magnetite resources in Panzhihua					
Letter on transfer of central government subsidy of 2014 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	2,957,159.84	Deferred income	985,720.16		Other income
Letter on transfer of remaining central government subsidy of 2014 for construction of demonstration base for comprehensive use of vanadium-titanium magnetite resources in Panzhihua	169,552.08	Deferred income	56,517.36		Other income
Government subsidies granted under the <i>Notice of the Provincial Department of Finance on Announcing the Central Mineral Resource Conservation and Comprehensive Utilization Demonstration Projects in 2010 and Reward Budget Therefor</i>	749,999.98	Deferred income	500,000.02	500,000.00	Other income
Document regarding allocation of funds of 2015 for demonstration bases	2,089,080.00	Deferred income	522,270.00		Other income
Remaining funds for Hongge vanadium-titanium magnetite tailings resource recycling technology development project	1,500,000.00	Deferred income	300,000.00	300,000.00	Other income
Subsidy for pavement renovation project from Wanbanqiao, Yanhong Road to Mahuanggou	7,807,486.49	Deferred income	641,711.27		Other income
Subsidies for environmental improvement project of Niuwangtian tailing pond	12,000,000.00	Deferred income	1,500,000.00	1,500,000.00	Other income
Subsidy for solar shower in public rental housing	41,928.00	Deferred income	4,192.80		Other income
Special fund for provisional industrial development	6,825,000.00	Deferred income	175,000.00		Other income
Sunsidy for the innovation project of upgrading and transforming titanium concentrate into titanium dichloride with an annual output of 500,000 tons	6,059,570.40	Deferred income	155,373.60		Other income
Government subsidies for the purchase of excavators		Deferred income	33,333.45	100,000.00	Other income
Provincial special subsidies for transformation of key technologies	280,000.33	Deferred income	159,999.67	160,000.00	Other income
Government subsidies for pre-sorting		Deferred income		650,000.00	Other income
Government subsidy for comprehensive use of mineral resources	11,387,757.90	Deferred income	9,136,092.50		Other income
Road renovation project of the section from Yanhong Road in Xinjiu Mining Area to Lomons Mining Area	1,991,642.92	Deferred income	284,520.28		Other income
Incentives for infrastructure of the titanium dioxide project with an output of 100,000 tons	6,592,635.00	Deferred income	3,038,310.00	3,038,310.00	Other income
Supporting fund for infrastructure of second-phase project	2,352,309.00	Deferred income	1,044,000.00	1,044,000.00	Other income

Fund allocated by Nanzhang County Finance Bureau for enterprise technology transformation	1,268,966.23	Deferred income	761,379.12	761,379.12	Other income
Research on coated technology of titanium dioxide under the chloride process	1,359,999.90	Deferred income	320,000.04		Other income
National subsidy for titanium dioxide project	41,012,499.90	Deferred income	9,650,000.04	9,650,000.04	Other income
Research and development of key technologies for the industrial chain of rutile titanium dioxide	1,848,750.00	Deferred income	435,000.00		Other income
Research and development of key technologies for the production of high-quality titanium sponge	2,700,000.00	Deferred income	600,000.00		Other income
Research and development of key technologies for chlorination titanium dioxide production	1,062,500.10	Deferred income	249,999.96		Other income
Integration and innovation of key technologies for the production of high-quality titanium sponge	1,125,000.10	Deferred income	249,999.96		Other income
Special development fund for strategic emerging industries	5,312,499.90	Deferred income	1,250,000.04	1,250,000.04	Other income
Special fund for technological improvement for titanium dioxide production	1,700,000.10	Deferred income	399,999.96	399,999.96	Other income
Construction of innovation platform for titanium metallurgy and chemicals	1,200,000.00	Deferred income			
Cross-region special fund for provincial-level industries	3,612,500.10	Deferred income	849,999.96	849,999.96	Other income
Off-line slag discharge by means of boiling chlorination	1,700,000.10	Deferred income	399,999.96		Other income
Fund for academician workstation	765,000.00	Deferred income	180,000.00	180,000.00	Other income
Cultivation fund for leading enterprises of emerging industries	3,399,999.90	Deferred income	800,000.04	800,000.04	Other income
Research and development of high-quality titanium chloride powder for coatings and plastics	1,599,999.92	Deferred income	200,000.04		Other income
Special fund for provincial industrial and information development	8,000,000.00	Deferred income			
Enterprise project support fund	3,127,977.44	Deferred income	1,014,479.16	1,014,479.16	Other income
Key technology and industrial research for titanium slag smelting in large and direct current electric-arc furnace	452,222.27	Deferred income	146,666.64		Other income
Efficient beneficiation and smelting industrial research for ilmenite in fully enclosed electric arc furnace	1,284,722.27	Deferred income	416,666.64		Other income
Longbai Intelligent Equipment Industrial Park project	1,497,114.78	Deferred income	40,710.36		Other income
Comprehensive utilization project of scandium oxide with a recovery of 10 tons/year of titanium dioxide waste acid	1,152,777.75	Deferred income	166,666.68		Other income
Special funds for powerful province in terms of manufacturing	1,418,750.00	Deferred income	75,000.00		Other income
Special funds for strategic innovation	3,000,000.00	Deferred income			
Land compensation fee from Changsha Economic and Technological Development Zone	2,963,100.00	Deferred income			

Management Committee					
Nuclear-grade sponge zirconium project with an annual output of 1,000 tons	6,750,000.00	Deferred income			
High-tech industrialization demonstration project of high-performance A1-Y composite zirconia powder		Deferred income	132,499.97		Other income
Composite zirconia project with a capacity of 2,700 tons	43,333.25	Deferred income	66,666.72		Other income
Research and industrialization of extracting rare earth scandium from the waste mother liquor of zirconium oxychloride	5,133.38	Deferred income	14,666.64		Other income
Funds for new technological development and research project for enhancing the recycling of fine-grained ilmenite 2019.7.284#	9,500,000.00	Deferred income			
Central subsidy fund for construction of a demonstration base for comprehensive utilization of vanadium-titanium magnetite resources		Deferred income		22,102,849.95	Other income
Special funds for powerful Hunan Province in terms of manufacturing		Deferred income		6,250.00	Other income
Special fund for central infrastructure investment for technological transformation in 2019		Deferred income		1,166,666.67	Other income
Subsidies for pavement renovation project from Wanbanqiao, Yanhong Road to Mahuanggou		Deferred income		641,711.26	Other income
Research and development funds for key technologies for the production of high-quality titanium sponge		Deferred income		600,000.00	Other income
Fund for research and development project of key technologies for the industrial chain of rutile titanium dioxide		Deferred income		435,000.00	Other income
Fund for efficient beneficiation and smelting industrial research in fully enclosed electric arc furnace ilmenite		Deferred income		416,666.64	Other income
Funds for off-line slag discharge by means of boiling chlorination		Deferred income		399,999.96	Other income
Subsidies allocated by finance bureau for the project concerning optimization technology of titanium liquid quality in sulfur-phosphorus titanium industry chain		Deferred income		350,000.04	Other income
Funds for research on coated technology of titanium dioxide under the chloride process		Deferred income		320,000.04	Other income
Funds for road renovation project of the section from Yanhong Road in Xinjiu Mining Area to Lomons Mining Area		Deferred income		284,520.40	Other income
Subsidy for the first batch of project plans of new energy and energy saving and environmental protection industry allocated by Sichuan Provincial Development and Reform Commission for provincial strategic emerging industry development in		Deferred income		279,999.98	Other income

2013					
Special subsidies granted by the General Office of the National Development and Reform Commission for major industrial technology development projects in 2008		Deferred income		250,000.00	Other income
Fund for technology development and transformation project for low-carbon production process of "sulfur-phosphorus-titanium" circular economy		Deferred income		249,999.96	Other income
Funds for research and development of key technologies for chlorination titanium dioxide production		Deferred income		249,999.96	Other income
Funds for integration and innovation of key technologies for the production of high-quality titanium sponge		Deferred income		249,999.96	Other income
Research and development of high-quality titanium chloride powder for coatings and plastics		Deferred income		200,000.04	Other income
Subsidies for implementation plan for circular transformation of western industrial cluster in Jiaozuo		Deferred income		187,500.00	Other income
Special funds for public rental housing in 2011		Deferred income		175,692.88	Other income
Funds for comprehensive utilization project of scandium oxide with a recovery of 10 tons/year of titanium dioxide waste acid		Deferred income		166,666.68	Other income
Fund for the project concerning industrialization of new process for clean production of titanium dioxide using the "sulfur-phosphorus-titanium" co-production method		Deferred income		157,459.08	Other income
Subsidy for the project concerning advanced treatment of exhaust gas from titanium dioxide calcining kiln		Deferred income		150,000.00	Other income
Compensation for construction of roads from Mahuanggou to concentration plant		Deferred income		150,000.00	Other income
Fund for key technology and industrial research for titanium slag smelting in large and direct current electric-arc furnace		Deferred income		146,666.64	Other income
Funds granted by Sichuan Development Holding Co., Ltd. on behalf for the third batch of science and technology support program projects in 2010		Deferred income		139,999.94	Other income
Budgetary funds granted by Provincial Department of Finance and the Provincial Department of Science and Technology for the third batch of planned science and technology projects (planned science and technology support projects) in Sichuan Province in 2011		Deferred income		130,000.51	Other income

Provincial fund from Yanbian County Finance Bureau for the first batch of technological transformation in 2011 (special fund for phase II vanadium-titanium magnetite separation project with an annual output of 3 million ton and for expenditure of the construction project for a production line capable of processing raw ore and 3 million ton iron ore concentrate)		Deferred income		120,000.00	Other income
Subsidy for loans with discounted interest for technological transformation project in concentration plant (special subsidy for loans with discounted interest for the expansion project with an annual output of 3 million tons)		Deferred income		99,999.92	Other income
Special fund from Yanbian County Finance Bureau for industrialization of industrial technological achievements in 2011 (special fund for the expenditure of demonstration project of industrialization of technologies used for efficient comprehensive use of polymetallic ore associated with vanadium-titanium magnetite)		Deferred income		100,000.06	Other income
Fund for low grade waste heat recovery from waste ferrous sulphate mixed with firing acid in sulfur-phosphorus-titanium industry chain		Deferred income		96,000.00	Other income
Funds allocated by and plans developed by Provincial Department of Finance and Provincial Economic and Information Committee for provincial industrial technology research and development projects in 2012		Deferred income		50,000.00	Other income
Funds for Longbai Intelligent Equipment Industrial Park project		Deferred income		40,710.36	Other income
Special fund allocated by Yanbian County Finance Bureau for the first batch of provincial industrial technology research and development in 2011 (special fund for the efficient comprehensive utilization technology and industrialization demonstration project of Hongge vanadium-titanium magnetite lean ore (extreme lean ore))		Deferred income		40,000.00	Other income

2) Income-related government subsidies

Class	Amount	Amount that is included in current profit and loss or used to offset loss on relevant cost and expense		Items that are included in current profit and loss or used to offset loss on relevant cost and expense
		Accrual amount of the current period	Amount of the last period	
First-time municipal-level financial supports for the third batch of innovative and entrepreneurial talents (teams)	500,000.00		500,000.00	Other income
Special subsidies for enterprise R&D projects	1,792,700.00	250,000.00	1,542,700.00	Other income
Technology innovation reward	590,600.00	50,000.00	540,600.00	Other income
Special awards and subsidies for industrial restructuring, and funds for ensuring stable employment	3,080,000.00		3,080,000.00	Other income
Funds for leading entrepreneurs in China	1,000,000.00	600,000.00	400,000.00	Other income
Funds for improvement of vocational skills	421,900.00	72,500.00	349,400.00	Other income
Grants for stabilizing positions	3,607,627.05	673,695.79	2,933,931.26	Other income
Rewards for high-quality economic development	1,600,000.00	1,600,000.00		Other income
First-time municipal-level support fund for the fourth batch of innovative and entrepreneurial talents and teams	250,000.00	250,000.00		Other income
Import discount interest (second half of 2017 and first half of 2018) and export credit insurance (second half of 2017 and first half of 2018)	1,433,900.00	1,433,900.00		Other income
Provincial fund for provincial science and technology awards (J. C. Y (2019) No.43)	20,000.00	20,000.00		Other income
Fund for export credit insurance	766,400.00	766,400.00		Other income
Subsidy for export credit insurance premium in the first half of 2019	743,200.00	743,200.00		Other income
Special fund for the first batch of provincial foreign trade and economic development projects in 2020	981,900.00	981,900.00		Other income
Enterprise support fund	1,800,000.00	1,800,000.00		Other income
Z. Q.W {2018} No.40 (rewards of 2017 for outstanding enterprises with high-quality development in Zhongzhan District)	1,100,000.00	1,100,000.00		Other income
First-time municipal-level support fund for the fourth batch of innovative and entrepreneurial talents and teams (district level)	250,000.00	250,000.00		Other income
Subsidy for export credit insurance in the second half of 2019	838,500.00	838,500.00		Other income
Rewards from Jiaozuo Municipal Committee of CPC for advanced enterprises in industrial economic development across the city in 2018	500,000.00	500,000.00		Other income
Notice on the budget of special fund for the third batch of provincial projects of	10,000.00	10,000.00		Other income

basic scientific condition research				
Subsidy transferred by Jiaozuo Municipal Talent Exchange Center for apprenticeship	50,160.00	50,160.00		Other income
Weighted deductions of input tax	50,362.62	50,362.62		Other income
Fiscal subsidy fund for starred toilets in scenic area	59,000.00		59,000.00	Other income
Refund of land use tax	36,000.18	36,000.18		Other income
Collection and refund of VAT	1,137,851.32	1,137,851.32		Other income
Financial support award	128,800.00	128,800.00		Other income
Rewards to senior executives	527,200.00	527,200.00		Other income
VAT refunded upon levy	1,131,341.51	581,392.94	549,948.57	Other income
Provincial rewards for high-tech enterprises recognized for the first time in 2018	200,000.00		200,000.00	Other income
Special provincial subsidy for enterprise R&D projects	230,000.00	230,000.00		Other income
Special fund for major municipal science and technology projects in 2019	1,000,000.00	1,000,000.00		Other income
Special fund for provincial advanced manufacturing development projects in 2020	2,000,000.00	2,000,000.00		Other income
Fund for improving career skills that is transferred from Jiaozuo municipal social security fund	90,000.00	90,000.00		Other income
Government subsidies	200,000.00	200,000.00		Other income
Rewards from Mianzhu Municipal Bureau of Industry Technology and Information Technology for the construction of epidemic prevention system (4.17)	250,000.00		250,000.00	Other income
Fund for science and technology development from Mianzhu Municipal Bureau of Industrial Technology and Information Technology (6.30)	800,000.00		800,000.00	Other income
Subsidies granted by Deyang Employment Bureau	40,000.00		40,000.00	Other income
Bonuses granted by Deyang Employment Bureau for entrepreneurship competitions	2,000.00		2,000.00	Other income
Fund for industrial development from Mianzhu Municipal Bureau of Industrial Technology and Information Technology in 2018 (2018)	240,000.00		240,000.00	Other income
Special fund allocated by Mianzhu Municipal Bureau of Commerce and Economic Cooperation in 2019 for development of foreign trade and economies (9.30)	2,330,776.00		2,330,776.00	Other income
Rewards from Mianzhu Municipal Bureau of Finance for the construction of epidemic prevention system (9.09)	300,000.00		300,000.00	Other income
Subsidy granted by Mianzhu Municipal Bureau of Finance for the construction of the epidemic prevention system for industrial enterprises (10.30)	1,650,000.00		1,650,000.00	Other income
Tax incentives for enterprises recruiting retired soldiers and key groups	2,179,050.00	1,052,250.00	1,126,800.00	Other income
Special fund for intellectual property right ---a method for production of high-gloss and high-covering rutile titanium dioxide	150,000.00	150,000.00		Other income

Special subsidy from industrial emergency fund for "8.11" flood	142,100.00	142,100.00		Other income
Subsidy of Mianzhu City for actions taken to improve employability skills---subsidy for on-job trainings	813,400.00	813,400.00		Other income
Science and technology development funds from Mianzhu Municipal Bureau of Industrial Technology and Information Technology	500,000.00	500,000.00		Other income
Fund from Mianzhu Municipal Market Supervision and Administration for intellectual property rights	77,800.00	77,800.00		Other income
Subsidy granted by Mianzhu Municipal Employment and Entrepreneurship Promotion Center to enterprises for actions taken to improve vocational skills in Deyang City (8.04)	158,700.00	158,700.00		Other income
Subsidy for the good opening of Mianzhu Municipal Bureau of Industrial Technology and Information Technology (9.18)	150,000.00	150,000.00		Other income
Special fund from Mianzhu Municipal Market Supervision and Administration for intellectual property rights (9.26)	200,000.00	200,000.00		Other income
Fund from Mianzhu City Commercial and Economic Cooperation Bureau for foreign trade	2,240,000.00	2,240,000.00		Other income
Fund of 2021 for the first batch of industrial development projects - project of Longbai Sichuan Titanium Industry Co., Ltd. for promoting the integrated development of small and medium-sized enterprises (11.30)	1,200,000.00	1,200,000.00		Other income
Special fund of 2021 for the third batch of scientific and technological projects	14,070.00	14,070.00		Other income
Research on water descaling and recycling technologies in titanium dioxide production	60,000.00	60,000.00		Other income
Special municipal fund of 2021 allocated by district business bureau for commerce and trade development	413,800.00	413,800.00		Other income
Fund for talent selection and development	102,000.00	102,000.00		Other income
Subsidies for Lomon titanium chloride innovation project (subsidies for electricity bills)	11,000,000.00		11,000,000.00	Other income
Subsidies allocated by the Bureau of Finance for the steady start of provincial industries in 2020	100,000.00		100,000.00	Other income
Subsidies allocated by the finance authority for the normal production of key industrial enterprises during the Spring Festival in 2019	651,614.00		651,614.00	Other income
Special subsidies allocated by Yanbian County Financial Treasury Payment Center for epidemic prevention and control of key provincial projects	500,000.00		500,000.00	Other income
Patent subsidies allocated by Panzhihua Market Supervision Administration	6,200.00		6,200.00	Other income
Preferential fund from Nanzhang County Financial Department for attracting foreign businesses and investment	9,570,388.00		9,570,388.00	Other income
Unemployment insurance fund refunded	141,934.90		141,934.90	Other income
Special subsidies granted by Nanzhang County Market Supervision Administration	6,000.00		6,000.00	Other income

to Lomon Titanium Industry				
Subsidies granted by Economic Development Zone Bureau of Nanzhang County Finance Bureau	30,000.00		30,000.00	Other income
Special rewards granted by Nanzhang County Human Resources and Social Security Bureau for enterprise structure adjustment	300,000.00		300,000.00	Other income
Employment subsidies, and subsidies for skills improvement	155,000.00		155,000.00	Other income
Incentive funds allocated by Nanzhang County Bureau of Commerce in 2019 for foreign trade export enterprises	2,244,000.00		2,244,000.00	Other income
Provincial-level special funds for foreign economic and trade development (rewards for foreign trade and service outsourcing)	93,200.00		93,200.00	Other income
Special funds for promoting foreign trade development	1,501,400.00	867,700.00	633,700.00	Other income
Tax incentives for 80 veterans	1,374,000.00	681,000.00	693,000.00	Other income
Special award for patents granted by Nanzhang County Market Supervision Administration to Lomon Titanium Industry	7,000.00	7,000.00		Other income
Fund from Nanzhang County Environmental Protection Bureau for project of treatment of unorganized discharge in South Industrial Park	340,000.00	340,000.00		Other income
Fund allocated by Nanzhang County Finance Bureau for the first batch of traditional industry transformation and upgrading projects in 2019 (waste acid concentration and recycling projects)	800,000.00	800,000.00		Other income
Fund from Municipal Bureau of Finance for high-tech enterprise accreditation and incentive project of 2020 (2nd batch)	100,000.00	100,000.00		Other income
Special fund of Xiangyang City for promoting development of foreign trade and economies in 2020 (export credit insurance)	87,600.00	87,600.00		Other income
Special fund for high-quality development of provincial manufacturing industry in 2020	3,000,000.00	3,000,000.00		Other income
Subsidy from the Employment Bureau for vocational training during COVID-19	323,880.00	323,880.00		Other income
Subsidy from the Employment Bureau for on-job vocational training during COVID-19	404,620.00	404,620.00		Other income
Special fund from central government for foreign trade and economic development	281,000.00	281,000.00		Other income
Incentive funds under the preferential policy for investment in 2020 (tax refund)	4,795,446.00	4,795,446.00		Other income
Incentive funds allocated by Bureau of Commerce to foreign trade export enterprises	4,207,800.00	4,207,800.00		Other income
Reward and subsidy for intellectual property rights	37,000.00	37,000.00		Other income
Special funds for the provincial industrial and information development in 2019	5,000,000.00		5,000,000.00	Other income
Rewards for assessment of spanning development goals	150,000.00		150,000.00	Other income
Special rewards and subsidies granted by Lufeng County Human Resources and Social Security Bureau for industrial	500,000.00		500,000.00	Other income

enterprise structural adjustment				
Subsidies received on behalf of Lufeng Company from Employment Security Bureau of Lufeng County for absorbing the employment of college graduates	205,000.00		205,000.00	Other income
The second batch of patent subsidies from Yunnan Provincial Market Supervision Administration	21,000.00		21,000.00	Other income
Employment subsidy from Human Resources and Social Security Bureau of Lufeng County	155,000.00	155,000.00		Other income
Subsidy from Human Resources and Social Security Bureau of Lufeng County for training on general knowledge of work safety	651,200.00	651,200.00		Other income
Subsidy from Bureau of Commerce of Lufeng County for project promoting quality improvement of foreign trade while maintaining stability	100,000.00	100,000.00		Other income
Subsidy from Bureau of Commerce of Lufeng County for trade, import and export of 2020	38,000.00	38,000.00		Other income
Special subsidy for the foreign trade and economic development of 2020	447,400.00	447,400.00		Other income
Subsidy from Human Resources and Social Security Bureau of Lufeng County for training on chemical production operation	700,800.00	700,800.00		Other income
Subsidy granted under L. C. J. No.96 document for energy conservation and consumption reduction	45,000.00	45,000.00		Other income
Second batch of provincial subsidy for foreign trade and economic development of 2021	494,400.00	494,400.00		Other income
Stable growth subsidies granted by Wuding County Industrial Information Business Science and Technology Bureau	72,000.00	15,000.00	57,000.00	Other income
Subsidy for dynamic unemployment monitoring and survey	476.00	476.00		Other income
Longbai Intelligent Equipment Industrial Park project	5,335,500.00	5,335,500.00		Other income
First batch of provincial special fund for foreign trade and economic development	10,900.00	10,900.00		Other income
Special fiscal subsidy of 2020 for enterprise R&D projects	40,000.00	40,000.00		Other income
Fund allocated by Changsha Economic and Technological Development Zone Management Committee (special fund for development of regional talents)	1,000.00	1,000.00		Other income
Fund allocated from the budget deposit account of the bureau of finance of Changsha Economic and Technological Development Zone Management Committee (municipal fund of 2020 for development of foreign trade)	520,000.00	520,000.00		Other income
Special fund received from Changsha Economic and Technological Development Zone for ecological civilization construction	100,000.00	100,000.00		Other income
Booth subsidy received from the budget deposit account of the bureau of finance of Changsha Economic and Technological Development Zone Management Committee	17,600.00	17,600.00		Other income

Expenditure for high-tech enterprise R&D from Changsha Treasury Centralized Payment and Accounting Center	200,000.00	200,000.00		Other income
Subsidy for development and services concerning foreign affairs	25,000.00	25,000.00		Other income
Special fund of Hunan Province for promoting intellectual property strategies in 2021	6,000.00	6,000.00		Other income
Special fund of Hunan Province for scientific and technological innovation in 2021	253,800.00	253,800.00		Other income
Fund for intellectual property projects in 2021	120,000.00	120,000.00		Other income
Special fund of Changsha City for promoting foreign trade development in 2021	500,000.00	500,000.00		Other income
Rewards and subsidies of Hunan Province for research and development by enterprises, colleges and universities and scientific research institutions in 2021	44,000.00	44,000.00		Other income
Tax refund for attracting foreign businesses and investment	80,000.00	80,000.00		Other income
Subsidy received for employing college graduates	60,000.00	60,000.00		Other income
Subsidy received under L. C. J. No.96 document for energy audit	15,000.00	15,000.00		Other income
Reward and subsidy allocated by the bureau of finance for the construction of demonstration zone for transfer and transformation of provincial scientific and technological achievements	200,000.00	200,000.00		Other income
Subsidy received from Jinchang Municipal Science and Technology Bureau for scientific special commissioner	90,000.00	90,000.00		Other income
Subsidy for closing down coal-fired boilers (2019)	288,000.00	288,000.00		Other income
Special fund from Bureau of Industry and Information Technology of Chaoyang County for overall opening	100,000.00	100,000.00		Other income
Special fund for promoting economic development	297,373.48	297,373.48		Other income
Special fund for foreign trade and economic development	25,450.76	25,450.76		Other income
Subsidy from Shantou Municipal Chamber of Import and Export Trade	3,600.00	3,600.00		Other income
Municipal reward and subsidy from Bureau of Science and Technology of Shantou Municipality for high-tech enterprises in 2020	40,000.00	40,000.00		Other income
Fund for epidemic prevention in 2020 from the Food Administration	200,000.00	200,000.00		Other income
Subsidies for on-job trainings	2,162,600.00		2,162,600.00	Other income
Subsidies from Mianzhu Employment Service Administration	829,000.00		829,000.00	Other income
Invoice funds for enterprise enjoying financial supports from Qinghua Street, Bo'ai County	745,291.73		745,291.73	Other income
Employment subsidies received on behalf from Human Resources and Social Security Bureau of Lufeng County	190,000.00		190,000.00	Other income
Rewards granted by Mianzhu Municipal	150,000.00		150,000.00	Other income

Bureau of Finance for employment during the epidemic				
Funds allocated by Changsha Economic Development Zone Management Committee (interest subsidies for resumption of work and production)	120,000.00		120,000.00	Other income
Science and technology development rewards from Mianzhu Municipal Bureau of Industrial Technology and Information Technology	100,000.00		100,000.00	Other income
County-level supporting funds allocated by Mianzhu Municipal Bureau of Finance for science and technology program projects	100,000.00		100,000.00	Other income
Subsidy granted by Mianzhu Municipal Bureau of Industrial Technology and Information Technology for the approval of research and development and transformation projects for the primary particle size test method and particle size control technology of titanium dioxide	100,000.00		100,000.00	Other income
Rewards granted by Mianzhu Municipal Bureau of Finance for responding to impacts of COVID-19 and vigorously implementing stable economic development policies in 2020 (subsidies for electricity in the second quarter)	100,000.00		100,000.00	Other income
Subsidies granted by Mianzhu Employment Service Administration for safety skills training	84,400.00		84,400.00	Other income
Subsidy granted by Changsha Municipal Science and Technology Bureau for enterprises above designated size in 2020	61,400.00		61,400.00	Other income
Reward for scientific and technological advancement of Science & Technology Department of Sichuan Province	30,000.00		30,000.00	Other income
High-tech development rewards from Mianzhu Municipal Bureau of Industrial Technology and Information Technology	25,000.00		25,000.00	Other income
County-level supporting funds allocated by Mianzhu Municipal Bureau of Finance for Deyang science and technology program projects in 2020	25,000.00		25,000.00	Other income
Reward and subsidy for security liability insurance granted by Nanzhang County Emergency Management Bureau in 2019	22,000.00		22,000.00	Other income
Subsidies granted by Deyang Employment and Entrepreneurship Promotion Center for the special unemployment payment account	18,939.69		18,939.69	Other income
Post incentive funds from the Organization Department of Sichuan Provincial Committee of the CPC	12,000.00		12,000.00	Other income
Compensation for the financial insurance payment of loan collaterals	8,820.00		8,820.00	Other income
Subsidies granted by Mianzhu Employment Service Administration for mass entrepreneurship and innovation	5,000.00		5,000.00	Other income
Incentives received from Mianzhu Municipal Bureau of Finance for absorbing employment of college graduates	2,000.00		2,000.00	Other income
Subsidy for dynamic unemployment monitoring and survey	525.00		525.00	Other income
Subsidies allocated by Xinjiu Township	50,000.00		50,000.00	Non-operating income

People's Government for the party building demonstration project in 2018 – subsidies for the construction of party building demonstration base in 2018				
Subsidies allocated by Xinjiu Township People's Government for the construction of the Party Member Standardization Construction Activity Center (Party Building Center of Migrant Workers)	14,240.00		14,240.00	Non-operating income

VIII. Changes in Consolidation Scope

1. Business merger not under common control

(1) Business merger not under common control in the current period

Monetary Unit: Yuan

Name of acquiree	Equity acquisition time	Equity acquisition cost	Proportion of equity acquired	Equity acquisition method	Date of purchase	Basis for determining the date of purchase	Income of acquiree from the date of purchase to the end of the corresponding period	Net profit of acquiree from the date of purchase to the end of the corresponding period
Jiaozuo Weina Technology Co., Ltd.	June 1, 2021	102,000,000.00	100.00%	Purchase	June 1, 2021	Pay purchase price and completely handle industrial and commercial registration of changes	257,171,762.29	33,201,917.36
Henan Zhongtan New Material Technology Co., Ltd.	March 25, 2021	291,556,400.00	100.00%	Purchase	March 25, 2021	Fully pay price and completely handle change in management	123,379,224.17	-5,698,627.58

2) Combination costs and goodwill

Monetary Unit: Yuan

Combination costs	Jiaozuo Weina Technology Co., Ltd.	Henan Zhongtan New Material Technology Co., Ltd.
--Cash	102,000,000.00	291,556,400.00
-- Fair value of non-cash assets		
-- Fair value of liabilities issued or assumed		
-- Fair value of equity securities issued		
-- Fair value of contingent consideration		
-- Fair value of equity held before acquisition date before acquisition date		
--Other		
Total combination costs	102,000,000.00	291,556,400.00
Less: Fair value of identifiable net assets acquired	79,024,804.01	266,726,330.38

Amount of the difference by which the goodwill/combination cost is less than the fair value of the identifiable net assets acquired	22,975,195.99	24,830,069.62

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

Monetary Unit: Yuan

	Jiaozuo Weina Technology Co., Ltd.		Henan Zhongtan New Material Technology Co., Ltd.	
	Fair value on purchase date	Book Value on purchase date	Fair value on purchase date	Book Value on purchase date
Assets:	173,352,121.63	148,280,207.02	508,976,482.27	413,807,683.97
Monetary funds	2,021,130.55	2,021,130.55	359,837.21	359,837.21
Receivables	16,605,418.05	16,605,418.05	1,949,930.52	1,949,930.52
Inventories	57,262,222.63	52,558,885.37	37,081,253.63	37,081,253.63
Fixed assets	28,654,236.85	21,099,539.00	731,656.86	746,144.53
Intangible assets	16,518,520.93	3,763,232.29	43,368,427.14	25,748,319.46
Liabilities:	94,327,317.62	90,516,728.20	242,250,151.89	218,457,952.31
Borrowings	27,800,000.00	27,800,000.00	9,778,856.14	9,778,856.14
Payables	57,914,542.21	57,914,542.21	40,358,423.17	40,358,423.17
Deferred income tax liabilities				
Net assets	79,024,804.01	57,763,478.82	266,726,330.38	195,349,731.66
Less: Minority shareholders' equity				
Net assets acquired	79,024,804.01	57,763,478.82	266,726,330.38	195,349,731.66

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

Is there a transaction that realizes the business combination step by step through multiple transactions and through which control is obtained during the report period

√ Yes □ No

Monetary Unit: Yuan

Name of acquiree	Book value on the purchase date of the shares held before the purchase date	Fair value on the purchase date of the shares held before the purchase date	Gains or losses arising from re-measurement of equity held before the date of acquisition at fair value	Recognition method and major assumption of fair value on the purchase date of the shares held before the purchase date	Amount of other comprehensive income related to the shared held before the purchase date that has been included in investment income
Weina Technology	12,304,710.49	21,726,000.00	9,421,289.51	Refer to fair market value	

2. Changes in scope of merger for other reasons

1. Shandong Longbai Titanium Technology Co., Ltd. and Henan Billions New Energy Materials Co., Ltd.

incorporated in 2020 made investments in the Company in this year. The Company established Henan Longbai New Material Technology Co., Ltd., Gansu Billions Chemical Co., Ltd., Yunnan Donggao New Material Co., Ltd. and Hubei Billions Wanrun New Energy Co., Ltd. in this year;

2. The Company deregistered Lomon US Ltd. in this year.

IX. Equity in Other Persons

1. Equity in subsidiaries

(1) Composition of business group

Name of subsidiary	Principal place of business	Place of registration	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Bailiyuan Reservoir	Jiaozuo, Henan	Jiaozuo, Henan	Water resources	97.83%		Establishment
Yili Microfinance	Jiaozuo, Henan	Jiaozuo, Henan	Finance	84.40%		Establishment
Billions (Hong Kong)	Hong Kong, China	Unit 1503, 15/F, One Harbourfront, 18 Tak Fung Street, Hung Hom, Kowloon, HK	Sales of chemical products	100.00%		Establishment
Billions Europe	Britain	Floor 1, Winder House, Kingfisher Way, Stockton-on-tees, United Kingdom	Sales of chemical products		100.00%	Establishment
BILLIONS America	Illinois, U.S.	801 Adlai Stevenson Dr, Springfield, Illinois,	Business activities concerning TR52 ink titanium dioxide		100.00%	Establishment
Hunan Oriental Scandium	Changsha, Hunan	Changsha, Hunan	Manufacturing	51.72%		Purchase
Rongjia Scandium Vanadium	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing		100.00%	Purchase
Longxiangshan Tourism	Jiaozuo, Henan	Jiaozuo, Henan	Tourism	100.00%		Establishment
United Pigment	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing	77.50%		Establishment
Billions New Material	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing	100.00%		Establishment
Longbai Titanium Industry	Deyang, Sichuan	Deyang, Sichuan	Manufacturing	100.00%		Purchase
Xingbai Titanium Industry	Jinchang, Gansu	Jinchang, Gansu	Manufacturing	70.00%		Establishment
Longbai Mining and Metallurgy	Panzhihua, Sichuan	Panzhihua, Sichuan	Mineral separation	100.00%		Purchase
Longbai Minerals	Panzhihua, Sichuan	Panzhihua, Sichuan	Mining and mineral separation		91.20%	Purchase
Xiangyang Titanium	Xiangyang, Hubei	Xiangyang, Hubei	Production and sales of titanium dioxide	100.00%		Purchase
Ruierxin	Panzhihua, Sichuan	Panzhihua, Sichuan	Sales of mineral products	100.00%		Purchase

Billions Finance Lease (Guangzhou) Co., Ltd.	Guangzhou	Nansha District, Guangzhou	Financial service	61.93%	36.43%	Establishment
Longbai Intelligent	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing	100.00%		Establishment
Xinli Titanium	Kunming, Yunnan	Kunming, Yunnan	Manufacturing	99.58%		Purchase
Lufeng Titanium	Kunming, Yunnan	Kunming, Yunnan	Manufacturing		100.00%	Purchase
Wuding Titanium	Kunming, Yunnan	Kunming, Yunnan	Manufacturing		100.00%	Purchase
Shanghai Lomon	Shanghai	Shanghai	Service industry	100.00%		Establishment
Yunnan National Titanium	Lufeng, Kunming	Lufeng, Kunming	Manufacturing	99.00%	100.00%	Establishment
Gansu National Titanium	Jinchang, Gansu	Jinchang, Gansu	Manufacturing	70.00%		Establishment
Jiaoli Commodity Trade	Jiaozuo, Henan	Jiaozuo, Henan	Trade	100.00%		Purchase
Orient Zirconic	Shantou, Guangzhou	Shantou, Guangzhou	Zirconium product manufacturing	23.62%		Purchase
Leiyang Donggao	Leiyang, Hunan	Leiyang, Hunan	Manufacturing		100.00%	Purchase
Chaoyang Donggao	Chaoyang, Liaoning	Songlingmen Mongolian Township, Chaoyang County	Manufacturing		100.00%	Purchase
Australia Donggao	Adelaide, Australia	Adelaide	Manufacturing		100.00%	Purchase
Murray Zircon Pty Ltd	Adelaide, Australia	Adelaide	Mining		79.28%	Purchase
Lechang Donggao	Lechang, Guangdong	Pingshi Township, Lechang	Manufacturing		100.00%	Purchase
Shandong Longbai	Rizhao, Shandong	Rizhao, Shandong	Manufacturing		100.00%	Establishment
Weina Technology	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing		100.00%	Purchase
Zhongtan New Material	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing		100.00%	Purchase
Donggao New Materials	Chuxiong, Yunnan	Kunming, Yunnan	Manufacturing		100.00%	Purchase
Donggao Technical Service	Shantou, Guangzhou	Shantou, Guangzhou	Wholesale		100.00%	Purchase
Jiaozuo Donggao	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing		100.00%	Purchase
Bilions Chemical	Jinchang, Gansu	Jinchang, Gansu	Manufacturing		100.00%	Establishment
New Energy Materials	Jiaozuo, Henan	Jiaozuo, Henan	Manufacturing	100.00%		Establishment
New Materials Technology	Jiaozuo, Henan	Jiaozuo, Henan	Service industry	100.00%		Establishment
Wanrun, Hubei	Xiangyang, Hubei	Xiangyang, Hubei	Wholesale		100.00%	Establishment
Revitalization Vanadium and Titanium	Panzhihua, Sichuan	Panzhihua, Sichuan	Capital market service		69.98%	Establishment

2) Important non-wholly owned subsidiaries

Monetary Unit: Yuan

Name of subsidiary	Shareholding of minority shareholders	Current profit and loss attributable to minority shareholders	Dividend declared to be distributed to minority shareholders in the current period	Closing balance of minority shareholders' equity
Bailiyuan Reservoir	2.17%	332,169.57		473,649.57
Yili Microfinance	15.60%	2,180,455.31		56,085,920.64
United Pigment	22.50%	5,907,653.98	2,250,000.00	26,120,721.63
Longbai Minerals	8.80%	49,492,054.95	35,200,000.00	127,085,892.09
Xinli Titanium	0.42%	1,659,531.07		1,480,832.65
Billions Finance Lease (Guangzhou) Co., Ltd.	1.64%	388,517.99		5,028,036.01
Orient Zirconic	73.86%	114,981,371.25		1,276,900,414.48
Gansu National Titanium	30.00%	-10,517,581.05		288,956,238.76
Hunan Oriental Scandium	48.28%	8,556,644.89		89,061,655.94
Total		172,980,817.96	37,450,000.00	1,871,193,361.77

3) Main financial information of important non-wholly-owned subsidiaries

Monetary Unit: Yuan

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bailiyuan Reservoir	7,235,686.66	165,223,097.94	172,458,784.60	149,935,135.54		149,935,135.54	1,806,667.77	170,272,284.80	172,078,952.57	165,015,250.12		165,015,250.12
United Pigment	85,663,441.84	95,756,856.74	181,420,298.58	55,119,700.67	1,109,375.00	56,229,075.67	46,317,197.47	73,207,993.73	119,525,191.20	14,267,029.79	1,296,875.00	15,563,904.79
Yili Microfinance	293,249,412.20	72,799,122.07	366,048,534.27	155,074,435.71		155,074,435.71	19,480,982.13	484,386,309.74	503,867,291.87	7,314,212.23		7,314,212.23
Billions Finance Lease (Guangzhou) Co., Ltd.	258,427,605.85	55,378,265.08	313,805,870.93	4,735,173.40		4,735,173.40	4,637,137.69	289,985,383.95	294,622,521.64	10,693,375.33		10,693,375.33
Longbai Minerals	965,703,100.28	498,482,496.06	1,464,185,596.34	182,956,417.66	84,103,156.51	267,059,574.17	744,765,524.47	430,761,494.18	1,175,527,018.65	154,770,517.53	37,337,064.71	192,107,582.24
Xinli Titanium	1,327,730,806.21	1,360,645,923.01	2,688,376,729.22	571,790,649.03	124,641,820.89	696,432,469.92	961,277,013.20	670,852,376.27	1,632,129,389.47	1,368,563,692.45	137,534,042.48	1,506,097,734.93
Hunan Oriental Scandium	119,223,823.08	99,583,766.28	218,807,589.36	18,756,841.45	9,503,935.01	28,260,776.46	107,636,803.91	90,483,418.11	198,120,222.02	21,374,093.34	10,000,041.18	31,374,134.52
Gansu National Titanium	215,510,522.46	1,097,230,618.84	1,312,741,141.30	347,168,305.39		347,168,305.39	192,300,817.89	720,682,372.28	912,983,190.17	513,695,810.94		513,695,810.94
Orient Zirconic	723,018,838.47	1,388,791,359.96	2,111,810,198.43	801,299,929.12	88,174,273.77	889,474,202.89	755,750,804.42	1,555,812,563.96	2,311,563,368.38	1,251,542,555.42	8,498,666.32	1,260,041,221.74
Bailiyuan Reservoir	7,235,686.66	165,223,097.94	172,458,784.60	149,935,135.54		149,935,135.54	1,806,667.77	170,272,284.80	172,078,952.57	165,015,250.12		165,015,250.12

Monetary Unit: Yuan

Name of subsidiary	Accrual in the current period				Accrual in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Bailiyuan Reservoir	27,903,625.19	15,307,353.65	15,307,353.65	23,115,527.83	706,417.92	-12,067,680.81	-12,067,680.81	-886,618.54
United Pigment	239,682,542.52	26,256,239.93	26,256,239.93	22,084,183.96	151,347,067.99	20,234,271.12	20,234,271.12	24,799,326.12
Yili Microfinance	27,529,380.68	13,977,277.63	13,977,277.63	145,745,009.57	31,048,974.61	17,037,532.45	17,037,532.45	-23,328,148.19
Billions Finance Lease	24,397,613.81	23,699,597.29	23,699,597.29	33,064,409.37	28,712,092.28	19,018,269.49	19,018,269.49	101,030,700.75

(Guangzhou) Co., Ltd.								
Longbai Minerals	1,221,944,792.16	562,409,715.28	562,409,715.28	36,270,762.98	812,097,438.22	401,016,913.81	401,016,913.81	367,224,869.62
Xinli Titanium	1,322,058,841.90	146,294,221.46	146,294,221.46	134,690,868.09	959,786,448.51	-63,810,230.46	-63,810,230.46	-243,373,033.84
Hunan Oriental Scandium	75,538,776.35	17,722,959.59	17,722,959.59	21,819,782.32	594,842.61	359,783.93	359,783.93	2,615,272.55
Gansu National Titanium	121,160,270.07	-36,404,968.54	-36,404,968.54	-104,392,509.12	70,972.89	-712,620.77	-712,620.77	-4,297,810.47
Orient Zirconic	1286303349	150,414,402.81	150,414,402.81	196,088,165.53				

3. Equity in joint ventures or associates

(1) Important joint venture or affiliated business

Name of joint ventures or associates	Principal place of business	Place of registration	Business nature	Shareholding ratio		Accounting treatment methods for investment in joint ventures or associates
				Direct	Indirect	
Kunming Wuxin Huali Mineral Industry Co., Ltd. (hereinafter referred to as "Wuxin Huali")	Yunnan Province	Yunnan	Wholesale and retail		47.28%	Equity method
Image Resources NL	Perth, Australia	Perth, Australia	Exploration		20.53%	Equity method
Panzhihua Zhenxing Mining Co. Ltd.	Panzhihua, Sichuan	Panzhihua, Sichuan	Sale of minerals		69.9767%	Equity method

(2) Main financial information of important associates

Monetary Unit: Yuan

	Closing balance/Accrual in the current period			Opening balance/accrual incurred in previous period	
	Revitalization Vanadium and Titanium	Wuxin Huali	Image Resources NL	Wuxin Huali	Image Resources NL
Current assets	7,038,723.27	66,868,966.24	497,328,115.16	70,116,592.46	420,290,695.50
Non-current assets	2,303,224,326.68	35,610,579.07	331,138,812.97	28,093,749.67	440,215,439.10
Total assets	2,310,263,049.95	102,479,545.31	828,466,928.13	98,210,342.13	860,506,134.60
Current liabilities	289,375.00	178,434.97	259,646,743.05	37,196.19	195,605,602.20
Non-current liabilities	-	-	54,974,909.20	-	119,979,863.40
Total liabilities	289,375.00	178,434.97	314,621,652.25	37,196.19	315,585,465.60
Minority interests					
Shareholder equity attributable to parent company	2,309,973,674.95	102,301,110.34	513,845,275.88	98,173,145.94	544,920,669.00
Net assets shares calculated by shareholding ratio	2,095,440,482.83	48,367,964.97	105,081,358.92	46,416,263.40	111,872,213.35
Adjusted items	-	3,999,904.41	23,409,382.87	7,851,998.45	28,336,787.30
--Goodwill	-	3,999,904.41	23,409,382.87	7,851,998.45	36,125,077.57
--Profits not achieved internally	-	-	-	-	-7,788,290.27

--Other	-	-	-	-	-
Book value of equity investment in associates	2,095,440,482.83	52,367,869.38	128,490,741.79	46,416,263.40	140,209,000.65
Fair value of equity investment in associates with public offers	-	-	-	-	-
Operating income	-	-	864,275,856.23	54,268,261.85	843,324,950.30
Net profit	-5,026,325.05	-4,019,442.62	95,066,167.46	-6,183,230.02	118,496,197.05
Net profit of discontinued operations	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-5,026,325.05	-4,019,442.62	95,066,167.46	-6,183,230.02	118,496,197.05
Dividends received from associates in the current year	-	-	19,684,120.86	-	-

(4) Main financial information of unimportant joint ventures or affiliated businesses

Monetary Unit: Yuan

	Closing balance/Accrual in the current period	Opening balance/accrual incurred in previous period
Cooperative enterprise:	--	--
Total of the following items calculated based on shareholding ratio	--	--
Joint venture:	--	--
Total book value of investment	40,225,199.64	11,308,006.30
Total of the following items calculated based on shareholding ratio	--	--
--Net profit	222,005.27	903,182.11
--Total comprehensive income	222,005.27	903,182.11

X. Risks Associated with Financial Instruments

The Company faces various financial risks in its business operations: credit risk, market risk and liquidity risk. The Company's board of directors is fully responsible for determination of risk management objectives and policies, and assumes ultimate responsibility for risk management objectives and policies. However, the board of directors has authorized the Company's functional departments to design and implement procedures that can ensure effective implementation of risk management objectives and policies. The board of directors reviews effectiveness of the implemented procedures and rationality of the risk management objectives and policies by means of the monthly reports submitted by heads of the functional departments. The Company's internal auditors will also audit risk management policies and procedures and report the findings to audit committee.

Overall goal of the Company's risk management is to develop risk management policies that minimize risks without overly affecting the Company's competitiveness and resilience.

(I) Credit risk

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

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, debt investments, other debt investments and financial guarantee contracts, and also from debt instrument investments and derivative financial assets that are not included in the scope of impairment assessment and are measured at fair value with their changes being included in the current profit and loss. On the balance sheet date, book value of the Company's financial assets represented its maximum credit risk exposure.

The Company's monetary funds are mainly bank deposits deposited with state-owned banks and other large and medium-sized listed banks that are in good standing and enjoy high credit ratings. The Company believes that it is exposed to no major credit risk, and will hardly suffer major losses due to bank defaults.

In addition, for bills receivable, accounts receivable, receivables financing and other receivables, the Company have related policies in place to control credit risk exposure. The Company assesses the credit qualification of customers and set corresponding credit period for them on the basis of their financial status, possibility of obtaining guarantee from third party, credit records and other factors such as the current market conditions. The Company will regularly monitor the credit records of customers, and for those with adverse credit records, the Company will send them written notice of a call, and shorten or cancel their credit periods, to ensure the overall credit risk of the Company under control.

(II) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle cash or other financial assets.

The Company's policy is to ensure that there is sufficient cash to pay off debts as they fall due. Liquidity risk is centrally controlled by Finance Department of the Company. Finance Department ensures that the Company has sufficient funds to repay debts under all reasonable forecasts by monitoring cash balances, marketable securities at any time, and rolling forecasts of future 12-month cash flows. Finance Department has also monitored the compliance with loan agreement to obtain the commitments from major financial institutions to provide adequate

reserve fund to meet short- and long-term fund demands.

Financial liabilities are listed below by maturity date of undiscounted contractual cash flows:

Item	Closing balance			
	Within one year	1-5 years	Over 5 years	Total
Short-term borrowings	4,701,789,204.77			4,701,789,204.77
Notes payable	6,535,600,545.53			6,535,600,545.53
Accounts payable	3,156,230,890.85	394,686,306.10		3,550,917,196.95
Other payables	1,489,815,524.45	1,465,339,385.00		2,955,154,909.45
Non-current liabilities maturing within one year	1,505,871,653.25			1,505,871,653.25

Item	Closing balance			
	Within one year	1-5 years	Over 5 years	Total
Long-term borrowings		3,942,575,952.45		3,942,575,952.45
Lease liabilities		20,161,526.06		20,161,526.06
Long-term payables		81,805,847.16		81,805,847.16
Total	17,389,307,818.85	5,904,569,016.77		23,293,876,835.62

Item	Balance at the end of the previous year			
	Within one year	1-5 years	Over 5 years	Total
Short-term borrowings	4,096,580,112.52			4,096,580,112.52
Notes payable	5,022,859,793.35			5,022,859,793.35
Accounts payable	2,345,353,004.20	361,528,900.89		2,706,881,905.09
Other payables	411,265,027.98			411,265,027.98
Non-current liabilities maturing within one year	1,486,379,981.00			1,486,379,981.00
Other current liabilities	171,110,970.73			171,110,970.73
Long-term borrowings		3,469,282,193.84		3,469,282,193.84
Long-term payables		129,262,697.16		129,262,697.16
Total	13,533,548,889.78	3,960,073,791.89		17,493,622,681.67

(III) Market risk

The market risk of a financial instrument means the risk that the fair value or future cash flow of the financial instrument fluctuates because of change in the market price, including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

Interest rate risk means the risk that the fair value or future cash flow of a financial instrument fluctuates because of change in the market interest rate.

Interest-bearing financial instruments with fixed interest rates and floating interest rates expose the Company to fair value interest rate risk and cash flow interest rate risk. The Company determines the proportions of fixed interest rate instruments and floating interest rate instruments based on the market environment, and maintains an appropriate portfolio of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

2. Exchange rate risk

Exchange rate risk means the risk that the fair value or future cash flow of a financial instrument fluctuates because of change in the foreign exchange rate.

The Company constantly monitors foreign currency transactions and size of foreign currency assets and liabilities to minimize the exchange rate risks. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. The Company didn't enter into any forward foreign exchange contract or currency swap contract in the current and previous periods.

The exchange rate risk faced by the Company mainly comes from financial assets and financial liabilities denominated in USD. The amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB is as follows:

Item	Balance at the end of the year					
	USD	EUR	GBP		Other foreign currencies	Total
Financial assets in foreign currencies						
Monetary funds	535,288,915.73	105,189,753.93	798,784.68	18,101,757.35	7,637,277.29	667,016,488.98
Accounts receivable	1,417,776,596.60	130,509,751.76	3,794,268.54		197,224.00	1,552,277,840.90
Subtotal	1,953,065,512.33	235,699,505.69	4,593,053.22	18,101,757.35	7,834,501.29	2,219,294,329.88
Financial liabilities in foreign currencies						

Short-term borrowings	1,202,875,263.18					1,202,875,263.18
Accounts payable	320,989,030.27	3,183,765.90	493,746.07	2,330,551.75	439,284.64	327,436,378.63
Employee benefits payable	229,231.54				6,540.80	235,772.34
Other payables	159,331,281.04			6,452,420.62	34,113.05	165,817,814.71
Non-current liabilities maturing within one year	190,372,477.19	245,481,332.39				435,853,809.58
Lease liabilities	1,297,598.66					1,297,598.66
Long-term borrowings	409,957,510.00					409,957,510.00
Subtotal	2,284,829,701.14	248,665,098.29	493,746.07	8,782,972.37	702,629.23	2,543,474,147.10
Net amount	-331,764,188.81	-12,965,592.60	4,099,307.15	9,318,784.98	7,131,872.06	-324,179,817.22

Item	Balance at the end of the previous year				
	USD	EUR	GBP	Other foreign currencies	Total
Financial assets in foreign currencies					
Monetary funds	563,483,331.01	41,971,006.88	5,878,060.64	13,635,395.71	624,967,794.24
Accounts receivable	1,162,386,615.14	172,629,917.67	14,581,641.13	524,203.40	1,350,122,377.34
Other receivables	37,004,845.07			5,969,397.00	42,974,242.07
Subtotal	1,762,874,791.22	214,600,924.55	20,459,701.77	20,128,996.11	2,018,064,413.65
Financial liabilities in foreign currencies					
Short-term borrowings	411,438,924.79				411,438,924.79
Accounts payable	621,746,711.99	26,168,555.34	265,598.33	1,438,227.87	649,619,093.53
Other payables	46,924,530.60			16,024,512.55	62,949,043.15
Non-current liabilities maturing within one year	227,458,014.00				227,458,014.00
Current liabilities					
Long-term borrowings	274,763,539.00	277,399,965.79			552,163,504.79
Subtotal	1,582,331,720.38	303,568,521.13	265,598.33	17,462,740.42	1,903,628,580.26
Net amount	180,543,070.84	-88,967,596.58	20,194,103.44	2,666,255.69	114,435,833.39

3. Other price risks

Other price risk means the risk that the fair value or future cash flow of a financial instrument fluctuates due to market price changes other than exchange rate risk and interest rate risk.

XI. Disclosure of Fair Value

1. Closing fair value of assets and liabilities measured at fair value

Monetary Unit: Yuan

Item	Fair value at the end of the period			
	Measurement of first level fair value	Measurement of second level fair value	Measurement of third level fair value	Total
I. Continuous measurement at fair value	--	--	--	--
(III) Other equity instrument investment			771,145.40	771,145.40
Financing of receivables			835101190.08	835101190.08
Total assets that are measured at fair value on an ongoing basis			835872335.48	835872335.48
II. Non-continuous measurement at fair value	--	--	--	--

2. Basis for determining the market price of continuous and non-continuous first-level fair value measurement items

1. Receivables financing measured at third-level fair value that are held by the Company are notes receivable which have short remaining period, have book value equivalent to fair value and are held for the purpose of endorsement.
2. Other equity instrument investments measured at third-level fair value that are held by the Company are shares in Yunnan Jinji'an Construction Consulting Supervision Co., Ltd., Sichuan Tianhua Co., Ltd., Bank of Fudian Co., Ltd. Baita Road Sub-branch and Austpac Resources NL. Those companies are non-listed companies whose fair value is determined based on their net assets on the balance sheet date.

3. Continuous and non-continuous second-level fair value measurement items, used valuation techniques and qualitative and quantitative information on important parameters

Item	Balance at the end of the previous year	Converted to level 3	Converted from level 3	Total amount of current gains or losses		Purchase, issuance, sales and settlement				Closing balance	Change in gains or losses on the assets held at the end of the reporting period which are included into profits or losses, but have not been realized in the reporting period
				Included into profit or loss	Included into other comprehensive income	Purchase	Issue	Sale	Settlement		
Financial assets held for trading											
Financial assets measured at fair value with their changes included in current profit or loss											
— Debt instrument investment											
Financing of receivables	440,624,177.60					11,471,581,498.94		11,077,104,486.46		835,101,190.08	
Other equity instrument investments	797,169.20				-26,023.80					771,145.40	
Total	441,421,346.80				-26,023.80	11,471,581,498.94		11,077,104,486.46		835,872,335.48	

XII. Related Parties and Related-party Transactions

1. Information of parent company of the Company

The Company announced on April 22, 2020 that the Company's controlling shareholder status changed from "no controlling shareholder" to "Mr. XU Gang" and the Company's actual controller status changed from "no actual controller" to "Mr. XU Gang" in accordance with the *Company Law*, the *Administrative Rules on Acquisition of Listed Company* and other applicable laws, regulations and normative documents as well as the Company's latest shareholding structure and board members.

2. Information of subsidiaries of the Company

For details of subsidiaries of the Company, please refer to "IX. Equity in other subjects" in the Notes.

3. Information of joint ventures and associates of the Company

For information of important joint ventures and associates of the Company, please refer to "IX. Equity in other subjects" in the Notes.

4. Information of other related parties

Names of other related parties	Relationship between the Company and other related parties
Sichuan Lomon Phosphorus Products Co., Ltd. (hereinafter referred to as "Lomon Phosphorus Products")	Companies on which significant impact can be imposed as of April 2021 by the officers dismissed prior to September 2020
Nanzhang Lomon Phosphorus Products Co., Ltd. (hereinafter referred to as "Nanzhang Phosphorus Products")	Companies on which significant impact can be imposed as of April 2021 by the officers dismissed prior to September 2020
Sichuan Lomon Phosphor Chemical Co., Ltd. (hereinafter referred to as "Deyang Phosphor Chemical")	Companies on which significant impact can be imposed as of April 2021 by the officers dismissed prior to September 2020
Lomon Land Agriculture Co., Ltd. (hereinafter referred to as "Lomon Land")	Companies on which significant impact can be imposed as of April 2021 by the officers dismissed prior to September 2020
Sichuan Lomon Logistics Co., Ltd. (hereinafter referred to as "Lomon Logistics")	Companies on which significant impact can be imposed as of April 2021 by the officers dismissed prior to September 2020
Sichuan Lomon New Material Co., Ltd. (hereinafter referred to as "Lomon New Material")	Companies on which significant impact can be imposed as of April 2021 by the officers dismissed prior to September 2020
Chengdu Yibai Investment Management Co., Ltd. (hereinafter referred to as "Yibai Investment")	A company controlled by any close relative of any shareholder holding more than 5% of the Company's shares
Sichuan Lomon Fusheng Technology Co., Ltd. (hereinafter referred to as "Lomon Fusheng")	A company controlled by any close relative of any shareholder holding more than 5% of the Company's shares
Henan Yinke International Chemical Co., Ltd. (hereinafter referred to as "Henan Yinke")	A company controlled by any close relative of any shareholder holding more than 5% of the Company's shares

Note: On April 9, 2021, SD Lomon elected Mr. ZHU Quanfang as its non-independent director in the shareholders' meeting. ZHU Quanfang resigned his position of technical engineering director of the Company in September 2020. Therefore, Mr. ZHU Quanfang, SD Lomon and its subsidiaries including Lomon Phosphorus Products, Nanzhang Phosphorus Products, Deyang Phosphor Chemical, Lomon Land, Lomon Logistics and Lomon New Materials were the Company's affiliates from April 2021 to September 2021 as per the *Stock Listing Rules of the Shenzhen Stock Exchange*.

5. Related party transactions

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

Table of goods purchase/acceptance of labor services

Monetary Unit: Yuan

Related Party	Content of related party transaction	Accrual in the current period	Approved transaction amount	Whether exceed transaction amount or not	Accrual in the previous period
Weina Technology	Electricity, materials, etc.	15,210,507.63			8,418,847.00
IMAGE RESOURCES NL	Purchase of heavy placer minerals	246,911,584.21			
Nanzhang Phosphorus Products	Purchase of steam	127,200.00			2,283,361.00
Nanzhang Phosphorus Products	Accepting waste acid treatment service	10,636,362.80			22,779,329.15
Nanzhang Phosphorus Products	Accepting wastewater treatment services	6,699,401.46			13,978,681.52
Nanzhang Phosphorus Products	Procurement of supplies				490,709.74
Deyang Phosphor Chemical	Accepting waste acid treatment service				21,995,021.17
Deyang Phosphor Chemical	Accepting wastewater treatment services	38,892.87			21,142,216.55
Deyang Phosphor Chemical	Acceptance of warehouse loading and unloading services				506,662.02
Deyang Phosphor Chemical	Acceptance of transportation and auxiliary vehicle services				10,137.61
Deyang Phosphor Chemical	Purchase of dilute ammonia water	1,179,250.52			
Lomon Land	Purchase of hydrochloric acid	374,645.29			4,129,168.29
Lomon Logistics	Acceptance of transportation services	5,801,227.39			1,876,608.72
Lomon New Materials	Cement	533,178.82			
Jiaozuo Donggao	Materials				16,336,867.23
Hunan Oriental Scandium	Procurement of materials				313,725.67
Lechang Donggao	Procurement of materials				13,539,823.01
Orient Zirconic	Processing fee				9,844,257.94
Orient Zirconic	Titanium concentrate				42,957,518.60

Table of Information on Sale of Goods/Rendering of Services

Monetary Unit: Yuan

Related Party	Content of related party transaction	Accrual in the current period	Accrual in the previous period
Weina Technology	Materials	65,626,261.93	15,142,831.87
Weina Technology	Zirconium oxychloride	5,027,964.61	4,707,964.60
Weina Technology	Zirconium dioxide	161,017.69	101,902.65
Weina Technology	Titanium dioxide		416,814.16
Weina Technology	Fuel power	94,238.53	127,746.78
Weina Technology	Ion-exchange membrane caustic soda		223,703.89
Henan Yinke	Fused zirconium, etc.	6,071,568.25	
Nanzhang Phosphorus Products	Sales of water	401,768.25	960,375.00
Nanzhang Phosphorus Products	Sale of materials (sulfuric acid, etc.)	4,742,836.04	1,044,261.83
Deyang Phosphor Chemical	Sales of raw water	1,531,141.17	2,403,490.36
Deyang Phosphor Chemical	Sale of refined desalted water	155,904.92	5,422,123.15
Deyang Phosphor Chemical	Sales of electricity		3,437,524.68
Deyang Phosphor Chemical	Provision of steaming processing	2,700,355.50	11,108,821.50
Deyang Phosphor Chemical	Sale of steam	11,316,828.53	
Deyang Phosphor Chemical	Provision of equipment processing	49,844.35	166,743.62
Deyang Phosphor Chemical	Low-value and easily worn hardware	87,846.60	
Deyang Phosphor Chemical	98% sulfuric acid	2,203,539.82	
Deyang Phosphor Chemical	Provision of transportation and labor services	35,170.64	6,090,222.10
Deyang Phosphor Chemical	Provision of sulfuric acid management services	319,289.71	1,987,487.32
Deyang Phosphor Chemical	Provision of canteen management services		373,216.01
Deyang Phosphor Chemical	Provision of supporting logistics services		24,528.30
Deyang Phosphor Chemical	Water, electricity and gas in canteen	48,347.76	
Lomon Land	Sales of raw water	25,353.54	46,302.27
Lomon Land	Sale of refined desalted water		183,160.75
Lomon Land	Collection of accommodation fee	2,339.62	
Lomon New Materials	Sale of iron vitriol	60,355.75	
Lomon Fusheng	Sale of waste concentrated titaniferous solution	194,290.27	
Lomon Fusheng	Sale of iron vitriol	141,787.62	
Hunan Oriental Scandium	Crude cerium oxide		27,556,415.81
Jiaozuo Donggao	Water		520,959.08
Jiaozuo Donggao	Steam		3,391,969.97
Jiaozuo Donggao	Electricity		1,778,364.32
Jiaozuo Donggao	Sewage		2,241,617.22
Jiaozuo Donggao	Natural gas		413,236.92
Jiaozuo Donggao	Materials		39,187,379.50
Total		100,998,051.10	129,059,163.66

(2) Related-party trusteeship/contracting and entrusted management/outsourcing

Table of the Company's entrusted management / outsourcing:

Monetary Unit: Yuan

Name of client/contract-out party	Name of entrusted party/contractor	Type of entrusted/contract-out assets	Starting date of entrustment / contract-out	Termination date of entrustment / contract-out	Pricing basis for trusteeship fee / contract-out fee	Trusteeship fee / contract-out fee recognized in the current period
The Company	Orient Zirconic	Production line of zirconic products series / equity of Weina Technology	March 21, 2020	June 1, 2021	Contractual pricing	404,233.15

Description of related-party management/outsourcing

Note: The Company held the 25th meeting of the 6th Board of Directors on Dec. 27, 2019, at which the Proposal on the Custody of Zirconium-Related Assets and Related Transactions to Orient Zirconic Industry was deliberated and approved. To avoid horizontal competition, the existing production line of zirconium oxychloride and zirconium dioxide and 21.30% of stock rights held by Lomon Billions in Weina Technology shall be put under the custody of Orient Zirconic Industry, with a lease term of 5 years and custody fee of RMB0.55 million/year. As at June 1, 2021, the shares in Weina Technology have been acquired by Orient Zirconic Industry. The equity trust was terminated.

(3) Related-party leases**The Company acts as lessor:**

Monetary Unit: Yuan

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Weina Technology	Plant	404,233.15	970,159.56
Deyang Phosphor Chemical	Lease of office buildings, sulfuric acid facilities, natural gas premises and facilities	912,554.31	3,408,739.71
Deyang Phosphor Chemical	Lease of electric power assets	536,988.36	
Deyang Phosphor Chemical	Lease of parking lots	41,026.14	
Deyang Phosphor Chemical	Lease of canteen	7,488.42	
Jiaozuo Donggao	Income from lease of movables		1,750,483.88
Jiaozuo Donggao	income from lease of real estate		1,166,182.79

The Company acts as lessee:

Monetary Unit: Yuan

Name of lessor	Type of leased assets	Rental expense recognized in the current period	Rental expense recognized in the previous period
Nanzhang Phosphorus Products	Slag yard	5,133,510.20	8,119,683.95
Deyang Phosphor Chemical	Lease of warehouses and slag disposal pits	268,611.21	37,245,627.56
Deyang Phosphorus Products	Lease of real estates and lands		232,098.36
Yibai Investment	Lease of office buildings		180,000.00
Lomon Logistics	House lease	49,148.10	

(4) Related-party guarantees**The Company acts as the guarantor**

Monetary Unit: Yuan

Guaranteed	Guaranteed amount	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
BILLIONS EUROPE LTD.	12,248.17	Jul. 2, 2019	Jul. 1, 2022	No
Billions (Hong Kong) Co., Ltd.	7,720.77	August 10, 2021	June 1, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	50,000.00	April 20, 2021	April 20, 2023	No
Longbai Sichuan Titanium Industry Co., Ltd.	10,000.00	September 1, 2021	August 30, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	7,650.84	June 9, 2021	May 31, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	8,000.00	October 8, 2021	September 17, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	10,000.00	December 9, 2021	December 5, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	10,000.00	October 26, 2021	October 21, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	956.36	June 30, 2021	June 29, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	10,000.00	January 20, 2021	January 20, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	6,375.70	March 30, 2021	March 29, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	6,375.70	April 21, 2021	March 29, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	3,500.00	March 10, 2021	March 9, 2023	No
Longbai Sichuan Titanium Industry Co., Ltd.	1,000.00	July 27, 2021	January 27, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	3,000.00	August 11, 2021	February 11, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	5,000.00	September 15, 2021	March 15, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	4,157.00	November 27, 2021	May 27, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	293.26	November 29, 2021	May 29, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	114.00	November 30, 2021	May 30, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	284.00	December 1, 2021	June 1, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	130.00	December 2, 2021	June 2, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	5,000.00	December 3, 2021	June 3, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	50.00	December 6, 2021	June 6, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	350.00	December 9, 2021	June 9, 2022	No

Longbai Sichuan Titanium Industry Co., Ltd.	150.00	December 16, 2021	June 16, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	100.00	December 20, 2021	June 20, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	100.00	December 21, 2021	June 21, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	30.00	December 21, 2021	June 21, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	38.00	December 27, 2021	June 27, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	190.68	December 29, 2021	June 29, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	10,000.00	May 26, 2021	May 26, 2022	No
Longbai Sichuan Titanium Industry Co., Ltd.	2,000.00	July 14, 2021	January 14, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	5,000.00	January 28, 2021	January 27, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	7,000.00	October 27, 2021	October 27, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	5,000.00	February 2, 2021	January 19, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	1,000.00	October 18, 2021	October 17, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	6,796.50	April 29, 2019	March 20, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	8,000.00	December 14, 2021	December 14, 2024	No
Longbai Xiangyang Titanium Industry Co., Ltd.	10,000.00	December 31, 2021	December 30, 2024	No
Longbai Xiangyang Titanium Industry Co., Ltd.	7,000.00	July 7, 2021	July 7, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	800.00	November 22, 2021	May 22, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	100.00	December 8, 2021	June 8, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	80.00	December 9, 2021	June 9, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	1,190.00	December 10, 2021	June 10, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	18.28	December 15, 2021	June 15, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	427.34	December 20, 2021	June 20, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	304.00	December 22, 2021	June 22, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	369.00	December 23, 2021	June 23, 2022	No
Longbai Xiangyang Titanium Industry Co., Ltd.	7,000.00	July 16, 2021	July 16, 2022	No
Henan Billions New Material Co., Ltd.	4,619.05	Dec. 28, 2018	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	5,051.00	Dec. 28, 2018	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	2,938.98	Dec. 28, 2018	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	3,802.00	Dec. 27, 2018	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	3,042.00	Dec. 27, 2018	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	3,810.00	Apr. 1, 2019	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	11,406.00	Mar. 26, 2019	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	3,947.17	Nov. 7, 2019	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	2,145.71	Nov. 7, 2019	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	7,610.00	Dec. 6, 2019	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	18,808.32	June 30, 2021	June 20, 2024	No
Henan Billions New Material Co., Ltd.	4,570.00	Mar. 26, 2020	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	3,810.00	March 31, 2020	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	14,560.00	June 16, 2020	June 15, 2023	No
Henan Billions New Material Co., Ltd.	4,700.00	December 14, 2020	December 14, 2023	No
Henan Billions New Material Co., Ltd.	9,276.64	September 3, 2021	August 27, 2024	No

Henan Billions New Material Co., Ltd.	15,000.00	March 5, 2021	March 5, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	August 30, 2021	August 30, 2024	No
Henan Billions New Material Co., Ltd.	2,281.00	July 29, 2020	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	1,530.00	July 29, 2020	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	4,561.00	September 16, 2020	Dec. 21, 2026	No
Henan Billions New Material Co., Ltd.	5,000.00	March 2, 2021	February 25, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	April 25, 2021	April 24, 2022	No
Henan Billions New Material Co., Ltd.	6,375.70	December 31, 2021	December 31, 2022	No
Henan Billions New Material Co., Ltd.	6,375.70	March 29, 2021	March 17, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	September 30, 2021	July 15, 2022	No
Henan Billions New Material Co., Ltd.	7,013.27	October 28, 2021	October 21, 2022	No
Henan Billions New Material Co., Ltd.	14,664.11	November 19, 2021	November 19, 2022	No
Henan Billions New Material Co., Ltd.	650.00	September 17, 2021	February 17, 2022	No
Henan Billions New Material Co., Ltd.	15,000.00	January 22, 2021	January 25, 2022	No
Henan Billions New Material Co., Ltd.	5,000.00	June 8, 2021	June 8, 2022	No
Henan Billions New Material Co., Ltd.	5,000.00	October 21, 2021	October 21, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	November 16, 2021	November 16, 2022	No
Henan Billions New Material Co., Ltd.	450.00	October 15, 2021	February 11, 2022	No
Henan Billions New Material Co., Ltd.	601.90	November 22, 2021	May 20, 2022	No
Henan Billions New Material Co., Ltd.	22.00	November 26, 2021	May 26, 2022	No
Henan Billions New Material Co., Ltd.	18.00	November 29, 2021	May 27, 2022	No
Henan Billions New Material Co., Ltd.	565.00	November 24, 2021	May 24, 2022	No
Henan Billions New Material Co., Ltd.	180.00	November 17, 2021	May 17, 2022	No
Henan Billions New Material Co., Ltd.	58.00	December 2, 2021	June 2, 2022	No
Henan Billions New Material Co., Ltd.	10.63	December 7, 2021	June 7, 2022	No
Henan Billions New Material Co., Ltd.	439.57	December 10, 2021	June 10, 2022	No
Henan Billions New Material Co., Ltd.	355.00	December 13, 2021	June 13, 2022	No
Henan Billions New Material Co., Ltd.	16.76	December 14, 2021	June 14, 2022	No
Henan Billions New Material Co., Ltd.	569.97	December 17, 2021	June 17, 2022	No
Henan Billions New Material Co., Ltd.	300.53	December 22, 2021	June 22, 2022	No
Henan Billions New Material Co., Ltd.	18.50	December 24, 2021	June 24, 2022	No
Henan Billions New Material Co., Ltd.	84.40	December 27, 2021	June 27, 2022	No
Henan Billions New Material Co., Ltd.	100.00	December 30, 2021	June 30, 2022	No
Henan Billions New Material Co., Ltd.	6.03	December 31, 2021	June 30, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	January 12, 2021	January 12, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	August 16, 2021	February 16, 2022	No
Henan Billions New Material Co., Ltd.	500.00	August 18, 2021	January 18, 2022	No
Henan Billions New Material Co., Ltd.	200.00	August 19, 2021	January 19, 2022	No
Henan Billions New Material Co., Ltd.	300.00	October 20, 2021	February 11, 2022	No
Henan Billions New Material Co., Ltd.	500.00	November 11, 2021	March 11, 2022	No
Henan Billions New Material Co., Ltd.	200.00	November 12, 2021	May 12, 2022	No

Henan Billions New Material Co., Ltd.	350.00	November 16, 2021	May 16, 2022	No
Henan Billions New Material Co., Ltd.	50.00	November 19, 2021	May 19, 2022	No
Henan Billions New Material Co., Ltd.	563.00	November 22, 2021	May 20, 2022	No
Henan Billions New Material Co., Ltd.	616.50	November 24, 2021	May 24, 2022	No
Henan Billions New Material Co., Ltd.	48.15	November 26, 2021	May 26, 2022	No
Henan Billions New Material Co., Ltd.	140.00	November 30, 2021	May 30, 2022	No
Henan Billions New Material Co., Ltd.	1,200.00	December 7, 2021	April 7, 2022	No
Henan Billions New Material Co., Ltd.	386.95	December 6, 2021	June 6, 2022	No
Henan Billions New Material Co., Ltd.	44.00	December 7, 2021	June 6, 2022	No
Henan Billions New Material Co., Ltd.	23.06	December 9, 2021	June 9, 2022	No
Henan Billions New Material Co., Ltd.	83.13	December 10, 2021	June 10, 2022	No
Henan Billions New Material Co., Ltd.	1,173.00	December 13, 2021	June 13, 2022	No
Henan Billions New Material Co., Ltd.	80.00	December 14, 2021	June 14, 2022	No
Henan Billions New Material Co., Ltd.	135.34	December 17, 2021	June 17, 2022	No
Henan Billions New Material Co., Ltd.	10.00	December 21, 2021	June 21, 2022	No
Henan Billions New Material Co., Ltd.	287.92	December 22, 2021	June 22, 2022	No
Henan Billions New Material Co., Ltd.	125.00	December 24, 2021	June 24, 2022	No
Henan Billions New Material Co., Ltd.	3.50	December 27, 2021	June 27, 2022	No
Henan Billions New Material Co., Ltd.	2,000.00	December 27, 2021	June 27, 2022	No
Henan Billions New Material Co., Ltd.	4,000.00	November 17, 2021	November 17, 2022	No
Henan Billions New Material Co., Ltd.	7,000.00	December 6, 2021	November 29, 2022	No
Henan Billions New Material Co., Ltd.	190.00	July 26, 2021	January 26, 2022	No
Henan Billions New Material Co., Ltd.	200.00	July 26, 2021	January 26, 2022	No
Henan Billions New Material Co., Ltd.	10,000.00	October 13, 2021	October 13, 2022	No
Henan Billions New Material Co., Ltd.	5,000.00	October 13, 2021	July 15, 2022	No
Henan Billions New Material Co., Ltd.	5,000.00	November 11, 2021	July 8, 2022	No
Henan Billions New Material Co., Ltd.	1,000.00	December 3, 2021	June 3, 2022	No
Henan Billions New Material Co., Ltd.	3,000.00	December 16, 2021	June 16, 2022	No
Henan Billions New Material Co., Ltd.	4,000.00	December 22, 2021	June 22, 2022	No
Henan Billions New Material Co., Ltd.	1,000.00	December 22, 2021	December 22, 2022	No
Henan Billions New Material Co., Ltd.	28.16	February 25, 2020	May 30, 2022	No
Henan Billions New Material Co., Ltd.	4,400.56	November 11, 2021	February 22, 2022	No
Henan Billions New Material Co., Ltd.	5,229.17	August 27, 2021	May 6, 2022	No
Henan Billions New Material Co., Ltd.	7,091.28	June 4, 2021	January 8, 2022	No
Henan Billions New Material Co., Ltd.	12,704.10	December 9, 2021	March 29, 2022	No
Henan Billions New Material Co., Ltd.	4,150.58	November 26, 2021	February 22, 2022	No
Henan Billions New Material Co., Ltd.	15,512.42	September 7, 2021	January 17, 2022	No
Henan Billions New Material Co., Ltd.	2,307.49	September 15, 2021	December 24, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	385.47	July 28, 2021	January 28, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	148.54	October 15, 2021	April 15, 2022	No

Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	150.68	October 20, 2021	April 20, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	314.64	October 26, 2021	April 26, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	352.80	November 9, 2021	May 9, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	250.10	November 19, 2021	May 19, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	464.79	November 26, 2021	May 26, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	261.51	December 7, 2021	June 7, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	166.21	December 8, 2021	June 8, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	33.72	December 10, 2021	June 10, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	202.16	December 15, 2021	June 15, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	230.99	December 16, 2021	June 16, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	18.98	December 20, 2021	June 20, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	19.40	December 22, 2021	June 22, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	80.85	November 26, 2021	May 26, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	112.81	December 2, 2021	June 2, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	137.57	December 10, 2021	June 10, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	169.38	December 15, 2021	June 15, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	86.40	December 16, 2021	June 16, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	62.12	December 22, 2021	June 22, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	49.63	December 24, 2021	June 24, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	25.07	December 28, 2021	June 28, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	142.19	December 31, 2021	Jul. 1, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	835.41	October 25, 2021	April 25, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	720.80	July 13, 2021	January 12, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	240.00	August 4, 2021	February 3, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	548.67	August 27, 2021	February 27, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	671.44	September 23, 2021	March 22, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	436.44	July 16, 2021	January 16, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	563.56	July 23, 2021	January 23, 2022	No
Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.	1,000.00	June 18, 2021	June 17, 2022	No
Yunnan National Titanium Metal Co., Ltd.	1,199.04	September 9, 2021	March 9, 2022	No
Yunnan National Titanium Metal Co., Ltd.	1,320.96	October 22, 2021	April 22, 2022	No

Yunnan National Titanium Metal Co., Ltd.	369.00	November 29, 2021	May 29, 2022	No
Yunnan National Titanium Metal Co., Ltd.	840.00	October 28, 2021	April 28, 2022	No
Yunnan National Titanium Metal Co., Ltd.	1,235.47	December 31, 2021	June 30, 2022	No
Yunnan National Titanium Metal Co., Ltd.	576.59	December 31, 2021	December 31, 2022	No
Jiaozuo Billions United Pigment Co., Ltd.	500.00	September 18, 2021	March 18, 2022	No
Jiaozuo Billions United Pigment Co., Ltd.	300.00	September 27, 2021	March 27, 2022	No
Jiaozuo Billions United Pigment Co., Ltd.	200.00	December 16, 2021	June 16, 2022	No
Jiaozuo Billions United Pigment Co., Ltd.	300.00	December 23, 2021	June 23, 2022	No

The Company acts as the guarantee

Monetary Unit: Yuan

Guarantor	Guaranteed amount	Start date of guarantee	Expiry date of guarantee	Whether the guarantee is fully performed
XU Gang	30,000,000.00	June 11, 2021	June 10, 2022	No
Jiaozuo Zhongzhou Carbon CO., Ltd.	10,000,000.00	January 5, 2021	November 3, 2021	Yes

(5) Related-party assets transferring and debt restructuring

Monetary Unit: Yuan

Related Party	Content of related party transaction	Accrual in the current period	Accrual in the previous period
Deyang Phosphor Chemical	Sale of canteen assets, land for building, etc.	188,068.48	91,830.54
Deyang Phosphor Chemical	Sale of air compressor	174,747.06	
Lomon Phosphorus Products	Sales of logistics assets		962,054.79
Lomon Logistics	Sale of logistics vehicles		85,840.72

(6) Compensation for key management personnel

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Compensation for key management personnel	38,552,561.32	30,952,951.09

6. Related-party receivables and payables

(1) Breakdown of receivables

Monetary Unit: Yuan

Item	Related Party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable					
	Weina Technology			857,149.22	42,857.46
Financing of receivables					
	Weina Technology			903,275.00	

(2) Breakdown of payables

Monetary Unit: Yuan

Item	Related Party	Closing Book Balance	Carrying amount at the beginning of the period
Accounts payable			
	Lomon Land		528,497.82
	Nanzhang Phosphorus Products		11,068,617.26
	Weina Technology		3,396,167.68
Other payables			
	Deyang Phosphor Chemical		9,381,218.38
	Lomon Phosphorus Products		20,308.61
	Yibai Investment	67,820.22	4,146.10
	Lomon Logistics		400,513.57
Contract liabilities			
	Lomon Fusheng	21,408.85	

XIII. Share-based Payment**1. Overall situation of share-based payment**√ Applicable ☐ Not applicable

Monetary Unit: Yuan

Total amount of various equity instruments granted by the Company in the current period	2,033,279,825.67
Total amount of various equity instruments exercised by the Company during the current period	111,763,871.33
Total amount of the Company's various equity instruments that have lapsed in the current period	0.00
The scope of exercise prices for share options issued by the Company and outstanding and the remaining contract period at the end of the period	
The scope of exercise prices for other equity instruments issued by the Company and outstanding and the remaining contract period at the end of the period	

2. Equity-settled share-based payments√ Applicable ☐ Not applicable

Monetary Unit: Yuan

Method for determining fair value of equity instruments on grant date	
Basis for determining the number of equity instruments with voting rights	
The reason for the significant difference between the current estimate and the previous estimate	
Accumulated amount of equity-settled share-based payments included in capital reserve	628,475,509.57
The total amount of the confirmed fees paid by the equity-settled shares in the current period	406,136,179.69

3. Miscellaneous

(1) Particulars concerning the second employee stock ownership plan

The Company held the 4th extraordinary general meeting of 2018 on Jul. 27, 2018, at which the Company deliberated and approved Proposal on Repurchasing the Company's Share and made the Resolution of the 2018 4th Extraordinary General Meeting of Lomon Billions Group Co., Ltd.. As a result, the Company was approved to use no more than RMB1.2 billion and adopt the method of centralized competitive bidding to repurchase up to 100,000,000 public shares at a price of RMB18/share; in principle, the repurchase period shall not exceed 6 months since the approval of Proposal on Repurchasing the Company's Share, and the shares repurchased shall be used for stock incentive plan, employee stock ownership plan or cancellation.

As at Jan. 29, 2019, the Company repurchased 56,936,308 shares in total, accounting for 2.81% of total shares of the Company, at a total consideration of RMB750,108,799.73 (excluding transaction costs) and at a maximum transaction price of RMB13.86/share and a minimum transaction price of RMB12.20/share.

The Company held the 15th meeting of the 6th Board of Directors on Apr. 8, 2019, at which the Company reviewed and approved the Proposal on Determining the Use of Shares Repurchased and made the Resolution of the 15th Meeting of the 6th Board of Directors of Lomon Billions Group Co., Ltd.. On April 19, 2019, the Company held the 16th meeting of the 6th Board of Directors, at which the Company deliberated and approved the *Proposal on the Company's Second Employee Stock Ownership Plan (Draft) and Its Summary*, *Proposal on the Management Measures of the Company's Second Employee Stock Ownership Plan* and *Proposal on Requiring General Meeting to Authorize the Board of Directors to Deal with Relevant Matters of Second Employee Stock Ownership Plan*. According to those proposals, all shares repurchased this time will be used for employee stock ownership plan.

In order to reduce employee shareholding costs and effectively motivate employees, the Company decided to transfer 56,936,308 repurchased shares at a price lower than repurchase cost, which is in line with the provisions concerning share-based payment in *No. 11 Accounting Standard for Business Enterprises - Share-based Payment* and will be given accounting treatment by the Company as per the requirements related to "share-based payment". Total amount of funds to be raised under the employee stock ownership plan was not more than RMB580,000,000, and transfer amount of the non-transactional ownership transfers of the employee stock ownership plan was about RMB569,932,443.08, and transfer price was RMB10.01/share.

The participating employees acquired 56,936,308 shares repurchased by the Company at a price of RMB10.01/share. This stock ownership plan will remain valid for 3 years. In the first 12 months of the valid period, the shares held in stock ownership plan shall not be reduced; in the 13th to 24th months, the shares held that are reduced in the stock ownership plan shall not exceed 50% of total shares held for this plan; and in the 25th to 36th months, all the remaining shares shall be reduced in the stock ownership plan.

According to Management Measures for Stock Ownership Plan, if the employee who holds any shares suffers a position change due to non-competence for his/her job, failure to pass performance assessment, violation of laws and professional ethics, disclosure of the Company's secret, dereliction of duty, misconduct and other bad behaviors damaging the Company's interests or reputation and resigns due to personal reasons, his/her qualification for participating in the employee stock ownership plan shall be cancelled by the management committee. The management committee will, in accordance with the original contribution actually paid by such holder to employee stock ownership plan, take back the benefits originally held by such holder (without interests) in employee stock ownership plan. The management committee can transfer the shares in employee stock ownership plan that are recovered to a named transferee who is qualified to participate in employee stock ownership plan, and the transferee shall accept the employee stock ownership plan interests at the amount of original contribution; if there is no qualified transferee to participate in employee stock ownership plan, the recovered shares shall be jointly owned by the holders who participate in employee stock ownership plan.

The Company entrusted Guotong Trust Co., Ltd. to establish Guotong Trust • Lomon Billions Second Employee Stock Ownership Pooled Funds Trust Plan (hereinafter referred to as "Pooled Trust Plan"), and planned to contribute RMB580,000,000 in total. RMB290,000,000 was contributed through the employee stock ownership plan to subscribe ordinary stocks under the Pooled Trust Plan, and RMB290,000,000 was contributed by Shanghai Pudong Development Bank to subscribe preferred stocks under the Pooled Trust Plan. Lomon Billions Group Co., Ltd. - second employee shareholding assembled funds trust was mainly acquired by means of non-transactional ownership transfer or block trade and auction transaction with stocks of Lomon Billions being held.

On Jun. 6, 2019, the special securities account for repurchase of the Company transferred the shares held in Lomon Billions to Lomon Billions Group Co., Ltd. - second employee stock ownership plan in a non-transactional manner, with the transfer price of RMB10.01/share and with a total of 56,936,308 shares transferred.

The lockup period for the Company's second employee stock ownership plan expired on June 6, 2020. At the expiration of the lockup period, according to the arrangement and market condition of the employee stock ownership plan, "Xuanyuan Liudu Lomon Billions Employees Shareholding Private Equity Investment Fund" has reduced 50% of total shares held under the employee stock ownership plan in this audit year.

The lockup period for the Company's second employee stock ownership plan expired on June 6, 2021. At the expiration of the lockup period, according to the arrangement and market condition of the employee stock ownership plan, "Xuanyuan Liudu Lomon Billions Employees Shareholding Private Equity Investment Fund" reduced 50% of remaining shares held under the employee stock ownership plan.

(2) Restricted Stock Incentive Plan of 2021

According to the Proposal on Company's <2021 Restricted Stock Incentive Plan (Revised Draft)> and its Summary and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Concerning Stock Ownership Incentives reviewed and approved at the Company's First Extraordinary General Meeting of 2021 held on May 17, 2021, as well as Proposal on Adjusting the Price of the First Grant of Restricted Stock Incentive Plan in 2021 and Proposal on First Grant of Restricted Stock to Part of Incentive Recipients reviewed and approved at the 21st Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors held on May 28, 2021, the Company grants 139.20 million restricted shares to 5,001 stock ownership incentive plan participants at price of RMB15.64 per share on May 28, 2021 which was determined as the date of granting restricted shares.

The restricted stock trade period of the restricted shares granted for the first time under the incentive plan is respectively 12 months, 24 months and 36 months from listing of the restricted shares. The restricted shares granted under the incentive plan are not allowed to be transferred or used to secure the repayment or repay debts within the restricted stock trade period.

The Company will repurchase and deregister the restricted shares the restriction on sales is not requested to be released or cannot be requested to be released because the conditions for such release are not satisfied.

The shares obtained by the incentive objects holding restricted shares due to conversion of capital reserve into share capital, stock dividend and stock split are restricted from sale within the same period as the restricted shares and are

not allowed to be sold or otherwise transferred in a secondary market. The sales restrictions on such shares are released at the same time as those on restricted shares.

Conditions for release of sales restrictions

The sales restrictions on restricted shares held by incentive objects may be released only when the conditions for such release as given in the Management Measures and the conditions listed below are satisfied by the Company:

1) Company performance assessment requirements

The sales restrictions on restricted shares granted under the incentive plan should be released in a year when the Company achieves the financial performance target of the year: the Company's financial performance indicators should be assessed in each fiscal year from 2021 to 2023 based on the average net profit attributable to shareholders in 2017-2019 after deducting non-recurring profit and loss. The performance target of each year is listed below:

Unlocking period	Performance target
The first unlocking period	The Company's net profit attributable to shareholders in 2021 after deducting non-recurring profit and loss increases by at least 10% over the average net profit attributable to shareholders in 2017-2019 after deducting non-recurring profit and loss
The second unlocking period	The Company's net profit attributable to shareholders in 2022 after deducting non-recurring profit and loss increases by at least 20% over the average net profit attributable to shareholders in 2017-2019 after deducting non-recurring profit and loss
The third unlocking period	The Company's net profit attributable to shareholders in 2023 after deducting non-recurring profit and loss increases by at least 30% over the average net profit attributable to shareholders between 2017 and 2019 after deducting non-recurring profit and loss

If the Company fails to achieve the performance target listed above in a year, the sales restrictions on the restricted shares held by the incentive objects that may be released in the year should not be released and the Company should repurchase and deregister such restricted shares.

2) Requirements for individual performance assessment

In accordance with the Company's current performance assessment method, if an incentive object's performance in the last year is assessed to be outstanding/good/acceptable, the sales restrictions on the restricted shares held by the incentive object should be released proportionally and the remaining restricted shares on which the sales restrictions are not released should be repurchased and deregistered by the Company. If an incentive object's performance in the last year is assessed to be unacceptable, the restricted shares granted to the incentive object in the respective unlocking period on which the sales restrictions are not released should be repurchased at the grant price plus the

bank deposit interest in the same period and deregistered by the Company.

The 141,860,000.00 restricted shares were first granted on May 28, 2021, which were issued on July 2, 2021. The restricted shares have been completely transferred.

Other instructions

XIV. Commitments and Contingencies

I. Important commitments

1. Provision of guarantee for dealers' and customer's acceptance bill

On July 21, 2020, the Company signed a Financial Network Service Agreement with its dealers and customers at its partner banks. Pursuant to the Agreement, those customers and dealers should open margin accounts at the partner banks, and when acceptance bills are issued to purchase the Company's products, those dealers and customers should deposit at least 50% of the face value of the acceptance bills into those accounts as margin, and the partner banks should issue bank acceptance bills with those dealers and customers as the payer and the Company and its subsidiaries as the payee for the sole purpose of paying purchase price to the Company and its subsidiaries. If when the acceptance bills expire, those dealers and customers fail to make adequate deposit as required, the Company and its subsidiaries should pay such difference to the partner banks and pay the overdue interest arising therefrom. The line under the Agreement is RMB300 million. As at December 31, 2021, the balance of the guarantee provided to customers was RMB0.

2. Guarantees provided to subsidiaries

On December 8, 2021, the Company held the 30th meeting of the 7th Board of Directors which reviewed and approved the Proposal on Providing Guarantees for Subsidiaries and at which it was proposed to provide a financing guarantee of RMB17.38 billion to the Company's subsidiaries, which was detailed as below:

- (1) The Company intended to provide a bank financing guarantee of no more than RMB4 billion for its holding subsidiary Henan Billions New Material Co., Ltd.;
- (2) The Company intended to provide a bank financing guarantee of not more than RMB2 billion (or equivalent amount in any USD) for its wholly owned subsidiary Billions (Hong Kong) Co., Ltd.;
- (3) The Company intended to provide a bank financing guarantee of not more than RMB500 million (or equivalent amount in USD) for its wholly owned subsidiary Billions (Europe) Co., Ltd.;

- (4) The Company intended to provide a bank financing guarantee of no more than RMB2.3 billion for its wholly owned subsidiary Longbai Sichuan Titanium Industry Co., Ltd.;
- (5) The Company intended to provide a bank financing guarantee of no more than RMB800 million for its wholly owned subsidiary Longbai Xiangyang Titanium Industry Co., Ltd.;
- (6) The Company intended to provide a bank financing guarantee of no more than RMB150 million for its wholly owned subsidiary Henan Longbai Intelligent Equipment Manufacturing Co., Ltd.;
- (7) The Company intended to provide a bank financing guarantee of not more than RMB 1 billion for its wholly owned subsidiary Longbai Sichuan Mining and Metallurgy Co., Ltd.;
- (8) The Company intended to provide a bank financing guarantee of no more than RMB1 billion for its wholly owned subsidiary Gansu Billions Chemicals Co., Ltd.;
- (9) The Company intended to provide a bank financing guarantee of no more than RMB400 million for its wholly owned subsidiary Longbai Lufeng Titanium Industry Co., Ltd.;
- (10) The Company intended to provide a bank financing guarantee of no more than RMB100 million for its holding subsidiary Longbai Wuding Titanium Industry Co., Ltd.;
- (11) The Company intended to provide a bank financing guarantee of not more than RMB1.9 billion for its holding subsidiary Yunnan National Titanium Metal Co., Ltd.;
- (12) The Company intended to provide a bank financing guarantee of no more than RMB100 million for its holding subsidiary Chaoyang Donggao New Material Co., Ltd.;
- (13) The Company intended to provide a bank financing guarantee of no more than RMB80 million for its wholly owned subsidiary Shandong Longbai Titanium Technology Co., Ltd.;
- (14) The Company intended to provide a bank financing guarantee of no more than RMB700 million for its wholly owned subsidiary Henan Billions New Energy Materials Co., Ltd.;
- (15) The Company intended to provide a bank financing guarantee of no more than RMB 500 million for its wholly owned subsidiary Henan Zhongtan New Materials Technology Co., Ltd.;
- (16) The Company intended to provide a bank financing guarantee of no more than RMB300 million for its wholly owned subsidiary Henan Longbai New Material Technology Co., Ltd.;
- (17) The Company intended to provide a bank financing guarantee of not more than RMB80 million for its holding subsidiary Hunan Oriental Scandium Industry Co., Ltd.;
- (18) The Company intended to provide a bank financing guarantee of no more than RMB30 million for its holding subsidiary Henan Rongjia Scandium Vanadium Technology Co., Ltd.;
- (19) The Company intended to provide a bank financing guarantee of no more than RMB40 million for its holding

subsidiary Jiaozuo Billions United Pigment Co., Ltd.;

(20) The Company intended to provide a bank financing guarantee of not more than RMB1.4 billion for its holding subsidiary Gansu Detong National Titanium Metal Co., Ltd.;

3. Execution of strategic cooperation agreement

The Company entered into a Framework Agreement on Strategic Cooperation with Shenzhen BAK Battery Co., Ltd. (hereinafter referred to as "BAK Battery"). In accordance with the agreement, BAK Battery will purchase lithium battery anode and cathode materials from the Company from 2022 to 2024 with annual purchase quantity of either material not lower than 5,000 tons, 8,000 tons and 10,000 tons respectively. The agreement will be effective for three years upon being signed and will be renewed or otherwise disposed as appropriate upon expiry.

4. Execution of investment project agreements

The Company entered into the Contract on Investment for Extending and Supplementing Titanium Industry Chain in Xiangyang with Nanzhang County People's Government. The first investment project is an electronic-level lithium ferric phosphate project with an annual output of 150,000 tons to be invested in by the Company's holding subsidiary Hubei Billions Wanrun New Energy Materials Co., Ltd. (arranged for the time being) with a total amount of RMB2 billion;

The second investment project is a titanium dioxide postprocessing capacity expansion project with an annual output of 200,000 tons to be invested in by the Company's wholly owned subsidiary Longbai Xiangyang Titanium Industry Co., Ltd. with a total amount of RMB1 billion.

5. Investments in subsidiaries

On December 8, 2021, the Company held the 30th meeting of the 7th Board of Directors which reviewed and approved the Proposal on Capital Increase in Subsidiaries by which the wholly owned subsidiary Bilions (Hong Kong) Co., Ltd. additionally invested RMB130 million in Shandong Longbai Titanium Technology Co., Ltd. After the investment, the registered capital of Shandong Longbai Titanium Technology Co., Ltd. was increased from RMB70 million to RMB200 million.

II. Contingencies

1. Letters of guarantee and letters of credit issued by the Company

As at December 31, 2021, international letters of credit issued by the Company that have not been expired totaled USD69,887,629.88.

2. Loan defaults of Yili Microfinance

(1) Litigation filed by the subsidiary against CEFC (Shanghai) Group Industrial Equipment Co., Ltd. for arrears CEFC (Shanghai) Group Industrial Equipment Co., Ltd. borrowed RMB300 million (as principal) from Jiaozuo City Zhongzhan District Yili Microfinance Co., Ltd. which is a subsidiary of the Company with CEFC Shanghai International Group Co., Ltd., CEFC Anhui International Holding Co., Ltd. and LI Yong being joint guarantors and by pledging the receivables under two purchase and sales contracts signed between CEFC Shanghai International Group Co., Ltd. and Ningbo Yuanzhen International Logistics Co., Ltd. As at December 31, 2021, the loan principal of RMB266.5 million was not repaid and bad debt provision was recognized for it.

Preservative measures were taken in this case after being accepted by Henan High People's Court. Preservative measures taken are explained as below:

- ① Freeze 1.45 billion shares held by CEFC Shanghai International Group Co., Ltd. in CEFC Futures Co., Ltd. and pledged to a third party;
- ② Freeze 84.52% of the shares of CEFC Hainan International Group Co., Ltd. held by CEFC Shanghai International Group Co., Ltd. and partially pledged to a third party;
- ③ Freeze 11.2 billion shares held by CEFC Shanghai International Group Co., Ltd. in CEFC Shanghai Securities Co., Ltd. and pledged to a third party;
- ④ Freeze 1.5 billion shares held by CEFC Shanghai International Group Co., Ltd. in CEFC Shanghai Commercial Factoring Co., Ltd.;
- ⑤ Freeze 2.571 billion shares held by CEFC Shanghai International Group Co., Ltd. in CEFC Shanghai Natural Gas Co., Ltd.;
- ⑥ Freeze 0.2 billion shares held by CEFC Shanghai International Group Co., Ltd. in CEFC (Fujian) Petroleum Co., Ltd.;
- ⑦ Freeze 0.1 billion shares held by CEFC Shanghai International Group Co., Ltd. in CEFC Shanghai Petroleum Development Co., Ltd.;
- ⑧ Freeze some bank accounts of CEFC Shanghai International Group Co., Ltd.

(2) Litigation filed by the company against Henan Hongxing Pipe Industry Co., Ltd. (formerly known as Jiaozuo Yuandashun Materials Co., Ltd.) for arrears

Henan Hongxing Pipe Industry Co., Ltd. borrowed RMB2 million (as principal) from Jiaozuo City Zhongli District Yili Microfinance Co., Ltd. which is a subsidiary of the Company with Jiaozuo Minhui Industrial Co., Ltd. and JIAO Tongxia being joint guarantors.

As at December 31, 2021, the case had been decided and was in the implementation stage, and the court seized nine properties of the guarantor Jiaozuo Minhui Industrial Co., Ltd. In addition, Jiaozuo City Jiefang District People's Court has approved the draft reorganization plan of Jiaozuo Minhui Industrial Co., Ltd. under which the claims involved will be calculated and paid off by stages. It is expected that the Company can be indemnified in partial. Bad debt provision has been recognized for the arrears.

(3) Litigation filed by a subsidiary against Henan Haisheng Industrial Co., Ltd. for arrears

Henan Haisheng Industrial Co., Ltd. (hereinafter referred to as "Haisheng Company") borrowed RMB2 million (as principal) from Jiaozuo City Zhongli District Yili Microfinance Co., Ltd. which is a subsidiary of the Company with Jiaozuo Haiyu Highway Engineering Co., Ltd., Wenxian Kaisheng Textile Co., Ltd., Jiaozuo Minli Industrial Co., Ltd., NIU Guohai, NIU Yushan, ZHANG Xiaoling, WANG Caixia and NIU Jianwei being joint guarantors.

As at Dec. 31, 2018, the case is in the implementation stage. Henan Province Jiaozuo City Zhongzhan Court has seized and online auctioned an Audi A8 car mortgaged by Haisheng Company, five workshops, four warehouses, two houses and one western restaurant under the name of Haisheng Company, and two property respectively under the names of the guarantors NIU Jianwei and WANG Caixia.

On April 26, 2019, Jiaozuo City Zhongli District Yili Microfinance Co., Ltd. agreed to repay the debt with the mortgaged Audi A8 car at a valuation of RMB169,400. As at December 31, 2021, the loan principal of RMB1,830,600 was not repaid and bad debt provision was recognized for it.

(4) Litigation filed by the Company against GAO Guangjie for arrears

GAO Guangjie borrowed RMB1.5 million (as principal) from Jiaozuo City Zhongli District Yili Microfinance Co., Ltd. which is a subsidiary of the Company with LAO Anting, LEI Baolian, Henan Shennongshan Tourism Development Co., Ltd. and Qinyang City Baolian Xinganxian Public Transportation Co., Ltd. being joint guarantors.

As at December 31, 2021, the case is has entered the implementation stage. And preservative measures in litigation were taken to seize 20 Yutong buses of Qinyang City Baolian Xinganxian Public Transportation Co., Ltd. in turn and seize one property under the name of LEI Baolian located at No. 601, Floor 6, Unit 3, Building 15, Taihang New City, Qinyang City.

As at December 31, 2021, the loan principal of RMB1.34 million was not repaid and bad debt provision was recognized for it.

3. Loan defaults of Finance Lease

Litigation filed by the Company's subsidiary Finance Lease against Chengdu Techcent Environment Co., Ltd. (hereinafter referred to as "Techcent Environment") for arrears Chengdu Techcent Environment Co., Ltd. carried out a finance lease business with a principal of RMB90 million with Finance Lease by taking the factory building of steel structure under its name as lease subject as well as for security guarantee, in which case a joint liability guarantee was provided by the actual controllers of Techcent Environment DENG Qinhua and DENG Xiang and the affiliate Chengdu Qinhua Technology Co., Ltd.

Since Techcent Environment failed to pay the remaining rentals after paying rentals after 2 periods to Finance Lease, Finance Lease filed a indictment on August 13, 2018 with Guangzhou Intermediate People's Court to request Techcent Environment to repay all outstanding principal and interest and terminate the contract. Guangdong Guangzhou Superior People's Court held a hearing on the case between Techcent Environment and Finance Lease on March 1, 2019, and made a judgment [(2018) Y. 01 M. C. No. 798) on April 2, 2019 which is detailed as below:

- (1) Within 10 days since the judgment takes into effect legally, Techcent Environment shall pay Finance Lease unpaid rentals of RMB3,551,745.17 and corresponding liquidated damages;
- (2) Within 10 days since the judgment takes into effect legally, Techcent Environment shall pay Finance Lease unexpired rentals of RMB81,690,138.91 and corresponding liquidated damages in advance;
- (3) Within 10 days since the judgment takes into effect legally, Techcent Environment shall pay Finance Lease liquidated damages of RMB816,901.39, insurance expense of RMB140,752.67 and attorney fee of RMB200,000.00;
- (4) If Techcent Environment fails to fulfill the obligations set out in the above paragraphs 1, 2 and 3, Finance Lease has the right to enjoy the priority of compensation by the proceeds from selling five properties under the name of Techcent Environment located at Datong Road, Datong Town, Qingbaijiang District, Chengdu City, Sichuan

Province at a discount or from auctioning or selling of the properties;

(5) Guarantors DENG Qinhua, DENG Xiang and Chengdu Qinhua Technology Co., Ltd. shall assume a joint and several liability to repay the debts owed by Techcent Environment as it confirmed in the paragraphs 1, 2 and 3 above, and the defendants DENG Qinhua, DENG Xiang and Chengdu Qinhua Technology Co., Ltd. shall have the right to claim for compensation from Techcent Environment after their assumption of the liability.

As Techcent Environment Company is not satisfied with the [(2018) Y. 01 M. C. No. 798] Civil Judgment made by Guangdong Province Guangzhou City Intermediate People's Court on the disputes between Techcent Environment and Finance Lease Company, the appeal was thereby instituted. Guangdong Province Guangzhou City Supreme People's Court put the appeal on file on October 11, 2019, and made the Judgment numbered [(2019) Y. M. Z. No. 2416] on December 31, 2019 as follows:

- Affirm Items 3, 4 and 5 in the Civil Judgment numbered (2018) Y. 01 M. C. No. 798 made by Guangdong Province Guangzhou City Intermediate People's Court;
- Revoke Item 1 in the Civil Judgment numbered (2018) Y. 01 M. C. No. 798 made by Guangdong Province Guangzhou City Intermediate People's Court;
- Change Item 2 in the Civil Judgment numbered (2018) Y. 01 M. C. No. 798 made by Guangdong Province Guangzhou City Intermediate People's Court into: Within ten days from the date on which this Judgment becomes legally effective, Techcent Environment shall pay RMB81,690,138.91 of unpaid but payable rental and corresponding liquidated damages (the liquidated damages shall be calculated on the basis of RMB81,690,138.91 at a proportion of 0.05% per day from Aug. 16, 2018 until the date of actual payment, and shall be reduced by the remaining deposit of RMB48,254.83).

On May 22, 2021, Finance Lease received RMB300,000.00 from the manager of Chengdu Techcent Environment Co., Ltd. as repayment; on September 14, 2021, Finance Lease received RMB30,000,000.00 from the manager of Chengdu Techcent Environment Co., Ltd. as repayment; on October 22, 2021, Finance Lease received RMB10,000,000.00 from the manager of Chengdu Techcent Environment Co., Ltd. as repayment. As at December 31, 2021, payable rent of RMB33,096,669.24 was unpaid by Chengdu Techcent Environment Co., Ltd. to Finance Lease. According to five-category assets classification for bank loans, such rent falls into the category of loss loan and bad debt provision was accrued for 100% of such rent.

XV. Matters After the Balance Sheet Date

(I) Investment in the construction of production lines

1. Invest in the construction of a titanium sponge production line with an annual output of 10,000 tons

The Company's holding subsidiary Yunnan National Titanium Metal Co., Ltd. intended to invest in the construction of project of upgrading, transforming and innovating the titanium sponge production line with an annual output of 10,000 tons. The Company held the 31st meeting of the 7th board of directors on January 17, 2022 in which the *Proposal for Investment in the Construction of Project of Upgrading, Transforming and Innovating the Titanium Sponge Production Line with an Annual Output of 10,000 Tons* was reviewed and approved.

2. Invest in the construction of an electronic-level lithium ferric phosphate project with an annual output of 150,000 tons

The Company's holding subsidiary Hubei Billions Wanrun New Energy Materials Co., Ltd. intended to invest in the construction of an electronic-level lithium ferric phosphate project with an annual output of 150,000 tons. The Company held the 31st meeting of the 7th board of directors on January 17, 2022 in which the *Proposal for Investment in the Construction of an Electronic-Level Lithium Ferric Phosphate Project with an Annual Output of 150,000 Tons* was reviewed and approved.

3. Invest in the construction of a titanium dioxide postprocessing project with an annual output of 200,000 tons

The Company's holding subsidiary Longbai Xiangyang Titanium Industry Co., Ltd. intended to invest in the construction of a titanium dioxide postprocessing project with an annual output of 200,000 tons. The Company held the 31st meeting of the 7th board of directors on January 17, 2022 in which the *Proposal on Investment in the Construction of a Titanium Dioxide Postprocessing Project with an Annual Output of 200,000 Tons* was reviewed and approved.

(II) Issuance of H shares

The Company held the 19th meeting of the 7th board of directors on April 29, 2021 in which the *Proposal on Authorizing the Management of the Company to Initiate the Preparation for Issuance of Overseas Listed Foreign Shares (H Shares) and Their Listing on the Stock Exchange of Hong Kong* was reviewed and approved. The Company intended to issue overseas listed foreign shares (H shares) and have them listed on the Stock Exchange of Hong Kong Limited.

On January 27, 2022, the Company received the *Approval for Issuance of Overseas Listed Foreign Shares by LB Group Co., Ltd.* from China Securities Regulatory Commission (Z. J. X. K [2022] No.185) which approved the Company to issue 858,517,264 or less overseas listed foreign shares fully as ordinary shares at face value of RMB1.00 per share. The Company will be listed on the main board of the SEHK upon completion of this offering.

This Approval is effective for 12 months from the date of approval.

Issuance of H shares is currently being reviewed by the Stock Exchange of Hong Kong.

(III) Decrease in the Company's registered capital

The Company held the 9th extraordinary general meeting of 2021 on December 15, 2021 in which the Proposal on Reducing Registered Capital and Amending the Articles of Association was approved. Of the incentive objects granted restricted stocks under the *Restricted Stock Incentive Plan (Revised Draft) for 2021* of *Lomon Billions Group Co., Ltd.*, 10 objects resigned, 4 objects retired and 2 objects were dead due to illness, all of which were no longer qualified to be an incentive object. In accordance with the Stock Incentive Plan (Revised Draft), the Company repurchased and deregistered the 260,000 restricted stocks granted to the objects above on which the sales restrictions were not yet released. The repurchase price was RMB15.64 per share. Thus the total repurchase price was RMB4,066,400. The Company paid the repurchase price to the 16 incentive recipients on February 24, 2022 and completed the formalities for repurchase and deregistration with China Securities Depository and Clearing Corporation Limited Shenzhen Branch on March 28, 2022 and is currently handling industrial and commercial registration of changes.

(IV) Execution of framework agreement on strategic cooperation

1. Execution of a framework agreement on strategic cooperation with Tianjin EV Energies Co., Ltd.

The Company entered into a *Framework Agreement on Strategic Cooperation* with Tianjin EV Energies Co., Ltd. on March 7, 2022. Tianjin EV Energies Co., Ltd. intends to purchase from LB Group lithium battery anode and cathode materials between 2022 and 2024 with an annual purchase quantity not lower than 50% of the quantity required in the projects participated in by Tianjin EV Energies Co., Ltd. LB Group will offer Tianjin EV Energies Co., Ltd. a preferential price.

2. Execution of a framework agreement on strategic cooperation with Liyang Tianmu Pioneer Battery Material

Technology Co., Ltd.

The Company entered into a Framework Agreement on Strategic Cooperation with Liyang Tianmu Pioneer Battery Material Technology Co., Ltd. on April 10, 2022. Liyang Tianmu Pioneer Battery Material Technology Co., Ltd. intends to annually purchase from LB Group 2,000-5,000 tons of artificial graphite anode materials for lithium batteries meeting its requirements (suitable for silicon carbon anode) between 2022 and 2024. LB Group is willing to annually produce 3,000-10,000 tons of anode materials for Liyang Tianmu Pioneer Battery Material Technology Co., Ltd. depending on the progress of its anode material production line. Liyang Tianmu Pioneer Battery Material Technology Co., Ltd. is willing to provide LB Group with technical assistance and support to the maximum extent possible. The parties agree to determine the purchase price with the market price as reference, subject to the separate purchase agreement and individual agreements between the parties.

(V) Profit distribution

The Company held the 33rd meeting of the 7th Board of Directors on April 11, 2022 in which the *Proposal on Distribution of Profit of 2021* was deliberated and approved. As stated in the Proposal, the Company's dividends in 2021 met the requirements of the *Shareholder Return Plan for the Next Three Years (2020-2022)*, and the Board of Directors, based on the Company's operation status, future development requirements and shareholders' return on investment, decided not to distribute the profit of 2020. Such proposal needs to be submitted to the Company's 2021 Annual General Meeting for consideration.

XV. Other Important Matters

(I) Divisions

The Company determines the operating divisions based on the internal organizational structure, management requirements and internal reporting system. The operating divisions of the Company refer to components which simultaneously meet the following conditions:

- (1) Such components can make income and incur expense in daily activities;
- (2) The management can regularly evaluate the operating results of such components to determine the allocation of resources thereto and evaluate their performance;
- (3) Financial conditions, operating results, cash flow and other related accounting information of such components can be obtained.

The Company determines reporting divisions based on operating divisions which meet one of the following conditions are determined as reporting divisions:

- (1) The income of a operating division accounts for 10% or more of the total income of all divisions;
- (2) The absolute amount of the profit (loss) of a operating division accounts for 10% or more of the absolute amount of the total profits of all profitable divisions or that of total losses of all defective divisions (whichever is bigger).

Given that the Company is engaged in a single business, mainly in production of titanium products, and that the Management deems this business as a whole to manage and evaluate the Company's operating results, segment information is not contained in these financial statements.

(II) Registration of medium-term notes

In November 2020, the Company received a *Letter of Acceptance for Registration* (No.: Z. S. X. Z. [2020] No. MTN1251) from National Association of Financial Market Institutional Investors, which approved the Company to register with National Association of Financial Market Institutional Investors medium-term notes of no more than RMB2 billion (inclusive), and which stated that the registration quota remained valid for 2 years from the date of issuing the *Letter of Acceptance for Registration*.

(III) As at December 31, 2021, share pledges of the top 10 shareholders of the Company are detailed as below:

Name of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Number of restricted shares held	Number of unrestricted shares held	Status of shares	Number of shares pledged or frozen
XU Gang	26.21%	624,231,769.00	520,071,168.00	104,160,601.00	Pledge	304,125,400.00
TAN Ruiqing	8.29%	197,384,705.00	174,874,579.00	22,510,126.00	Pledge	61,800,000.00
Henan Yintai Investment Co., Ltd.	2.56%	61,000,072.00		61,000,072.00	Pledge	14,900,000.00
Tangyin County Yuxin Xylose Development Co., Ltd.	0.51%	12,159,007.00		12,159,007.00	Pledge	7,171,000.00

(IV) Investment in establishment of Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership)

The Company held the 17th meeting of the 7th Board of Directors on April 14, 2021 in which the Proposal on Accepting the Transferred Shares in Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership) was approved. With Henan Deyuan Energy Chemical Co., Ltd., Chengdu Silu Restructured Equity Investment Fund Management Co., Ltd. and Sichuan Industrial Revitalization Investment Fund Co., Ltd., the Company's subsidiary Longbai Mining and Metallurgy made investment to establish Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership) (hereinafter

referred to as "Revitalization Vanadium and Titanium"). Longbai Mining and Metallurgy invested RMB2.1 billion accounting for 69.9767% of Revitalization Vanadium and Titanium's registered capital. Revitalization Vanadium and Titanium mainly invests in the enterprises in vanadium and titanium industry chain across the country or other enterprises accepted by all parties concerned.

As at December 31, 2021, Longbai Mining and Metallurgy had invested RMB 2.1 billion. As stated in the Articles of Association of Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership): Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center should engage Chengdu Silu Restructured Equity Investment Fund Management Co., Ltd. as its executive partner to manage daily affairs of the partnership and set up an investment decision-making committee to take charge of the investment-related affairs of the Company. The partners should respectively appoint a representative to be a member of the committee who may cast one vote for or against a decision. Therefore, LB Group cannot control Panzhihua Revitalization Vanadium and Titanium Resources Equity Investment Center (Limited Partnership) and should consider it as an associate in accounting.

XVII. Notes to Major Items in Financial Statements of Parent Company

I. Accounts receivable

(1) Disclosure of classification of accounts receivable

Monetary Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Net book value	Book balance		Provision for bad debt		Net book value
	Amount	%	Amount	Proportion of accrual		Amount	%	Amount	Proportion of accrual	
Accounts receivable with bad debt reserve set aside individually	2,693,536.77	0.22	2,693,536.77	100.00%		2,714,838.28	0.72	2,714,838.28	100.00%	
Therein:										
Account receivable for which bad debt provision is made by group	1,207,976,520.32	99.78	11,049,060.96	0.91%	1,196,927,459.36	372,043,044.73	99.28	14,564,312.66	3.91%	357,478,732.07
Therein:										
Aging combination	198,745,152.00	16.45	11,049,060.96	5.56%	187,696,091.04	248,798,317.44	66.87	14,564,312.66	5.85%	234,234,004.78
Combination of related parties	1,009,231,368.32	83.55			1,009,231,368.32	123,244,727.29	33.13			123,244,727.29
Total	1,210,670,057.09	100.00	13,742,597.73		1,196,927,459.36	374,757,883.01	100.00	17,279,150.94		357,478,732.07

Bad debt reserve set aside individually:

Monetary Unit: Yuan

Name	Closing balance			
	Book balance	Provision for bad debt	Proportion of accrual	Reasons for provision
Yillong Chemical Group Co., Ltd. (YILONG) Shanghai	1,352,550.24	1,352,550.24	100.00%	Expected to unrecoverable
Hebi Zhongyi Profile Co., Ltd.	761,189.00	761,189.00	100.00%	Expected to unrecoverable
Linhai Yaixin Trading Co., Ltd.	212,400.00	212,400.00	100.00%	Expected to unrecoverable
Jiaozuo Zhongchen Trading Co., Ltd.	202,357.53	202,357.53	100.00%	Expected to unrecoverable
Zhejiang Jiabang Chemical Co., Ltd.	143,810.00	143,810.00	100.00%	Expected to unrecoverable
Linhai Weiyi Chemical Materials Co., Ltd.	17,350.00	17,350.00	100.00%	Expected to unrecoverable
Cathay Pigments (Yixing Xingjin Pigments Chemicals Co., Ltd.)	3,880.00	3,880.00	100.00%	Expected to unrecoverable
Total	2,693,536.77	2,693,536.77	--	--

If bad debt provision for accounts receivable is set aside in accordance with the general model of expected credit loss, relevant information of bad debt provision shall be disclosed by means of the disclosure method which is applicable to other receivables:

☐ Applicable ☒ Not applicable

Disclosure based on account age

Monetary Unit: Yuan

Account age	Book balance
Within 1 year (including 1 year)	1,204,350,444.70
1-2 years	2,301,777.47
2-3 years	353,596.38
Over 3 years	3,664,238.54
3-4 years	377.95
4-5 years	1,352,550.24
Over 5 years	2,311,310.35
Total	1,210,670,057.09

(2) Provision for bad debts withdrawn, recovered or reversed in the current period**Accrual of bad debt reserve of the current period:**

Monetary Unit: Yuan

Category	Opening balance	Changes in amount of the current period				Closing balance
		Appropriation	Recovery or reversal	Write-off	Other decreases	
Receivables with combined appropriation of provisions for bad debts based on credit risk characteristics	14,564,312.66		3,515,251.70			11,049,060.96
Bad debt reserve set aside individually	2,714,838.28	17,350.00	38,651.51			2,693,536.77
Total	17,279,150.94	17,350.00	3,553,903.21			13,742,597.73

(3) Top five accounts receivable by the closing balance of arrears

Monetary Unit: Yuan

Name	Ending balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
No.1	562,812,752.32	46.49%	
No.2	266,177,307.41	21.99%	
No.3	107,292,799.16	8.86%	
No.4	35,143,634.91	2.90%	
No.5	34,068,398.00	2.81%	1,703,419.90
Total	1,005,494,891.80	83.05%	--

II. Other receivables

Monetary Unit: Yuan

Item	Closing balance	Opening balance
Other receivables	3,961,834,874.33	1,292,581,025.11
Total	3,961,834,874.33	1,292,581,025.11

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

Monetary Unit: Yuan

Nature of payment	Closing Book Balance	Carrying amount at the beginning of the period
Combined receivables and payables between related parties	3,954,592,378.04	1,282,584,879.63
Other receivables and payables	11,081,597.66	11,982,010.08
Reserve for employees	497,481.95	122,352.23

Reimbursed expenses	2,300,000.00	2,300,000.00
Total	3,968,471,457.65	1,296,989,241.94

2) Accrual of bad debt reserve

Monetary Unit: Yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in future 12 months	Expected credit loss in the whole existence period (without credit impairment)	Expected credit loss in the whole existence period (with credit impairment)	
Balance on January 1, 2021	3,111,901.97		1,296,314.86	4,408,216.83
Balance as at January 1, 2021 in the current period	—	—	—	—
-- Amount carried over to stage 2				
-- Amount carried over to stage 3				
-- Amount reversed in stage 2				
-- Amount reversed in stage 1	200,447.00		-200,447.00	
Amount accrued in the current period	2,109,940.46		118,426.03	2,228,366.49
Amount reversed in the current period				
Balance on December 31, 2021	5,422,289.43		1,214,293.89	6,636,583.32

Book balance change with significant changes in the amount of loss reserve in the current period

☐ Applicable ☒ Not applicable**Disclosure based on account age**

Monetary Unit: Yuan

Account age	Book balance
Within 1 year (including 1 year)	883,782.79
1-2 years	81,002.93
2-3 years	2,400,000.00
Over 3 years	9,300,000.00
3-4 years	9,300,000.00
Total	12,664,785.72

3) Accrual, recovery and reversal of bad debt reserve in the current year**Accrual of bad debt reserve of the current period:**

Monetary Unit: Yuan

Category	Opening balance	Changes in amount of the current period				Closing balance
		Appropriation	Recovery or reversal	Write-off	Other decreases	
Other receivables with combined appropriation of provisions for bad debts based on credit risk characteristics	3,111,901.97	2,310,387.46				5,422,289.43
Other accounts receivable for which the bad debt reserve is accrued on single item	1,296,314.86	118,426.03	200,447.00			1,214,293.89
Total	4,408,216.83	2,428,813.49	200,447.00			6,636,583.32

4) Other accounts receivable with top five closing balances as collected by arrears

Monetary Unit: Yuan

Name	Nature of payment	Closing balance	Account age	Proportion in total balance of other receivables at the end of period	Closing balance of provision for bad debts
Entity 38	Current borrowings	1,368,038,237.80	Within one year	34.47%	
Entity 24	Current borrowings	872,573,916.67	Within one year	21.99%	
Entity 23	Current borrowings	580,092,619.55	Within 2 years	14.62%	
Entity 22	Current borrowings	353,795,055.15	Within one year	8.91%	
Entity 20	Current borrowings	213,433,308.33	Within one year	5.38%	
Total	--	3,387,933,137.50	--	85.37%	

3. Long-term equity investment

Monetary Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Investment in subsidiaries	17,545,683,528.59		17,545,683,528.59	15,766,107,824.45		15,766,107,824.45
Investment in joint ventures and associates	30,006,982.21		30,006,982.21	11,313,006.30		11,313,006.30
Total	17,575,690,510.80		17,575,690,510.80	15,777,420,830.75		15,777,420,830.75

(1) Investment in subsidiaries

Monetary Unit: Yuan

Investee	Opening balance (book value)	Increase and decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
		Additional investment	Reduced investment	Appropriation of impairment provision	Other decreases		
New materials company	1,803,953,763.21	79,366,669.96				1,883,320,433.17	
Longbai Titanium Industry	8,106,391,309.56	422,868,617.56				8,529,259,927.12	
Longbai Mining and Metallurgy	887,586,136.34	45,400,407.95				932,986,544.29	
Longbai Xiangyang	316,778,004.20	23,542,823.24				340,320,827.44	
Ruierxin company	190,000,000.00	951,012.78				190,951,012.78	
United Pigment	66,482,724.18	4,973,696.57				71,456,420.75	
Rongjia Scandium Vanadium							
Billions (Hong Kong)	200,412,858.69	432,914.72				200,845,773.41	
Yili Microfinance	423,005,224.97	443,741.29	126,600,000.00			296,848,966.26	
Finance lease company	170,918,547.24	1,441,953.93				172,360,501.17	
Bailiyuan Reservoir	45,390,742.50	152,592.96				45,543,335.46	
Longxiangshan Tourism	22,001,703.10	1,574,937.19				23,576,640.29	
Xinli Titanium	885,435,219.05	31,989,583.26				917,424,802.31	
Longbai Intelligent	200,623,891.85	10,772,903.21				211,396,795.06	
Shanghai Lomon	4,238,196.50	1,363,043.67				5,601,240.17	
Yunnan National Titanium	997,000,000.00	508,284,635.47				1,505,284,635.47	
Jiaoli Commodity Trade	95,724,714.94	39,625.55				95,764,340.49	

Hunan Oriental Scandium	90,504,759.86	6,077,765.81				96,582,525.67	
Orient Zirconic	1,259,660,028.26					1,259,660,028.26	
Billions New Energy		766,498,779.02				766,498,779.02	
Total	15,766,107,824.45	1,906,175,704.14	126,600,000.00			17,545,683,528.59	

(2) Investment in joint ventures and associates

Monetary Unit: Yuan

Monetary Unit: Yuan											
Investment unit	Opening balance (book value)	Increase and decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
		Additional investment	Reduced investment	Investment profit and loss recognized through the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Appropriation of impairment provision	Other decreases		
I. Joint ventures											
II. Associates											
Weina Technology	11,313,006.30		12,304,710.49	991,704.19							
Chongqing Guocuang Light Alloy Research Institute Co. Ltd.		30,000,000.00		6,982.21						30,006,982.21	
Subtotal	11,313,006.30	30,000,000.00	12,304,710.49	998,686.40						30,006,982.21	
Total	11,313,006.30	30,000,000.00	12,304,710.49	998,686.40						30,006,982.21	

4. Operating income and operating cost

Monetary Unit: Yuan

Item	Accrual in the current period		Accrual in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	5,452,974,234.05	4,237,051,030.10	3,862,752,100.62	3,033,100,614.83
Other business	836,354,254.85	735,884,578.26	246,334,587.45	190,440,475.47
Total	6,289,328,488.90	4,972,935,608.36	4,109,086,688.07	3,223,541,090.30

V. Investment income

Monetary Unit: Yuan

Item	Accrual in the current period	Accrual in the previous period
Investment income from long-term equity measured based on the cost method	2,407,750,000.00	1,950,000,000.00
Income from long-term equity investment calculated based on the equity method	998,686.40	-24,283,311.86
Other decreases	9,421,289.51	9,313,571.42
Bank financing income		52,316.99
Discount commission	-42,707,201.63	-44,590,952.61
Total	2,375,462,774.28	1,890,491,623.94

XVIII. Supplementary Information**1. Detailed statement of current non-recurrent profits and losses**

√ Applicable □ Not applicable

Monetary Unit: Yuan

Item	Amount	Description
Profit or loss on disposal of non-current assets	-7,247,208.51	
Government subsidies included in current profit and loss (closely related to normal operation of the Company, except for government subsidies enjoyed by quota or fixed amount in accordance with national uniform standard)	111,336,506.47	
Fund occupation fees charged to non-financial enterprises and included in current profit and loss	4,412,678.18	
Profit and loss of debt restructuring	660,235.12	
Except for effective hedging business related to normal operation of the Company, profits and losses on the changes in fair value of financial assets and financial liabilities held for trading, and investment income earned from disposal of financial assets, financial liabilities held for trading and financial assets available for sale	4,822.44	
Reversal of the provision for impairment of receivables undergoing separate impairment test	2,736,765.27	
Other non-operating incomes and expenses other than those mentioned above	-34,737,872.66	
Other profits and losses within the meaning of non-recurring profit and loss		
Less: Amount income tax affected	11,447,848.76	
Amount of minority equity affected	2,897,399.60	
Total	62,817,526.09	--

2. Return on equity and earnings per share

Profit in the Reporting Period	Weighted average return on equity	Income per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	27.05%	2.12	2.12
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	26.68%	2.06	2.06

3. Differences in accounting data under the domestic and foreign accounting standards

(1) Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards, respectively

☐ Applicable ☒ Not applicable

(2) Differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards, respectively

☐ Applicable ☒ Not applicable

LB Group Co., Ltd.

Chairman of the Board: XU Gang

April 11, 2022